

Inskin Media Ltd

Annual Report and Financial Statements

For the year ended 31 December 2021

Company Registration No. 06080497 (England and Wales)

Inskin Media Ltd

Company Information

Directors	M Hine	
	M Newcomb	
	U Akpinar	(Appointed 16 October 2021)
	J A M Merks	(Appointed 16 October 2021)
	S R V Moesman	(Appointed 16 October 2021)

Company number	06080497
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Registered office	7 Savoy Court London WC2R 0EX
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Auditor	Moore Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL
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Business address	Runway East Soho 66 Old Compton Street Soho London W1D 4UH
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Inskin Media Ltd

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Inskin Media Ltd

Strategic Report

For the year ended 31 December 2021

The directors present the strategic report for the year ended 31 December 2021.

Inskin Media is a brand advertising and technology business, which creates and commercialises high-impact, non-intrusive brand advertising formats. Inskin specialises in cross-device, rich-media digital advertising, partners with over 250 publishers worldwide, and delivers campaigns to more than 1,000 premium websites globally.

Inskin has delivered successful campaigns for over 1,000 blue-chip brand clients. Since its launch in the UK in 2009, Inskin has grown from start-up to an international business, employing over 80 staff across its London, Hamburg, Sydney, Singapore, Hong Kong, & Kyiv offices.

The company's expansion across Europe and APAC has been recognised with multiple high-growth awards. Inskin was named a National Champion in the European Business Awards 2017, and has featured in The Sunday Times Tech Track 100, Media Momentum Awards, and the Deloitte Technology Fast 500. Inskin's commercial success is built through our focus on technology, creativity, and driving client outcomes.

Business Review

In October 2021 100% of the shares of the company were acquired by Azerion Tech Holding BV, which forms part of Azerion Holding BV, a Dutch entertainment and gaming platform.

This rounded off the most successful year in the company's history despite the ongoing challenges of the COVID-19 global pandemic. Total revenues in 2021 were up from £17.2m to £20.2m. An ongoing push for efficiencies within the business enabled the delivery of £2.6m of EBITDA, the strongest result in the company's history. This was most notably driven by strong trading in the UK and Europe.

The company continues to benefit from both market dynamics - revenue migrating into digital from TV and other traditional media - as well as the many initiatives put in place to enhance the core product offering.

Principal risks and uncertainties

The most immediate risk to 2022 and 2023 is recession in the UK and Europe. Trading in H1 2022 has been strong, up versus the same period in 2021. However most commentators are forecasting an 18 month recession beginning late in 2022. This may have an impact on brand budgets and correspondingly on marketing spend. Digital has traditionally been well insulated due to the ability to stop and start spending quickly and has rarely had a poor Q4 performance.

In the last report we wrote about the backdrop of growing GAFA (Google, Amazon, Facebook, Apple) dominance in all markets. This is now often referred to as MAGMA (Microsoft, Apple, Google, Meta and Amazon). The pressure flowing from this will likely increase. In addition, there are ongoing risks that existed pre-pandemic - increased competition in EMEA and APAC as well as losing key staff, major clients or suppliers.

Inskin will continue to mitigate these risks through ongoing innovation, particularly as it relates to product development and delivering client outcomes. We will continue to build on a long history of the highest quality publisher partners; the responsiveness and quality of our award-winning client service; the creative flexibility of both a managed service and self-service design offering and consistently delivering first-rate campaign performance metrics.

Inskin Media Ltd

Strategic Report (Continued)

For the year ended 31 December 2021

Financial key performance indicators

A number of Key Performance Indicators are measured and reviewed every month, to provide clear measurement and management tools. These include:

- Average campaign value
- Average CPM (cost per '000 impressions) in different markets
- Average campaign profitability
- Gross margin analysis
- New business v Repeat business
- Revenue per head

On behalf of the board

M Hine
Director
23 October 2022

Inskin Media Ltd

Directors' Report

For the year ended 31 December 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company and group continued to be that of software publishing and advertising.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

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

H Drayton	(Resigned 16 October 2021)
M Hine	
I Jacob	(Resigned 16 October 2021)
A Walmsley	(Appointed 1 April 2021 and resigned 16 October 2021)
M Newcomb	
P Evans	(Resigned 31 March 2021)
C Babcock	(Resigned 16 October 2021)
U Akpinar	(Appointed 16 October 2021)
J A M Merks	(Appointed 16 October 2021)
S R V Moesman	(Appointed 16 October 2021)

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

The company is not large for statutory purposes and hence is not required to report on its emissions, energy consumption or energy efficiency activities.

Inskin Media Ltd

Directors' Report (Continued)

For the year ended 31 December 2021

Statement of directors' responsibilities

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

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

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

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

Statement of disclosure to auditor

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

On behalf of the board

M Hine
Director

23 October 2022

Inskin Media Ltd

Independent Auditor's Report

To the Members of Inskin Media Ltd

Opinion

We have audited the financial statements of Inskin Media Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

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 group's and parent 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.

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

Other information

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Inskin Media Ltd

Independent Auditor's Report (Continued)

To the Members of Inskin Media Ltd

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report

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

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

Responsibilities of directors

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

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

Inskin Media Ltd

Independent Auditor's Report (Continued)

To the Members of Inskin Media Ltd

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Inskin Media Ltd

Independent Auditor's Report (Continued)

To the Members of Inskin Media Ltd

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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.

Use of our report

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

Ian Graham (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

24 October 2022

Chartered Accountants
Statutory Auditor

Charlotte Building
17 Gresse Street
London
W1T 1QL

Inskin Media Ltd

Group Profit and Loss Account

For the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	20,208,452	17,234,982
Cost of sales		(10,490,901)	(9,139,562)
Gross profit		<u>9,717,551</u>	<u>8,095,420</u>
Administrative expenses		(7,822,464)	(7,159,223)
Other operating income		<u>72,209</u>	<u>363,603</u>
Operating profit	4	1,967,296	1,299,800
Interest receivable and similar income	8	-	452
Interest payable and similar expenses	9	(423,787)	(579,292)
Profit before taxation		<u>1,543,509</u>	<u>720,960</u>
Tax on profit	10	(67,847)	(17,708)
Profit for the financial year	24	<u><u>1,475,662</u></u>	<u><u>703,252</u></u>

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

Inskin Media Ltd

Group Statement of Comprehensive Income

For the year ended 31 December 2021

	2021	2020
	£	£
Profit for the year	1,475,662	703,252
Other comprehensive income		
Currency translation differences	10,150	-
Total comprehensive income for the year	<u>1,485,812</u>	<u>703,252</u>

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

Inskin Media Ltd

Group Balance Sheet

As at 31 December 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	11	1,072,373		1,265,723	
Tangible assets	12	18,808		21,724	
		<u>1,091,181</u>		<u>1,287,447</u>	
Current assets					
Debtors - deferred tax	20	534,000		559,139	
Debtors - other	16	7,010,142		7,295,806	
Cash at bank and in hand		1,248,306		729,379	
		<u>8,792,448</u>		<u>8,584,324</u>	
Creditors: amounts falling due within one year	17	<u>(8,703,820)</u>		<u>(9,069,059)</u>	
Net current assets/(liabilities)			88,628		(484,735)
Total assets less current liabilities			<u>1,179,809</u>		<u>802,712</u>
Creditors: amounts falling due after more than one year	18		(900,000)		(2,052,000)
Provisions for liabilities					
Deferred tax liability	20	<u>(268,000)</u>		<u>(237,362)</u>	
			(268,000)		(237,362)
Net assets/(liabilities)			<u>11,809</u>		<u>(1,486,650)</u>
Capital and reserves					
Called up share capital	23		92,114		88,375
Share premium account	24		3,297,344		3,288,436
Other reserves	24		-		62,081
Profit and loss reserves	24		<u>(3,377,649)</u>		<u>(4,925,542)</u>
Total equity			<u>11,809</u>		<u>(1,486,650)</u>

The financial statements were approved by the board of directors and authorised for issue on 23 October 2022 and are signed on its behalf by:

M Hine
Director

Inskin Media Ltd

Company Balance Sheet

As at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Intangible assets	11	1,072,373	1,265,723
Tangible assets	12	6,914	10,826
Investments	13	197,176	197,176
		<u>1,276,463</u>	<u>1,473,725</u>
Current assets			
Debtors - deferred tax	20	534,000	559,139
Debtors - other	16	6,043,759	5,979,562
Cash at bank and in hand		726,368	387,446
		<u>7,304,127</u>	<u>6,926,147</u>
Creditors: amounts falling due within one year	17	<u>(7,780,547)</u>	<u>(7,891,524)</u>
Net current liabilities		<u>(476,420)</u>	<u>(965,377)</u>
Total assets less current liabilities		<u>800,043</u>	<u>508,348</u>
Creditors: amounts falling due after more than one year	18	(900,000)	(2,052,000)
Provisions for liabilities			
Deferred tax liability	20	<u>(268,000)</u>	<u>(237,362)</u>
Net liabilities		<u>(367,957)</u>	<u>(1,781,014)</u>
Capital and reserves			
Called up share capital	23	92,114	88,375
Share premium account	24	3,297,344	3,288,436
Other reserves	24	-	62,081
Profit and loss reserves	24	<u>(3,757,415)</u>	<u>(5,219,906)</u>
Total equity		<u>(367,957)</u>	<u>(1,781,014)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,400,410 (2020 - £782,636 profit).

Inskin Media Ltd

Company Balance Sheet (Continued)

As at 31 December 2021

The financial statements were approved by the board of directors and authorised for issue on 23 October 2022 and are signed on its behalf by:

M Hine
Director

Company Registration No. 06080497

Inskin Media Ltd

Group Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2020		84,233	3,290,445	64,321	(5,628,993)	(2,189,994)
Year ended 31 December 2020:						
Profit and total comprehensive income for the year		-	-	-	703,252	703,252
Issue of share capital	23	4,142	-	-	-	4,142
Transfers		-	-	-	199	199
Removal of company retained earnings on liquidation		-	(2,009)	(2,240)	-	(4,249)
Balance at 31 December 2020		88,375	3,288,436	62,081	(4,925,542)	(1,486,650)
Year ended 31 December 2021:						
Profit for the year		-	-	-	1,475,662	1,475,662
Other comprehensive income:						
Currency translation differences		-	-	-	10,150	10,150
Total comprehensive income for the year		-	-	-	1,485,812	1,485,812
Issue of share capital	23	3,739	8,908	-	-	12,647
Transfers		-	-	(62,081)	62,081	-
Balance at 31 December 2021		92,114	3,297,344	-	(3,377,649)	11,809

Inskin Media Ltd

Company Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2020		84,233	3,290,445	64,321	(6,002,741)	(2,563,742)
Year ended 31 December 2020:						
Profit and total comprehensive income for the year		-	-	-	782,636	782,636
Issue of share capital	23	4,142	-	-	-	4,142
Transfers		-	-	-	199	199
Other movements		-	(2,009)	(2,240)	-	(4,249)
Balance at 31 December 2020		88,375	3,288,436	62,081	(5,219,906)	(1,781,014)
Year ended 31 December 2021:						
Profit and total comprehensive income for the year		-	-	-	1,400,410	1,400,410
Issue of share capital	23	3,739	8,908	-	-	12,647
Transfers		-	-	(62,081)	62,081	-
Balance at 31 December 2021		92,114	3,297,344	-	(3,757,415)	(367,957)

Inskin Media Ltd

Group Statement of Cash Flows

For the year ended 31 December 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	28	4,065,228	1,379,898
Interest paid		(423,787)	(255,592)
Income taxes refunded/(paid)		294,650	-
Net cash inflow from operating activities		3,936,091	1,124,306
Investing activities			
Purchase of intangible assets		(486,551)	(515,903)
Purchase of tangible fixed assets		(5,089)	(308)
Proceeds on disposal of tangible fixed assets		41	-
Interest received		-	452
Net cash used in investing activities		(491,599)	(515,759)
Financing activities			
Proceeds from issue of shares		12,647	92
Repayment of borrowings		(1,152,000)	-
Repayment of bank loans		(1,795,455)	(931,818)
Net cash used in financing activities		(2,934,808)	(931,726)
Net increase/(decrease) in cash and cash equivalents		509,684	(323,179)
Cash and cash equivalents at beginning of year		729,379	1,048,497
Effect of foreign exchange rates		9,243	4,061
Cash and cash equivalents at end of year		1,248,306	729,379

Inskin Media Ltd

Notes to the Financial Statements

For the year ended 31 December 2021

1 Accounting policies

Company information

Inskin Media Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 7 Savoy Court, London, WC2R 0EX.

The group consists of Inskin Media Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company Inskin Media Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

1.3 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future.

The group made a profit of £1,475,662 (2020: £703,252) during the year and had net assets of £11,809 (2020: net liabilities of £1,486,650) as at 31 December 2021. As set out in note 19, net liabilities include £900,000 Preference Share Capital which are only redeemable on a realisation.

The directors have prepared detailed forecasts for the group's future cash requirements and are satisfied that the group has sufficient available cash and banking facilities to allow it to pay all its creditors as they fall due. The group has assessed the risks and the potential impact on the business as a result of the pandemic and measures have been taken to mitigate such risks and their impact.

The directors are confident that they have the ability to respond effectively to continued uncertainty and as a result, the directors believe that the group will be able to continue to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements. Accordingly the group continues to adopt the going concern basis in the preparation of the financial statements.

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Media revenue is recognised when charges are made to clients, principally when advertisements appear in the media. Fees are recognised over the period of relevant assignments or agreements.

When the outcome of the transaction can be estimated reliably, turnover from advertising space and management of media work is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to when services are rendered. Where the outcome cannot be measured reliably, turnover is recognised to the extent of expenses recognised that are recoverable.

1.5 Research and development expenditure

In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

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

1.6 Intangible fixed assets other than goodwill

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Development expenditure	25% straight-line method
-------------------------	--------------------------

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Fixtures and fittings	25% straight line
Computer equipment	25% straight line
Office equipment	25% straight line
Other fixed assets	25% straight line

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

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

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.10 Cash at bank and in hand

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

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.11 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

1.12 Equity instruments

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

1.13 Taxation

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

Current tax

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

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Deferred tax

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

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

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.16 Share-based payments

The cost and corresponding increase in equity in respect of equity-settled share-based payment transactions with employees, are measured by reference to the fair value of equity instruments issued at the date of grant. Amounts are expensed on a straight line basis over the vesting period based on the estimate of shares that will eventually vest, and adjusted for the effect of non-market based vesting conditions. The cost and fair value of the liability incurred in respect of cash-settled transactions is measured using an appropriate option pricing model with changes in fair value recognised in the income statement for the period. Further detail is provided in Note 22.

1.17 Leases

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

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation

The annual depreciation charge for all tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the tangible fixed assets.

Capitalised development costs and the subsequent rate of amortisation

The directors have considered the feasibility of the projects, the likelihood that the asset will generate probable future economic benefit, and the period over which these benefits will be generated. Whilst this is dependent on a number of factors, the directors consider that the future cash flows will meet or exceed the carrying value of intangible assets held as at the Balance Sheet date, that no provision for impairment is required, and that the amortisation period is a fair reflection of the rate of consumption of the economic benefits. See note 11 for the carrying amount of the intangible fixed assets.

The valuation of the provision against potentially unrecoverable trade debt

In setting the provision against potentially unrecoverable trade debt, the directors have considered a number of factors including the terms of sale, the geographical locations in which their clients operate, historic evidence of recoverability and debtor days, and the positive relationships maintained with the client base.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant 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 future tax planning strategies. See note 20 for the carrying amount and further details.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business	20,208,452	17,234,982
	<u>20,208,452</u>	<u>17,234,982</u>
	2021 £	2020 £
Turnover analysed by geographical market		
UK	13,276,189	11,336,494
Europe	1,551,462	1,546,252
Rest of the world	5,380,801	4,352,236
	<u>20,208,452</u>	<u>17,234,982</u>

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Other significant revenue		
Interest income	-	452
Grants received	-	363,603
	<u> </u>	<u> </u>

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(10,794)	39,282
Research and development costs	-	12,050
Government grants	-	(363,603)
Depreciation of owned tangible fixed assets	8,871	18,524
Amortisation of intangible assets	679,901	650,323
Operating lease charges	82,410	285,454
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	27,785	20,475
Audit of the financial statements of the company's subsidiaries	8,655	11,275
	<u> </u>	<u> </u>
	36,440	31,750
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	5,775	5,250
	<u> </u>	<u> </u>

6 Employees

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

Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
78	78	38	40
<u> </u>	<u> </u>	<u> </u>	<u> </u>

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	4,321,385	3,875,921	2,901,129	2,513,005
Social security costs	372,394	394,469	275,320	294,814
Pension costs	115,029	109,216	54,993	49,377
	<u>4,808,808</u>	<u>4,379,606</u>	<u>3,231,442</u>	<u>2,857,196</u>

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	449,352	469,834
Company pension contributions to defined contribution schemes	8,902	8,036
	<u>458,254</u>	<u>477,870</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

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

	2021 £	2020 £
Remuneration for qualifying services	<u>196,622</u>	<u>197,077</u>

Inskin Media Ltd has a senior management team of 7 (2020: 8) comprising of directors and executive managers. This team is considered the key management personnel. The total remuneration for this team was £1,062,907 (2020: £945,221).

8 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	<u>-</u>	<u>452</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>-</u>	<u>452</u>

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

9 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	130,030	255,592
Interest on loan notes	184,886	230,400
Interest on preference shares	108,871	93,300
	<u>423,787</u>	<u>579,292</u>

10 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	70	71
Adjustments in respect of prior periods	-	76,994
	<u>70</u>	<u>77,065</u>
Deferred tax		
Origination and reversal of timing differences	67,777	(59,357)
	<u>67,777</u>	<u>(59,357)</u>
Total tax charge	<u>67,847</u>	<u>17,708</u>

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

	2021 £	2020 £
Profit before taxation	<u>1,543,509</u>	<u>720,960</u>
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)</i>	293,267	136,982
Tax effect of expenses that are not deductible in determining taxable profit	64,874	(153,192)
Tax effect of utilisation of tax losses not previously recognised	(199,576)	(10,052)
Adjustments in respect of prior years	-	76,994
Permanent capital allowances in excess of depreciation	36,547	26,333
Research and development tax credit	11,636	-
Tax relief on share options	(206,678)	-
Deferred tax movement	67,777	(59,357)
	<u>67,847</u>	<u>17,708</u>
Taxation charge	<u>67,847</u>	<u>17,708</u>

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

11 Intangible fixed assets

Group	Development expenditure £
Cost	
At 1 January 2021	4,613,235
Additions	486,551
Exchange adjustments	(48)
	<hr/>
At 31 December 2021	5,099,738
	<hr/>
Amortisation and impairment	
At 1 January 2021	3,347,512
Amortisation charged for the year	679,901
Exchange adjustments	(48)
	<hr/>
At 31 December 2021	4,027,365
	<hr/>
Carrying amount	
At 31 December 2021	1,072,373
	<hr/> <hr/>
At 31 December 2020	1,265,723
	<hr/> <hr/>
Company	Development expenditure £
Cost	
At 1 January 2021	4,612,299
Additions	486,551
	<hr/>
At 31 December 2021	5,098,850
	<hr/>
Amortisation and impairment	
At 1 January 2021	3,346,576
Amortisation charged for the year	679,901
	<hr/>
At 31 December 2021	4,026,477
	<hr/>
Carrying amount	
At 31 December 2021	1,072,373
	<hr/> <hr/>
At 31 December 2020	1,265,723
	<hr/> <hr/>

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

12 Tangible fixed assets

Group	Fixtures and fittings £	Computer equipment £	Office equipment £	Other fixed assets £	Total £
Cost					
At 1 January 2021	486	97,353	12,767	15,570	126,176
Additions	-	5,074	15	-	5,089
Exchange adjustments	(10)	1,476	(1,698)	(580)	(812)
At 31 December 2021	476	103,903	11,084	14,990	130,453
Depreciation and impairment					
At 1 January 2021	486	75,984	12,412	15,570	104,452
Depreciation charged in the year	-	8,385	354	132	8,871
Eliminated in respect of disposals	-	41	-	-	41
Exchange adjustments	(10)	700	(1,697)	(712)	(1,719)
At 31 December 2021	476	85,110	11,069	14,990	111,645
Carrying amount					
At 31 December 2021	-	18,793	15	-	18,808
At 31 December 2020	-	21,369	355	-	21,724
Company		Computer equipment £	Office equipment £	Total £	
Cost					
At 1 January 2021 and 31 December 2021		62,843	11,069	73,912	
Depreciation and impairment					
At 1 January 2021		52,371	10,715	63,086	
Depreciation charged in the year		3,558	354	3,912	
At 31 December 2021		55,929	11,069	66,998	
Carrying amount					
At 31 December 2021		6,914	-	6,914	
At 31 December 2020		10,472	354	10,826	

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	197,176	197,176
Movements in fixed asset investments					
Company					Shares in subsidiaries £
Cost or valuation					
At 1 January 2021 and 31 December 2021					197,176
Carrying amount					
At 31 December 2021					197,176
At 31 December 2020					197,176

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Inskin Media Asia Limited	Suite 1504, 15/F Chinachem Tower, 34-37 Connaught Rd Central, Hong Kong	Software publishing and advertising	Ordinary	100	
Inskin Media GmbH	Neuer Kamp 32, 20357, Hamburg	Software publishing and advertising	Ordinary	100	
Inskin Media Singapore Pte Ltd	36 Robinson Road, #13-01, City House, Singapore (068877)	Software publishing and advertising	Ordinary	100	
Inskin Media Australia Pty Ltd	Suite 1 Level 4, 3 Carlingford Road, Epping	Software publishing and advertising	Ordinary	100	
Manufatura Ukraine LLC	01004, 42-44 Shovkovychna Street, Kyiv, Ukraine	Software publishing and advertising	Ordinary	100	

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

15 Financial instruments

	Group 2021 £	2020 £	Company 2021 £	2020 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	6,583,932	6,498,719	5,626,979	5,231,533
Carrying amount of financial liabilities				
Measured at amortised cost	10,682,852	10,682,852	8,326,617	9,565,851

16 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	6,248,040	6,376,171	5,323,980	4,940,864
Corporation tax recoverable	389,322	694,437	389,322	664,439
Amounts owed by group undertakings	-	-	-	233,347
Other debtors	335,892	130,563	302,999	56,288
Prepayments and accrued income	36,888	94,635	27,458	84,624
	7,010,142	7,295,806	6,043,759	5,979,562
Amounts falling due after more than one year:				
Deferred tax asset (note 20)	534,000	559,139	534,000	559,139
Total debtors	7,544,142	7,854,945	6,577,759	6,538,701

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

17 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	19	-	1,795,455	-	1,795,455
Trade creditors		593,674	2,179,264	521,972	1,468,371
Amounts due to group undertakings		4,129,849	-	4,108,243	495,527
Corporation tax payable		1,663	58	-	-
Other taxation and social security		436,566	472,060	353,930	411,584
Other creditors		367,210	283,255	331,499	251,386
Accruals and deferred income		3,174,858	4,338,967	2,464,903	3,469,201
		<u>8,703,820</u>	<u>9,069,059</u>	<u>7,780,547</u>	<u>7,891,524</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Other borrowings	19	<u>900,000</u>	<u>2,052,000</u>	<u>900,000</u>	<u>2,052,000</u>

19 Loans and overdrafts

		Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans		-	1,795,455	-	1,795,455
Preference shares		900,000	900,000	900,000	900,000
Other loans		-	1,152,000	-	1,152,000
		<u>900,000</u>	<u>3,847,455</u>	<u>900,000</u>	<u>3,847,455</u>
Payable within one year		-	1,795,455	-	1,795,455
Payable after one year		<u>900,000</u>	<u>2,052,000</u>	<u>900,000</u>	<u>2,052,000</u>

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

19 Loans and overdrafts

(Continued)

In 2018 & 2019, the company drew down £1,500,000 from a loan facility, and £1,500,000 from a revolving credit facility from Clydesdale Bank PLC. Repayment on the loan facility was due in equal quarterly instalments between April 2019 and October 2021. The outstanding loan balance was repaid in full during the financial year.

The company has 900,000 preference shares with a nominal value of £0.01 which included at total price paid by share of £1.00. In respect of each Preference Share a cumulative cash preferential dividend is due of 6% per annum from October 2017 to October 2018, 8% from October 2018 to October 2019, 10% from October 2019 to October 2020 and 12% thereafter. The shares are redeemable upon a realisation.

In 2018, the company issued non-transferable loan notes totalling £1,152,000, these were included in Other loans in 2020. These were repaid in full during the financial year.

20 Deferred taxation

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

	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Group				
Accelerated capital allowances	268,000	237,362	4,000	-
Tax losses	-	-	509,000	559,139
Provisions	-	-	21,000	-
	<u>268,000</u>	<u>237,362</u>	<u>534,000</u>	<u>559,139</u>
	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Company				
Accelerated capital allowances	268,000	237,362	4,000	-
Tax losses	-	-	509,000	559,139
Provisions	-	-	21,000	-
	<u>268,000</u>	<u>237,362</u>	<u>534,000</u>	<u>559,139</u>
			Group	Company
Movements in the year:			2021	2021
			£	£
Asset at 1 January 2021			(321,777)	(321,777)
Charge to profit or loss			55,777	55,777
			<u>(266,000)</u>	<u>(266,000)</u>
Asset at 31 December 2021				

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

20 Deferred taxation (Continued)

The deferred tax asset of £509,000 (2020: £559,139) relates to the utilisation of tax losses against future expected profits.

21 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	115,029	109,216

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. At the year end, £46,223 (2020: £13,227) was included in other creditors in respect of unpaid pension liabilities.

22 Share-based payment transactions

Group	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 January 2021	792,048	666,161	0.45	0.60
Granted	-	212,944	-	0.02
Forfeited	(159,618)	(71,807)	1.34	0.47
Exercised	(632,430)	(9,250)	0.01	0.01
Expired	-	(6,000)	-	1.30
Outstanding at 31 December 2021	-	792,048	-	0.45
Exercisable at 31 December 2021	-	103,250	-	1.98

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

22 Share-based payment transactions

(Continued)

Certain employees held options to subscribe for shares in the company at prices between £0.01 and £2.50. If options remain unexercised after a period of 10 years from the date of the grant, the options expire. There were nil (2020: 212,944) share options granted in the year with an average weighted value of £nil (2020: £0.02). 159,618 (2020: 77,807) share options lapsed, with an average weighted value of £1.34 (2020: £0.54).

Upon acquisition in the year by Azerion Tech Holding BV, all share options were either exercised or lapsed.

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioral considerations. Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

23 Share capital

Group and company	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
A ordinary shares of 1p each	1,805,385	1,805,385	18,054	18,054
B ordinary shares of 1p each	1,783,845	1,409,815	17,838	14,099
C ordinary shares of 1p each	822,304	822,304	8,222	8,222
D ordinary shares of 1p each	4,800,000	4,800,000	48,000	48,000
	<u>9,211,534</u>	<u>8,837,504</u>	<u>92,114</u>	<u>88,375</u>

374,030 Ordinary B shares were issued in the year for consideration of £12,649. This gave rise to an increase in share premium of £8,908.

Ordinary A, Ordinary B, Ordinary C and Ordinary D shares are all entitled to receive notice to attend and vote in general meetings, are entitled to participate in dividend distributions of the company and are entitled to participate in any distribution or realisation of assets of the company including on a winding up, following any preference shares in issue. Preference shares are non-voting and are due to receive distributions of variable cumulative coupons of 6%-12% after the 5th year anniversary of issue. The company shall redeem all of the preference shares then in issue immediately prior to, and conditionally upon, the occurrence of the earlier of an exit or IPO, winding up or administration.

Distribution rights for each class of share are complex and are set out in section 6 of the company's articles of association which were adopted on 19 October 2012 and which can be obtained from Companies House at the following web-address <https://beta.companieshouse.gov.uk/company/06080497/>.

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

24 Reserves

Share premium

The share premium account represents the premium arising on the issue of shares net of issue costs.

Foreign exchange reserve

The foreign exchange transaction reserve comprises of translation differences arising from the translation of the financial statements of the Group's foreign entities into Sterling (£).

Other reserves

Other reserves comprises the EMI Trust set-up reserves and the share based payment reserve.

Profit & loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

25 Operating lease commitments

Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	91,200	-	91,200	-
	<u>91,200</u>	<u>-</u>	<u>91,200</u>	<u>-</u>
	<u>91,200</u>	<u>-</u>	<u>91,200</u>	<u>-</u>

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

26 Related party transactions

During the year, the Group made purchases totalling £44,375 (2020: £144,877) from Future Plc, a company in which H Drayton is a director. The amount due to Future Plc at the year end was £nil (2020: £35,174).

At the year end, Beringea LLP, a Limited Liability Partnership of which S Veale is a non-designated member, was owed £12,104 (2020: £98,327). The Group made purchases totalling £741 (2020: £15,158) during the year.

Loan notes totalling £1,152,000, included in long term creditors in the prior year, were issued to shareholders of D shares in proportion with their shareholding. These loan notes, and the accrued interest of £746,117 (2020: £561,231 at year end), were repaid as part of the acquisition of Inskin Media Limited in the year.

27 Controlling party

The immediate parent company is Azerion Tech Holding BV, a company registered in Netherlands.

The ultimate parent company is Principion Holding BV, a company registered in Netherlands.

28 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	1,475,662	703,252
Adjustments for:		
Taxation charged	67,847	17,708
Finance costs	423,787	579,292
Investment income	-	(452)
Amortisation and impairment of intangible assets	679,901	650,323
Depreciation and impairment of tangible fixed assets	8,871	18,524
Movements in working capital:		
(Increase)/decrease in debtors	(19,451)	123,688
Increase/(decrease) in creditors	1,428,611	(712,437)
Cash generated from operations	4,065,228	1,379,898

Inskin Media Ltd

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

29 Analysis of changes in net funds/(debt) - group

	1 January 2021	Cash flows	Exchange rate movements	31 December 2021
	£	£	£	£
Cash at bank and in hand	729,379	509,684	9,243	1,248,306
Borrowings excluding overdrafts	(3,847,455)	2,947,455	-	(900,000)
	<u>(3,118,076)</u>	<u>3,457,139</u>	<u>9,243</u>	<u>348,306</u>

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