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

Registered number 10469103

Unlimited Marketing Group Ltd

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Unlimited Marketing Group Ltd

Company information

Directors

T Hancock
J Mara (appointed 24 January 2019)
T Hassett (appointed 13 June 2019)
E Guest (appointed on 20 January 2020)
M Smith (appointed on 1 March 2020)
C Sweetland (appointed on 17 March 2020)
J Addison (appointed on 20 April 2020)
S Farr (appointed on 13 July 2020)

M Richards (resigned on 2 April 2019)
N Hargrave (resigned on 23 April 2019)
K Herrick (resigned on 30 May 2019)
I Ferguson (resigned on 18 July 2019)
G Bicknell (appointed and resigned on 5 September 2019)
M Branigan (resigned on 20 April 2020)
M Haxby (resigned on 20 April 2020)

Company Secretary

E Swain (appointed on 20 April 2020)
O Walker (resigned on 5 April 2020)

Registered Office

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

Independent Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Unlimited Marketing Group Ltd

Strategic Report

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

Principal Activity, Business Review and Strategy

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

For the year to 31 March 2020 ('FY20') the Group reports revenue from continuing operations of £50.8m (2019: £56.7m) and a headline profit before interest and tax from continuing operations ("headline EBITDA" – *see note 2 for definition*) of £1.6m loss (2019: £3.5m profit).

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

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

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

Future Outlook

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

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

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

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

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

Strategic Report continued

Principal risks and uncertainties

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

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

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

Loss of key clients

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

Loss of key staff

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

Financial risks

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

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

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

Section 172 statement

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

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

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

Strategic Report continued

Key actions undertaken by the Group include:

- **Group repositioning.** The acquisitions of Model Citizens Limited, DirectionGroup Limited, and First Base Limited in the previous financial year further bolstered the Group's capabilities, and long-term aim of becoming a fully integrated digital marketing services Group. The disposal of the Group's health marketing subsidiary, Health Unlimited LLC, in October 2019, allowed the Group to further reduce its leverage, whilst focussing on continuing to develop its UK business. The Group has recently been restructured into four divisions, strengthening our strategic position for years to come.

- **People.** The success of the Group is built by our people and their talent. Since we have moved into some of the most challenging months in recent memory as a result of the Covid-19 pandemic, we have focused on supporting our employees by focussing on engagement, inclusion, and welfare, and will continue to do so post Covid-19. During the year, the Group founded the Diversity and Inclusion committee, invested in mental health support for all employees, and is developing flexible working arrangements for the future.

- **Business relationships.** The Group relies on building and maintaining good relationships. We undergo due diligence across all supplier and customer relationships and are committed to acting ethically and with integrity in all business dealings. We regularly send out an independent client satisfaction survey to each of our clients across 19 key areas. This allows us to consistently improve and adapt our working methods to maintain our strong client satisfaction scores.

- **Business conduct and governance**. The Group has in place a number of procedures and policies to ensure all applicable laws and regulations are adhered to. Policies are reviewed regularly, including the Bribery Act, GDPR, and the whistleblowing policy, and mandatory training is provided to all employees. A risk register is also in the process of being established. During the year, the group strengthened its board of directors and implemented an audit committee to provide oversight of financial reporting and compliance.

Key Performance Indicators

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

	Financial Year ended 31 March 2020	**Financial Year ended 31 March 2019**
Revenue from continuing operations	**£50.8m**	**£56.7m**
Headline EBITDA* from continuing operations	**(£1.6m)**	**£3.5m**
Relationship Audits & Management (RAM) score	**8.0**	**7.8**
Operating cash flow	**(£10.8m)**	**£6.1m**

*defined in note 2

By order of the board

Timothy Hassett
CEO

7 December 2020

Directors' report

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

Principal activities

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

Dividends

No dividends have been declared and none are recommended.

Directors

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

T Hancock
J Mara (appointed 24 January 2019)
T Hassett (appointed 13 June 2019)
E Guest (appointed on 20 January 2020)
M Smith (appointed on 1 March 2020)
C Sweetland (appointed on 17 March 2020)
J Addison (appointed on 20 April 2020)
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M Branigan (resigned on 20 April 2020)
M Haxby (resigned on 20 April 2020)

Going concern

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements and they continue to adopt the going concern basis in preparing the financial statements. The Covid-19 pandemic has had an impact on the business since the end of the financial year and the Directors have undertaken appropriate mitigating actions (see the going concern note 1.2 for further information)

Employees

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

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

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

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

Future developments

Likely future developments are discussed in the Strategic Report.

Unlimited Marketing Group Ltd

Directors' report continued

Political Donations

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

Financial Instruments

As the Group's business includes a proportion of international revenue and costs, it has some exposure to foreign currency rates and any associated movements.

Directors' indemnities

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

Strategic report

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

Post balance sheet events

The group met the covenant obligations required by its lenders as at 31 March 2020, however was impacted by a temporary reduction in revenues in the wake of the coronavirus pandemic. Whilst successful mitigating actions were taken to maintain both profitability and liquidity, this has a detrimental impact to the covenant requirements for the year ended 31 March 2021.

On 7 August 2020 the group reached a deferral agreement with the bank to waive the covenant obligations required at 30 June 2020 and 30 September 2020, and negotiations over revised lending criteria commenced.

A renegotiated banking facility was signed on 25 November 2020. The key terms set out in the renegotiated term sheet include:

- Revised repayment terms, and
- Revised quarterly covenant tests from 31 December 2020.

Disclosure of information to auditors

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

Independent auditors

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

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

Timothy Hassett
CEO

7 December 2020

Unlimited Marketing Group Ltd

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

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

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

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

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

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

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

Timothy Hassett
CEO

7 December 2020

Independent auditor's report to the members of Unlimited Marketing Group Limited

Opinion

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

In our opinion:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

BDO LLP

Nicole Martin (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
7 December 2020

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

Unlimited Marketing Group Ltd

Consolidated income statement
for the year ended 31 March 2020

	Note	Continuing operations 2020 £'000	Discontinued operations 2020 £'000	Total 2020 £'000	Continuing operations 2019 £'000	Discontinued operations 2019 £'000	Total 2019 £'000
Turnover		64,292	6,988	71,280	76,414	13,727	90,141
Cost of sales		(13,508)	(415)	(13,923)	(19,754)	(478)	(20,232)
Revenue	3	50,784	6,573	57,357	56,660	13.249	69.909
Operating Costs		(63,220)	(5,015)	(68,235)	(110,647)	(9.691)	(120,338)
Operating (loss) / profit	5	(12,436)	1,558	(10,878)	(53.987)	3.558	(50,429)
Profit on disposal of subsidiary	21	12,760	-	12,760	-	-	-
Net financing expense	8	(6,930)	(5)	(6,935)	(6,222)	-	(6,222)
Loss from associate	12	(18)	-	(18)	(88)	- -	(88)
(Loss) / profit before taxation		(6,624)	1,553	(5,071)	(60,297)	3,558	(56,739)
Taxation	9	1,371	(354)	1,017	10.207	(802)	9,405
Profit / (loss) for the year		(5,253)	1,199	(4,054)	(50,091)	2.756	(47.335)
Attributable to.							
Equity holders of the parent		(5,253)	1,199	(4,054)	(50,091)	2,756	(47,335)
		(5,253)	1,199	(4,054)	(50,091)	2,756	(47 335)
Headline EBITDA	4	(1,644)	1,740	96	3,545	3,803	7,348

The notes on pages 18 to 40 form an integral part of these consolidated financial statements.

Unlimited Marketing Group Ltd

Consolidated statement of comprehensive income
for the year ended 31 March 2020

	2020	2019
	£'000	£'000
Loss for the year	**(4,054)**	(47.335)
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit or loss:		
Revaluation of interest rate swaps	**(30)**	(129)
Exchange differences on translation of foreign operations	**(57)**	263
Other comprehensive (loss) / income for the year, net of tax	**(87)**	134
Total comprehensive loss for the year	**(4,141)**	(47,201)
Attributable to:		
Equity holders of the parent	**(4,141)**	(47,201)
	(4,141)	(47.201)

The notes on pages 18 to 40 form an integral part of these consolidated financial statements.

Unlimited Marketing Group Ltd

Consolidated balance sheet

as at 31 March 2020

Non-current assets	Note	**31 March 2020 £'000**	31 March 2019 £'000
Goodwill	10	**5,638**	24,590
Property, plant and equipment	11	**1,117**	2,299
Investments	12	**454**	473
Deferred tax asset	18	**385**	1 122
		7,594	28.484
Current assets			
Work in progress	13	**390**	627
Debtors	14	**21,674**	19.381
Cash and cash equivalents		**4,372**	10,118
		26,436	30,126
Current liabilities			
Trade and other payables	15	**(18,915)**	(25,274)
Bank overdraft, loans and loan notes	17,23	**(4,370)**	(37,961)
Corporation tax payable		**758**	174
		(22,527)	(63,061)
Net current asset / (liability)		**3,909**	(32,935)
Total assets less current liabilities		**11,503**	(4,451)
Non-current liabilities			
Trade and other payables	15	**(1,186)**	(1,796)
Provisions for other liabilities and charges	16	**(695)**	(685)
Bank overdraft, loans and loan notes	17,23	**(53,643)**	(38,422)
Deferred tax liabilities	18	**(1,071)**	(4.672)
		(56,595)	(45,575)
Net liabilities		**(45,092)**	(50,026)
Equity			
Called-up share capital	19	**20,141**	11.108
Foreign currency translation reserve		**(62)**	(5)
Revaluation reserve		**-**	30
Retained earnings		**(65,171)**	(61,159)
Total equity		**(45,092)**	(50,026)

Company registered number: **10469103**

The notes on pages 18 to 40 form an integral part of these consolidated financial statements. The Directors consider that all results derive from continuing activities.

The financial statements, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated statement of changes in equity, the Consolidated statement of cash flows and the related notes, were approved by the Board on 7 December 2020 and were signed on its behalf by:

Edward Guest
CFO
7 December 2020

Unlimited Marketing Group Ltd

Consolidated statement of changes in equity
for the year ended 31 March 2020

	Called-up share capital	Foreign currency translation reserve	Revaluation reserve	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 1 April 2019 (IFRS)	11,108	(5)	30	(58,478)	(47,345)
Transition adjustments (note 26)	-	-	-	(2,681)	(2,681)
At 1 April 2019 (FRS 102)	11,108	(5)	30	(61,159)	(50,026)
Loss for the year	-	-	-	(4,054)	(4,054)
Other comprehensive income:	-	-	(30)	-	(30)
Exchange differences on translation of foreign operations	-	(57)	-	-	(57)
Total comprehensive income for the financial year	-	(57)	(30)	(4,054)	(4,141)
Other	-	-	-	42	42
Shares cancelled in period	(2)	-	-	-	(2)
Preference shares issued in period	*9,035*	-	-	-	*9,035*
At 31 March 2020	20,141	(62)	-	(65,171)	(45,092)

The notes on pages 18 to 40 form and integral part of these consolidated financial statements. The Directors consider that all results derive from continuing activities.

Unlimited Marketing Group Ltd

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

	Called-up share capital	Foreign currency translation reserve	Revaluation reserve	Retained earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 1 April 2018 (IFRS)	11,106	(268)	159	(7,020)	3,977
Transition adjustments (note 26)	-	-	-	(6,834)	(6,834)
At 1 April 2018 (FSR 102)	11,106	(268)	159	(13,854)	(2,857)
Loss for the year	-	-	-	(47,334)	(47,334)
Other comprehensive income:	-	-	(129)	-	(129)
Exchange differences on translation of foreign operations	-	263	-	-	263
Total comprehensive income for the financial year	-	263	(129)	(47,334)	(47,200)
Movement in deferred tax	-	-	-	10	10
Share option charge	-	-	-	64	64
Other	-	-	-	(45)	(45)
Shares issued in period	2	-	-	-	2
At 31 March 2019	11,108	(5)	30	(61,159)	(50,026)

The notes on pages 18 to 40 form and integral part of these consolidated financial statements. The Directors consider that all results derive from continuing activities.

Unlimited Marketing Group Ltd

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

	Note	**2020**	2019
		£'000	£'000
Loss for the financial year		**(4,054)**	(54,523)
Taxation	9	**(1,017)**	(2,216)
Loss before taxation		**(5,071)**	(56,739)
Finance costs	8	**6,933**	6 226
Finance income	8	**-**	(4)
Investment loss	12	**19**	88
Profit / (loss) before finance income, finance costs and taxation		**1,881**	(50,429)
Depreciation of property, plant and equipment	11	**1,007**	1,276
Amortisation of goodwill	10	**7,741**	8,571
Impairment of associate investments	12	**-**	370
Impairment of goodwill		**-**	44,850
Profit on disposal of subsidiary		**(12,760)**	-
Disposal costs		**(1,921)**	-
R&D tax credit		**(217)**	-
Deemed remuneration credit in respect of acquisitions		**(10)**	-
Share based payment charge	20	**-**	64
(Increase) / decrease in inventories and work in progress	13	**(60)**	674
(Increase) / decrease in trade and other receivables	14	**(1,321)**	3,547
Decrease in trade and other payables	15	**(5,122)**	(2,851)
Operating cash flow		**(10,782)**	6,073
Interest paid	8	**(2,041)**	(1,965)
Tax paid		**(896)**	(1,512)
Net cash (outflow) / inflow from operating activities		**(13,719)**	2,596
Investing activities			
Purchase of subsidiary undertakings net of cash acquired		**(25)**	(7,756)
Net subsidiary cash acquired		**-**	2,190
Cash consideration received in respect of disposal of subsidiary		**21,170**	-
Cash disposed of		**(864)**	-
Purchase of property, plant and equipment	11	**(249)**	(932)
Net cash inflow / (outflow) from investing activities		**20,032**	(6,498)
Financing activities			
Capitalised loan fee additions		**(1,534)**	-
Net proceeds from issuance of ordinary shares		**8,998**	2
Net (decrease) / increase in borrowings	17,23	**(19,461)**	2,802
Factoring of trade receivables	17,23	**-**	2,025
Net cash (outflow) / inflow from financing activities		**(11,997)**	4 829
(Decrease) / increase in cash and cash equivalents		**(5,684)**	927
Cash and cash equivalents at start of the financial year		**10,118**	9,057
Effect of foreign exchange rates		**(62)**	134
Cash and cash equivalents at end of the financial year		**4,372**	10,118

Unlimited Marketing Group Ltd

Notes to the consolidated financial statements

1. Accounting policies

1.1 Basis of preparation

Unlimited Marketing Group Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 10469103 and the registered address is 10 Great Pulteney Street, London, W1F 9NB.

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

The group financial statements have been prepared and approved by the directors in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. Transition to FRS102 from IFRS occurred on 1 April 2019. The Company has elected to prepare its parent company financial statements in accordance with FRS 102; these are presented on pages 41 to 45.

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

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

1.2 Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Throughout the financial year the Board has significantly strengthened the management team, appointing Tim Hassett as CEO, and Edward Guest as CFO. Under this leadership, the Group has developed a strategic growth plan, and undergone a significant amount of restructuring. This included the formation of 4 primary trading divisions and the disposal of the Group's US operations for an initial consideration of £21,170,000 and two further contingent payments depending on post disposal performance of the US operations (see note 21). These actions have enabled the Group to reduce leverage, and provide a strategic and operational base from which the Group can return to a strong position of both profitability and liquidity.

During the financial year the Group successfully renegotiated its lending facility. This was completed on 17 December 2019 and included the renegotiation of repayment terms and covenants, and required the shareholder, DBay, to inject £9,000,000 into the business in the form of preference shares. As at 31 March 2020, the Group was funded through a shareholder loan of £42,648,000 and various banking facilities (as set out in note 17) of £17,765,000.

On 11 March 2020, the World Health Organisation announced the pandemic status of COVID19. As a result of the restrictions and limitations imposed, the virus has had, and is expected to continue to have, an impact on both UK and global economies.

The Directors acknowledge that Covid-19 had a detrimental impact to FY21 performance, as a result of a reduction to typical revenue. However, successful actions were taken by management to mitigate the impact of the pandemic on the Group, including:

- Working hours being reduced for certain staff who and utilisation of the government furlough scheme to help support this.
- Staff salaries were temporarily reduced for the first quarter of the financial year.
- Reduction of freelance staff
- All discretionary spend was frozen.
- Rent deferrals were negotiated with landlords.
- HMRC payments were deferred under government schemes.

As a result of these actions, the Group has remained both profitable and highly liquid throughout. Revenue levels are continuing to recover and are expected to continue to do so moving into FY22.

1. Accounting policies continued

1.2 Going concern continued

The Group met the covenant obligations required by its lenders as at 31 March 2020, however the pandemic had a detrimental impact on the Group's ability to meet its covenant requirements for the year ended 31 March 2021. On 7 August 2020 the Group reached a deferral agreement with the bank to waive the covenant obligations required at 30 June 2020 and 30 September 2020 which the Group was not expected to meet, and entered renegotiations over revised lending criteria. A renegotiated banking facility was signed on 25 November 2020. The key terms set out in the renegotiated term sheet include:

- Revised repayment terms, and
- Revised quarterly covenant tests from 31 December 2020.

To assess going concern the Directors have prepared monthly cash flow forecasts to 31 March 2022 which project that the Group will operate within covenant limits and revised repayment terms over the foreseeable future. The key inputs into this model include revenue decrease of 7% for FY21 and growth assumptions of 14% in FY22 stemming from the establishment of an organisation directed at attaining new business, and a number of cost reductions.

The Directors have performed sensitivity analyses on these projections. These sensitivities include a the impact of a continued economic downturn arising from Brexit uncertainty and the Covid-19 pandemic, resulting in continued reductions in revenue and increases in debtors days. In the base case projections the Group meets its covenant obligations and has strong liquidity headroom. The Group performed well across sensitivities, with only one sensitivity which impacts revenue and debtor days with no mitigating working capital actions indicating a covenant fail.

Consequently, and whilst acknowledging that there remains significant uncertainty as a result of the Covid-19 pandemic, the Directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

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

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

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

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

In the consolidated accounts, interests in associated undertakings and joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the share of the profit or loss, other comprehensive income and equity of the associate, or joint venture. The consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. Any share of losses are only recognised to the extent

1. Accounting policies continued

1.3 Basis of consolidation continued

that they do not reduce the investment balance below zero as the group has no obligations to make payments on behalf of the associate or joint venture, and any share of subsequent profits shall be accounted for once the unrecognised profits are equal to the unrecognised losses.

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

1.4 Turnover and other income

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

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

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

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

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

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

Revenue comprises revenue less third-party cost of sales.

1.5 Intangible assets

Goodwill

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

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

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

1. Accounting policies continued

1.6 Provisions for other liabilities and charges

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

1.7 Property, plant and equipment

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

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

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

Software development and licences

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

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

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

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

1. Accounting policies continued

1.8 Current and deferred taxation

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

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

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

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

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

1.9 Leases

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

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

1.10 Employee benefits

Defined contribution plans

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

Share-based payment transactions

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Notes to the consolidated financial statements continued

1. Accounting policies continued

1.10 Employee benefits continued

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received.

1.11 Financial instruments

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

1.11 Cash and cash equivalents

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

1.12 Hedge accounting

The group has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. This amount is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. Any ineffective portions of those movements are recognised in profit or loss for the period.

1.13 Finance costs

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

1.14 Holiday pay accrual

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

1.15 Trade receivables and work in progress

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

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

1. Accounting policies continued

1.16 Foreign currencies

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

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

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

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

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

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

Goodwill valuations

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

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

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

Revenue recognition and percentage of completion

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

Control of subsidiaries

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

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

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

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

Share based payments

Management has exercised judgement in determining that the share option scheme which is based on the future sale price of the company by the current shareholders, Dbay advisors, reflects performance-based remuneration which should pass through the income statement. Management has estimated the value of the share option scheme at the date of initial grant and will vest the amount through share option charge on the income statement up to the expected exercise date. The exercise date used is also a management estimate.

Alternative performance measures

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

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

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

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

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

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

Share based payment credit / charge
Share based payment charges are fixed at grant date, are non-cash, and offset through retained earnings. Therefore they are not considered by management to align with the true financial performance of operations.

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

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

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

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

3. Revenue

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

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

Revenue generated for the year from continuing operations was £50,784,000 (2019: £56,660,000), with £6,573,000 (2019: £13,249,000) generated from discontinued operations.

4. Headline earning before interest, tax, depreciation and amortisation

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

Reconciliation of profit before finance income, finance costs and taxation to headline EBITDA:

	2020	2019
	£'000	£'000
Operating loss	**(10,878)**	(50,429)
Add:		
Non-recurring items	**1,820**	1,612
Deemed remuneration (credit) / charge in respect of acquisitions	**(10)**	350
Associate loss	**18**	88
Impairment of associate investments	-	370
Impairment of Goodwill and Intangibles	-	44,850
Share based payment charge	-	64
Dbay advisors monitoring Fee	**443**	443
Exchange differences	**(46)**	152
Amortisation of intangibles	**7,741**	8,571
Depreciation of tangible assets	**1,008**	1,276
Headline EBITDA	**96**	**7,348**

5. Operating (loss) / profit

This is arrived at after charging / (crediting):

	2020 **£'000**	2019 £'000
Depreciation of fixed assets	**1,008**	1,276
Amortisation of intangible assets including goodwill	**7,741**	8,571
Impairment of goodwill, intangibles, and associate investments	**-**	44,850
Operating lease expense	**4,124**	3,878
Exchange differences	**(46)**	152
Defined contribution pension cost	**1,334**	1,313
Share based payment	**-**	64
Fees payable to the company's auditor	**188**	800

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

6. Staff numbers and costs

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

	2020 ***Number***	2019 Number
Directors	**6**	6
Administration	**75**	87
Marketing services	**611**	662
	692	755

The aggregate payroll costs of these persons were as follows:

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

7. Directors' remuneration

Directors' remuneration is as follows:

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

Only two of the active directors throughout the year were remunerated by the Group for the year ended 31 March 2020 with the remaining directors - who do not have an operational role within the business - remunerated by the shareholder, DBay advisors.

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

8. Finance income and expense

Finance income includes:

	2020 £'000	2019 £'000
Interest income	-	4

Finance costs include:

	2020 £'000	2019 £'000
Amortisation of loan fees	**448**	294
Bank loan interest (note 17)	**2,040**	1,969
Interest payable to related parties	**36**	-
Loan note interest (PIK) (note 17)	**4,411**	3,959
	6,935	6,226

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

9. Taxation

	2020	2019
	£'000	£'000
The tax charge comprises:		
Current tax		
Corporation tax at 19% (2019: 19%)	**(13)**	184
Foreign taxation	**354**	706
(Over)/under-provision of corporation tax in previous year	**(276)**	(9)
	65	881
Deferred tax:		
Origination and reversal of temporary differences	**(1,236)**	(10,267)
Effect of tax rate change on opening balance	**178**	(3)
Under-provision of deferred tax in previous year	**(24)**	(15)
Tax charge for the year	**(1,017)**	(9,404)

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

	2020	2019
	£'000	£'000
Loss before taxation	**(5,071)**	(56,739)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	**(963)**	(10,780)
Effects of:		
Expenses not deductible for tax purposes	**1,405**	933
Other permanent differences	-	30
R&D expenditure credits	**(41)**	(25)
Group relief claimed	-	(1)
Difference in foreign tax rate	**58**	396
Share-based payments	**-**	12
Adjustments in respect of prior periods	**(300)**	(24)
Adjustments in respect of foreign tax in prior periods	-	(127)
Income not taxable for tax purposes	**(3,004)**	-
Impairment of deferred assets in respect of tax losses brought forward	**1,654**	-
Adjustment of deferred tax to average rate	**183**	188
Deferred tax not recognised	**(8)**	(6)
Tax credit for the year	**(1,017)**	(9,404)

Notes to the consolidated financial statements continued

10. Goodwill

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

	£'000
At 31 March 2019	**24,590**
Fair value adjustment	(83)
Disposal of subsidiary undertaking	(11,127)
Amortisation	(7,741)
At 31 March 2020	**5,638**

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

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

11. Property, plant and equipment

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

12. Investments

Associates

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

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

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

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

	2020 £'000	2019 £'000
Opening balance	**473**	931
Loss	**(19)**	(88)
Impairment	-	(370)
Closing balance	**454**	473

Unlimited Marketing Group Ltd

Notes to the consolidated financial statements continued

12. Investments continued

Subsidiaries

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

Operating company	Company number	Country of incorporation	Proportion of the Ordinary Shares and voting rights held by: Direct	Indirect
Bough and Harriss*	08249308	United Kingdom[1]		100%
Colombus Communications Limited*	02980909	United Kingdom[1]		100%
Creston Connections Limited*	03745386	United Kingdom[1]		100%
Creston Overseas Holdings Limited*	05964051	United Kingdom[1]		100%
Digital Unlimited Group Limited*	00210505	United Kingdom[1]		100%
DirectionGroup Limited*	01653414	United Kingdom[1]		100%
First Base Communications Limited*	08312019	United Kingdom[1]		100%
Health Unlimited Limited*	03574785	United Kingdom[1]		100%
How Splendid Limited	04692212	United Kingdom[1]		75.5%
Nelson Bostock Group Limited*	02143374	United Kingdom[1]		100%
Realise Unlimited Limited*	06300211	United Kingdom[1]		100%
The Unlimited Group Holdings Limited*	02636904	United Kingdom[1]		100%
Tullo Marshall Warren Limited*	01332638	United Kingdom[1]		100%
Unlimited Group Solutions Limited*	08659372	United Kingdom[1]		100%
Unlimited Group United Limited*	09321509	United Kingdom[1]		100%
Unlimited Marketing Finco Limited*	10469168	United Kingdom[1]	100%	
Walnut Unlimited Limited*	01317137	United Kingdom[1]		100%
Dormant entities				
DJMPAN Unlimited Limited*	06638236	United Kingdom[1]		100%
Emery McLaven Orr Limited*	01913706	United Kingdom[1]		100%
EMO Group Limited*	02592744	United Kingdom[1]		100%
FieldworkUK.com Limited*	03543523	United Kingdom[1]		100%
ICM Direct Limited*	03543454	United Kingdom[1]		100%
ICM Research Limited*	02571387	United Kingdom[1]		100%
Liberation Communications Limited*	08625899	United Kingdom[1]		100%
Loooped LLP*	OC389086	United Kingdom[1]		100%
Red Door Communications Group Limited*	03957171	United Kingdom[1]		100%
ROCK Medical Communications Limited*	07289529	United Kingdom[1]		100%
We Are Unlimited Limited*	03285840	United Kingdom[1]		100%

* subsidiary undertaking is exempt from the Companies act 2006 relating to the audit of their individual accounting by virtue of section 479A of the act, whereby this company has guaranteed the subsidiary company.

[1] Registered address: Unlimited House, 10 Great Pulteney Street, London, W1F 9NB

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

Unlimited Marketing Group Ltd

Notes to the consolidated financial statements continued

12. Investments continued

All subsidiary undertakings have been included in the consolidated financial statements. In the year ending 31 March 2020, the following wholly owned subsidiaries were exempt from audit of their individual financial statements under *section 479a of the Companies Act 2006*:

EMO Group Limited (Company number 02592744)	Health Unlimited Limited (Company number 03574785)	Creston Connections Limited (Company number 03745386)
Liberation Communications Limited (Company number 08625899)	ICM Research Limited (Company number 02571387)	ICM Direct Limited (Company number 03543454)
FieldworkUK.com Limited (Company number 03543523)	Rock Medical Communications Limited (Company number 07289529)	Walnut Unlimited Limited (Company number 01317137)
Nelson Bostock Group Limited (Company number 02143374)	Red Door Communications Group Limited (Company number 03957171)	Unlimited Group United Limited (Company number 09321509)
Colombus Communications Limited (Company number 02980909)	Loooped LLP (Company number OC389086)	Tullo Marshall Warren Limited (Company number 01332638)
Emery Mclaven Orr Limited (Company number 01913706)	The Unlimited Group Holdings Limited (Company number 02636904)	We Are Unlimited Limited (Company number 03285840)
Creston Overseas Holdings Limited. (Company number 05964051)	Unlimited Group Solutions Limited (Company number 08659372)	DJMPAN Unlimited Limited (Company Number 06638236)
Digital Unlimited Group Limited (Company number 00210505)	Unlimited Marketing Finco Limited (Company number 10469168)	First Base Communications Limited (Company number 08312019)
Realise Unlimited Limited (Company number 06300211)	DirectionGroup Limited (Company number 01653414)	Bough and Harriss Limited (Company number 08249308)

13. Work in progress

	2020	*2019*
	£'000	£'000
Work in progress	**390**	627

14. Debtors

	2020 £'000	2019 £'000
Trade receivables	**10,771**	11,441
Contingent consideration receivable	**5,504**	-
Other receivables	**266**	412
Prepayments	**1,659**	2,411
Accrued income	**3,474**	5,117
	21,674	19,381

All amounts shown under debtors fall due for payment within one year except contingent consideration receivable of £2,454,000.

15. Trade and other payables

Current liabilities	2020 £'000	2019 £'000
Trade payables	**3,107**	6 873
Social security and other taxes	**2,814**	3,088
Accruals	**3,911**	5,747
Accrued PIK note interest	**1,748**	1,563
Deferred revenue	**6,204**	6,631
Contingent consideration in respect of acquisitions*	**672**	393
Other payables	**459**	977
	18,915	25,274

Non-current liabilities	2020 £'000	2019 £'000
Contingent consideration in respect of acquisitions*	**1,186**	1,796
	1,186	1,796

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

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

Notes to the consolidated financial statements continued

16. Provision for other liabilities and charges

Dilapidation provisions	£'000
At 1 April 2019	**805**
Additions	**40**
Provisions utilised	**(150)**
At 31 March 2020	**695**

Dilapidation provisions represent the unavoidable costs of restoring leasehold properties to the condition specified in the lease at the end of the contractual term. The amount of each provision has been determined based on *management's best estimate. During the year a credit of £151,000 (2019: debit of £4,000) was recognised in the* consolidated income statement in relation to dilapidation repairs.

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

17. Bank overdraft, loans and loan notes

The group has a banking arrangement with Barclays bank plc, HSBC bank plc and The Governor and Company of the Bank of Ireland. Capitalised refinancing fees in relation to the loan are amortised over the term of the loan through *interest expense in the profit and loss account.*

There is a commitment to the three lending banks in the form of a security over trading subsidiaries of the Group.

In addition to these the Group has loan notes (PIK) of £42.6 million (2019: £38.4 million) at a fixed interest rate of 11% repayable in 2024. The holder of these loan notes is a related group company, RedWhiteBlue Cayman II (Cayman). The loan notes are listed on The International Stock Exchange.

	2020			2019		
	£'000			£'000		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Bank loans	**6,011**	**11,754**	**17,765**	37,226	-	37,226
Capitalised loan fees	**(1,641)**	**(759)**	**(2,400)**	(1,290)	-	(1,290)
Non-recourse factoring	-	-	-	2,025	-	2.025
Loan notes	-	**42,648**	**42,648**	-	38,422	38,422
	4,370	**53,643**	**58,013**	37.961	38,423	76,384

18. Deferred taxation

The deferred taxation asset of £2,040,000 (2019 £1,122,000) recognised in the financial statements is set out below:

	2020	2019
	£'000	£'000
Accelerated capital allowances	**341**	357
Short-term timing differences	**44**	385
Losses and other deductions	-	380
At 31 March	**385**	1,122

The Group has recognised deferred tax assets where there are forecast profits in the next 12 months from which the future reversal of the underlying timing differences can be deducted.

Notes to the consolidated financial statements continued

18. Deferred taxation continued

The deferred taxation liability of £1,077,000 (2019 £2,293,000) recognised in the financial statements is set out below:

	2020	2019
	£'000	£'000
Business combinations	**1,071**	2,293

There are no material unprovided deferred tax assets or liabilities.

19. Called-up share capital

Group and Company	**2020** **£'000**	2019 £'000
Authorised: 11,100,001 ordinary Shares of £1 each, 430 A ordinary shares of £10 each[2], 100 C ordinary shares of £1 each[3], £9,035,616 preference shares of £1 each[4], (2019: 11,100,001 ordinary Shares of £1 each, 765 A ordinary shares of £10 each[2], 100 C ordinary shares of £1 each[3])	**20,140**	11,108
Called-up and fully paid: 11,100,001 ordinary Shares of £1 each, 430 A ordinary shares of £10 each[2], 100 C ordinary shares of £1 each[3], £9,035,616 preference shares of £1 each[4], (2019: 11,100,001 ordinary Shares of £1 each, 765 A ordinary shares of £10 each[2], 100 C ordinary shares of £1 each[3])	**20,140**	11,108

[1] Full voting, dividend and capital distribution rights.
[2] No voting rights, no dividend rights, capital distribution rights.
[3] No voting rights, no dividend rights, capital distribution rights.
[4] Full voting, dividend and capital distribution rights.

20. Share based payment arrangements

At 31 March 2020 the Group had an implied share-based payment scheme active as defined by rights attached to the class A and class C shares, the shareholdings of which were purchased by senior management personnel in each of the Group's operating subsidiaries. The value of these shares are determined by consideration payable by any acquirer of the Group and payable to the shareholders, triggered upon the future exit date of the Group's majority shareholder, DBAY Advisors.

The fair value of the awards are calculated at the grant date of the scheme based on the Group's estimate of shares that will ultimately vest, which includes assumptions over conditions such as profitability of the Group and date of exit. This value is recognised as an expense in the income statement over the vesting period of the award on a straight-line basis with a corresponding increase in equity.

The fair value of the awards is calculated by means of a Monte Carlo model with inputs made in terms the value of the Group at date of grant, risk free rate, volatility, and time to vest.

Upon purchase of the shares at the nominal value, the nominal value of the shares issued is credited to share capital.

The terms and conditions of the grants are as follows:

Grant date	**Method of settlement accounting**	**Number of Instruments**	**Vesting conditions**	**Contractual life of options**
19 July 2017	Equity	530	Time based	31 March 2024

20. Share based payment arrangements continued

The total expenses recognised for the year and the total liabilities recognised at the end of the year arising from share-based payments are as follows:

	2020 £'000	2019 £'000
Equity settled share-based payment expense	-	64

21. Discontinued operations

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

		£'000
Consideration:		
Cash proceeds		21,170
Future consideration		5,504
		26,674
Less: net assets disposed of:		
Tangible fixed assets	407	
Debtors	2,559	
Cash	864	
Creditors	(1,253)	
Deferred tax asset	403	
Deferred tax liablity	(2 114)	
Goodwill	11,127	
		11,993
Less: Associated disposal costs		1,921
Profit on disposal		**12,760**

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

	£'000
Cash consideration	21,170
Cash disposed of	(864)
Net inflow of cash	**20,306**

22. Commitments under operating leases

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

	2020		2019	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
Not later than one year	**1,481**	**8**	2.865	8
Later than one year and not later than five years	**11,992**	**-**	3,276	-
	13,473	**8**	6,141	8

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

23. Net debt reconciliation

	As at 1 April 2019 £'000	Acquisition related £'000	Cash flow £'000	Foreign exchange £'000	Non-cash Movements £'000	**As at 31 March 2020 £'000**
Net cash and cash equivalents	10,118	(25)	(5.659)	(62)	-	**4,372**
Capitalised loan fees	1,290	-	1,534	-	(424)	**2,400**
Bank loan	(37,226)	-	19,461	-	-	**(17,765)**
Non-recourse factoring	2,025	-	(2,025)	-	-	**-**
Loan notes	(38,422)	-	-	-	(4,226)	**(42,648)**
Net debt	(62,215)	(25)	13,311	(62)	(4,650)	**(53,641)**

24. Directors' interests in transactions and shares and other related party transactions

The immediate parent of the Group is DouglasBay Capital II Fund LP, which is managed by DBay Advisors Limited.

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

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

A monitoring fee is charged by RedWhiteBlue Champion Limited (controlled by DBAY Advisors Limited) to the Group. This totalled £443,000 (2019: £443,000) for the year.

RedWhiteBlue Cayman II (controlled by DBAY Advisors Limited) is the holder of loan notes (PIK) of up to £42.7 million (2019: £38.4 million) at a fixed interest rate of 11% repayable in 2024. Interest of £4,411,000 (2019: £3,963,000) was accrued on these loan notes during the period.

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

During the year the shareholder, DBay advisors loaned the group £9,000,000 accruing interest expense of £36,000. The loan and interest were subsequently converted to 14% preference shares in December 2019.

25. Post balance sheet events

The group met the covenant obligations required by its lenders as at 31 March 2020, however was impacted by a temporary reduction in revenues in the wake of the coronavirus pandemic. Whilst successful mitigating actions were taken to maintain both profitability and liquidity, this has a detrimental impact to the covenant requirements for the year ended 31 March 2021.

On 7 August 2020 the group reached a deferral agreement with the bank to waive the covenant obligations required at 30 June 2020 and 30 September 2020, and negotiations over revised lending criteria commenced.

A renegotiated banking facility was signed on 25 November 2020. The key terms set out in the renegotiated term sheet include:

- Revised repayment terms, and
- Revised quarterly covenant tests from 31 December 2020.

26. First time adoption of FRS 102

During the year the group transitioned from IFRS to FRS 102. A description of the key impacts on the financial statements and the impact of this transition on previously reported equity and profit is summarised below.

Separable intangibles arising from business combinations

Previously under IFRS the group was required to identify customer lists and trademarks as intangible assets and amortise these over their estimated useful life. However, under FRS 102 these assets do not meet the requirements for recognition. The group elected to retrospectively restate its intangibles arising business combinations to goodwill.

Amortisation of goodwill

Previously under IFRS the group was required to hold goodwill at cost and test annually for impairment. However, under FRS 102 Goodwill is considered to have a finite useful life over which the cost is amortised. Management estimates this useful life to be 10 years and there accumulated amortisation has been applied from the original date of acquisition. Due to the impact of Goodwill impairment in the year ended 31 March 2019, this has resulted in an increase in profit to that year of £4,107,000 and a decrease to opening equity of £6,384,000 as at 31 March 2018.

Reclassification of software development and licences

Previously under IFRS the group was required to recognise costs incurred in respect of software development licences as intangible assets. Under FRS 102 the group can elect to classify the costs as either a tangible asset or an intangible asset. The group elected to retrospectively restate these costs to tangible assets.

Reversal of expected credit loss

Previously under IFRS the group was required to provide for bad debt using the expected credit loss method as prescribed under IFRS 9. However, under FRS 102 a bad debt provision is made when it is probably that that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. This has resulted in an increase in profit for the year ended 31 March 2019.

Unlimited Marketing Group Ltd

Notes to the consolidated financial statements continued

26. First time adoption of FRS 102 continued

	Equity as at 31 March 2018	Profit for the year ended 31 March 2019	Equity as at 31 March 2019
As previously stated under IFRS	**3,977**	**(51,486)**	**(47,345)**
Transitional adjustments:			
Business combinations	**(6,834)**	**4,107**	**(2,726)**
Reversal of expected credit loss (IFRS 9)	-	**45**	**45**
As stated in accordance with FRS102	**(2,857)**	**(47,334)**	**(50,026)**

The group elected to take a number of transition exemptions as prescribed by section 35 from FRS 102:

Share-based payment transactions have not been restated in accordance with paragraph 35.10(b).

Hedging relationships have not been restated in accordance with paragraph 35.10(t).

Unlimited Marketing Group Ltd

Company balance sheet
as at 31 March 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Deferred tax asset	5	-	7
		-	7
Current assets			
Cash and cash equivalents		2	3
Trade and other receivables	2	9,955	1
		9,957	4
Current liabilities			
Trade and other payables	3	(4,282)	(2,623)
		(4,282)	(2,623)
Net current assets / (liabilities)		5,675	(2,619)
Total assets less current liabilities		5,675	(2,612)
Non-current liabilities			
Bank overdraft, loans and loan notes	4	(42,648)	(38,422)
		(42,648)	(38,422)
Net liabilities		(36,973)	(41,034)
Equity			
Called-up share capital		20,141	11,109
Retained earnings		(57,114)	(52,143)
Total equity		(36,973)	(41,034)

Company registered number: **10469103**

The notes on pages 43 to 45 form an integral part of these financial statements. The Directors consider that all results derive from continuing activities.

The financial statements, which comprise the Company statement of financial position, the Company statement of changes in equity and the related notes, were approved by the Board of Directors on 7 December 2020.

Edward Guest
CFO

Unlimited Marketing Group Ltd

Company statement of changes in equity
for the year ended 31 March 2020

Changes in equity for 2020	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2019	11,109	(52,143)	(41,034)
Loss for the financial year	-	(4,971)	(4,971)
Total comprehensive loss for the financial year	-	(4,971)	(4,971)
Issue of share capital	9,035	-	9,035
Shares cancelled in period	(3)	-	(3)
At 31 March 2020	20,141	(57,114)	(36,973)

The notes on pages 43 to 45 form an integral part of these financial statements. The Directors consider that all results derive from continuing activities.

Company statement of changes in equity
for the year ended 31 March 2019

Changes in equity for 2019	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2018	11,106	(1,024)	10,082
Loss for the financial year	-	(51,119)	(51,119)
Total comprehensive loss for the financial year	-	(51,119)	(51,119)
Issue of share capital	3	-	3
At 31 March 2019	11,109	(52,143)	(41,034)

The notes on pages 43 to 45 form an integral part of these financial statements. The Directors consider that all results derive from continuing activities.

Unlimited Marketing Group Ltd

Notes to the Company financial statements

1. Accounting policies

Basis of preparation

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

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

The principal accounting policies applied in the preparation of these financial statements are consistent with the policies adopted by the Group as set out on pages 18 to 26.

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

Investments

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

Impairment of investments

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

2. Trade and other receivables

	2020	2019
	£'000	£'000
Prepayments	**1**	1
VAT receivable	**43**	-
Amounts owed by Group undertakings	**9,911**	-
	9,955	1

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

3. Trade and other payables

	2020	2019
Current	**£'000**	£'000
Amounts owed to group undertakings	**1,910**	506
Accrued PIK note interest	**1,748**	1.563
Accruals	**624**	554
	4,282	2,623

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

Notes to the Company financial statements continued

4. Bank overdraft, loans and loan notes

Non-Current	**2020 £'000**	2019 £'000
Principal loan notes	**42,648**	38,422
	42,648	38,422

Amounts owed to parent undertakings are related to intra-group loan notes and accrued interest between Unlimited Marketing Group Ltd and RedWhiteBlue Cayman II (controlled by DBAY Advisors Limited). The loan notes are held at amortised cost and are repayable in November 2024.

The principal amount of the loan notes is £42,648,000 (2019: £38,422,000) with interest accrued at 11%. During the year £4,226,000 of PIK note certificated were issued

5. Deferred taxation

The deferred taxation asset of £nil (2019: £7,000) recognised in the financial statements is set out below:

	2020 £'000	2019 £'000
Losses and other deductions	-	7
At 31 March	-	7

The movement in the year is analysed as follows:

	2020 £'000	2019 £'000
Opening balance	**7**	-
Income statement	**(7)**	7
At 31 March	-	**7**

6. Reserves

The nature and purpose of each reserve within equity is consistent with the Group as described in note 21 to the consolidated financial statements.

7. Profit for the financial period

As permitted by section 408 of the Companies Act 2006, the Company has not presented its own income statement and statement of comprehensive income. The loss for the financial period relating to the Company amounted to £4,971,000 (2019: £51,119,000).

Notes to the Company financial statements continued

8. *Related party transactions*

The Company does not actively trade with its subsidiary companies.

Key management and Directors' remuneration disclosures are contained in note 7 to the consolidated financial statements. Remuneration for key management, other than the Executive Directors, is not included in the Company's operating costs. Remuneration for key management is disclosed in the financial statements of their respective employing companies. Amounts owing from or to subsidiaries are disclosed in note 2 and note 3. Additional related party disclosures are provided in note 25 to the consolidated financial statements and note 4 above.

9. *First time adoption of FRS102*

During the year the company transitioned from the FRS101 reduced disclosure framework to FRS102. There was no resulting impact on the brought forward balance sheet position as a result of this transition.