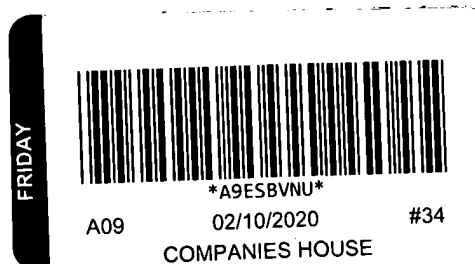


CitNow Video Limited

Company Number 09720206

Annual Report - 31 December 2019



CitNow Video Limited
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31 December 2019

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General information

The financial statements cover CitNow Video Limited as an individual entity. The financial statements are presented in Pound Sterling, which is CitNow Video Limited's functional and presentation currency.

CitNow Video Limited is a private company limited by shares, incorporated and domiciled within England in the United Kingdom. Its registered office and principal place of business is:

9 Millars Brook
Molly Millars Lane
Wokingham
Berkshire
RG41 2AD

CitNow Video Limited
Strategic report
31 December 2019

The directors present their strategic report on the company for the year ended 31 December 2019.

Principal activities

The principal activity of the company is that of a holding company.

Review of operations

CitNow Video Limited is the parent of a group of companies involved in the development and supply of a range of app-based video solutions. The key performance indicators of the company consist of loss before income tax and net liabilities.

The results shown are for the entity only.

	2019 £'000	2018 £'000	Change £'000	Change %
Loss before income tax	109	1,001	(892)	(89%)
Net liabilities	4,825	4,716	109	2%

Principal risks and uncertainties

The Company is limited in its risk as a holding company. The Company's specific risks are included below:

Interest rate risk

Interest rate risk arises primarily on the Company's borrowings or on its investment of the cash balances. In particular, interest on the Company's borrowings is affected by LIBOR.

The Company's borrowings were settled during the year with new borrowings residing within fellow group company, Argus Bidco Limited, as a result no interest risk resides within the Company going forward.

Credit risk

Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a financial instrument. For cash and cash equivalents and trade and other receivables, credit risk represents the carrying amount on the balance sheet.

The Company's business will be predominantly with companies with a low inherent bad debt risk. The Company is therefore unlikely to take out credit insurance in the foreseeable future.

The Company will only invest surplus funds in UK bank/building society deposits, denominated in pounds sterling. Furthermore, funds will only be invested with Prudential Regulatory Authority regulated UK financial institutions. In addition, only banks or building societies obtaining a satisfactory rating — at least an A grade (high quality/upper medium grade/strong) — with Standard and Poors, Fitch and Moody's will be selected.

Liquidity risk

Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands.

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely as well as profitably. The Company will have significantly reduced costs going forward as a result of the recent group restructure. Any costs that arise that the company cannot settle will be borne by fellow group company, Zype TV Limited, a wholly owned subsidiary.

Since the end of March 2020, the coronavirus pandemic has impacted markets and companies across the world. During this time video creation activity reduced significantly as countries went into lockdown and automotive dealers and workshops were forced to close their doors to customers and furlough all, if not most, of their staff.

Following the easing of lockdown across most markets in May/June, video creation volumes and subscription revenues have returned to levels akin to pre-March 2020 levels. The current growth opportunities of the business look promising.

As a holding company this has had no impact on the results of the entity. The directors of the ultimate parent entity, Argus Topco Limited, have reviewed forecasts over the next 12 months and concluded that group and entities within continue to be prepared on a going concern basis.

CitNow Video Limited
Strategic report
31 December 2019

Likely future developments

The directors are pleased with the performance of the group and will look to continue to grow revenue in both the UK and overseas whilst retaining our valued customers.

This report is made in accordance with a resolution of directors.

On behalf of the board

A handwritten signature in black ink, appearing to be 'I D Brewer', written over a horizontal line.

I D Brewer
Director

23 September 2020

CitNow Video Limited
Directors' report
31 December 2019

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2019.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

G Grant
A J C Horsburgh
C J Lacey (resigned 15 January 2020)
C J Munn (resigned 7 June 2019)
G G Page-Morris
C S Tinto
I D Brewer (appointed 30 October 2019)

Information contained within the strategic report

The strategic report contains information in relation to Principal activities, Review of operations and Likely future developments.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Matters subsequent to the end of the financial year

Since March 2020, the global Covid-19 coronavirus pandemic impacted the Argus Topco Limited Group's results, of which CitNow Video Limited is an intermediary holding company, as video creation volumes and revenue declined in most markets for the lockdown period. Subscription revenue has returned to pre-March levels in the second half of 2020 following the easing of lockdown across all markets, with current growth opportunities of the business look promising.

Management reacted promptly to the impact of the pandemic with a number of key short term actions across the business to preserve liquidity, which included accessing government schemes where eligible and reducing costs. The impact of this has been considered on the financial statements up to the date of signing and whilst the situation continues to evolve.

The coronavirus global pandemic was not a condition in existence at the year-end date therefore it is regarded as a non-adjusting subsequent event.

No other matters or circumstances have arisen since 31 December 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Financial instruments

Information on the company's financial instruments are disclosed in the strategic report.

Charitable and political donations

No charitable or political donations were made during the year.

Going concern

As at 31 December 2019 the company had net liabilities of £4,825,000 (2017: £4,716,000). The directors have continued to prepare the financial statements on a going concern basis based on the group's performance forecast and that the main external liability, a bank loan, commenced on the 24 September 2019 and terminates on the 30 September 2024.

The company has received a letter of support from Argus Topco Limited for a period of at least 12 months from the signing of these financial statements.

Indemnity of directors

The company has third party professional indemnity insurance in place for the year and at the time of approval of these financial statements.

CitNow Video Limited
Directors' report
31 December 2019

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent auditors

The auditors BDO LLP were appointed in year.

This report is made in accordance with a resolution of directors.

On behalf of the board

A handwritten signature in black ink, appearing to be 'I D Brewer', written over a horizontal line.

I D Brewer
Director

23 September 2020

CitNow Video Limited
Directors' responsibilities statement
31 December 2019

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

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

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.

Opinion

We have audited the financial statements of CitNow Video Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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, 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.

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.

CitNow Video Limited
Independent auditor's report to the members of CitNow Video Limited
31 December 2019

Matters on which we are required to report by exception

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

Responsibilities of Directors

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

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

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.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Gavin Crawford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK
Date: 24 September 2020

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

CitNow Video Limited
Statement of comprehensive income
For the year ended 31 December 2019

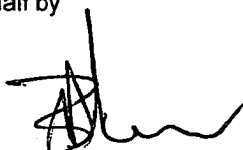
	Note	2019 £'000	2018 £'000
Expenses			
Administrative expenses		<u>27</u>	<u>(802)</u>
Operating profit/(loss)		27	(802)
Finance expenses	5	<u>(136)</u>	<u>(199)</u>
Loss before income tax expense		(109)	(1,001)
Income tax expense	6	<u>-</u>	<u>-</u>
Loss after income tax expense for the year	15	(109)	(1,001)
Other comprehensive expenses for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive expenses for the year		<u><u>(109)</u></u>	<u><u>(1,001)</u></u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes

CitNow Video Limited
Balance sheet
As at 31 December 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investments	7	3	3
Total non-current assets		<u>3</u>	<u>3</u>
Current assets			
Trade and other receivables - amounts falling due within one year	8	10,756	137
Cash and cash equivalents	9	50	1
Total current assets		<u>10,806</u>	<u>138</u>
Total assets		<u>10,809</u>	<u>141</u>
Liabilities			
Current liabilities			
Borrowings	11	-	3,361
Trade and other payables - amounts falling due within one year	12	15,634	1,496
Total current liabilities		<u>15,634</u>	<u>4,857</u>
Total liabilities		<u>15,634</u>	<u>4,857</u>
Net liabilities		<u>(4,825)</u>	<u>(4,716)</u>
Equity			
Issued capital	13	3	3
Share premium account	14	1,008	1,008
Accumulated losses	15	(5,836)	(5,727)
Total deficiency in equity		<u>(4,825)</u>	<u>(4,716)</u>

The financial statements on pages 9 to 20 were approved by the Board of directors on 23 September 2020 and signed on its behalf by



I D Brewer
Director

23 September 2020

The above balance sheet should be read in conjunction with the accompanying notes

CitNow Video Limited
Statement of changes in equity
For the year ended 31 December 2019

	Issued capital £'000	Share premium account £'000	Accumulated losses £'000	Total deficiency in equity £'000
Balance at 1 January 2018	3	1,000	(4,726)	(3,723)
Loss after income tax expense for the year	-	-	(1,001)	(1,001)
Other comprehensive expenses for the year, net of tax	-	-	-	-
Total comprehensive expenses for the year	-	-	(1,001)	(1,001)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of new shares	-	8	-	8
Balance at 31 December 2018	<u>3</u>	<u>1,008</u>	<u>(5,727)</u>	<u>(4,716)</u>
	Issued capital £'000	Share premium account £'000	Accumulated losses £'000	Total deficiency in equity £'000
Balance at 1 January 2019	3	1,008	(5,727)	(4,716)
Loss after income tax expense for the year	-	-	(109)	(109)
Other comprehensive expenses for the year, net of tax	-	-	-	-
Total comprehensive expenses for the year	-	-	(109)	(109)
Balance at 31 December 2019	<u>3</u>	<u>1,008</u>	<u>(5,836)</u>	<u>(4,825)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The financial statements cover CitNow Video Limited as an individual entity. The financial statements are presented in Pound Sterling, which is CitNow Video Limited's functional and presentation currency. The accounts are presented in £000's.

CitNow Video Limited is a private company limited by shares, incorporated and domiciled within England in the United Kingdom.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

IFRS 9 Financial Instruments

The company has adopted IFRS 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Going concern

As at 31 December 2019 the company had net liabilities of £4,825,000 (2018: £4,716,000). The directors have continued to prepare the financial statements on a going concern basis based on the group's performance forecast and that the main external liability, a bank loan, commenced on the 24 September 2019 and terminates on the 30 September 2024.

The company has received a letter of support from Argus Topco Limited for a period of at least 12 months from the signing of these financial statements.

Since the end of March 2020, the coronavirus pandemic has impacted markets and companies across the world. The Argus Topco Limited Group's revenues, of which CitNow Video Limited is an intermediary holding company, were impacted during the peak of the pandemic as its subscription services were no longer being utilised under lockdown. Following the cessation of lockdown in the markets the Group operates in, video creation levels returned close to that of pre-March 2020 and the group's subscription revenue returned to pre-lockdown levels.

Basis of preparation

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Note 1. Significant accounting policies (continued)

The company previously prepared consolidated financial statements under International Financial Report Standards (IFRS) as adopted by the European Union. There were no transition adjustments arising as a result of this change.

As permitted by FRS 101, the company has taken advantage of all of the disclosure exemptions available to it, including: statement of cash flows, new Accounting Standards not yet mandatory, disaggregation of revenue, reconciliations of contract assets and liabilities, unsatisfied performance obligations, presentation of comparative information for certain assets, impairment of assets, capital risk management, financial instruments, fair value measurement, key management personnel, related party transactions, business combinations and share-based payments.

The company's ultimate parent entity is Argus Topco Limited (incorporated in the United Kingdom) and its consolidated financial statements, which the company forms part of, are available from Companies House. The company's immediate parent entity is Argus Bidco Limited.

The financial statements contain information about CitNow Video Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Argus Topco Limited.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Foreign currency translation

The financial statements are presented in Pound sterling, which is CitNow Video Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Pound sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 1. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are not included as part of the initial measurement. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 1. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Value-Added Tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand pounds, or in certain cases, the nearest pound.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Note 3. Expenses

	2019 £'000	2018 £'000
Loss before income tax includes the following specific expenses:		
<i>Borrowing fees</i>		
Bank loan redemption fees	-	714
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	136	199
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	8	3

Note 4. Directors' remuneration

The remuneration of directors during the current and prior year were paid by other group companies for services to the group as a whole, and the directors received no separate remuneration for their services to this company. The directors consider the services provided to the company to be incidental.

No recharge for any of these services was made to the company.

Note 5. Finance expenses

	2019 £'000	2018 £'000
Finance expenses	136	199

Note 6. Income tax expense

	2019 £'000	2018 £'000
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(109)	(1,001)
Tax at the statutory tax rate of 19%	(21)	(190)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	-	6
Group relief surrendered	96	161
Adjustment to deferred tax balances as a result of change in statutory tax rate	(8)	3
Deferred tax not recognised	(67)	20
Income tax expense	-	-

Note 7. Non-current assets - investments

	2019 £'000	2018 £'000
Shares in Zype TV Limited - at cost	3	3
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	3	3
Closing carrying amount	3	3

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Note 7. Non-current assets - investments (continued)

Interests in subsidiaries

As at the 31 December 2019, the company had investments in the following subsidiary companies:

Name	Country of incorporation / Registered office	Holding	Proportion held %
Zype TV Limited	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
CitNOW GmbH*	Germany - Unter den Linden 10, D-10117, Berlin	Ordinary shares	100.00%
CitNow Inc*	United States - 555 North Point Center East, Suite 400, Alpharetta, GA 30022	Ordinary shares	100.00%
CitNow Video Italy SRL*	Italy - Via Paola Barison 42, Ed 12 - B5, Roma (RM) 00142	Ordinary shares	100.00%
CitNow Video Benelux B.V.*	Netherlands - De Cuserstraat 93, 1081 CN, Amsterdam	Ordinary shares	100.00%
CitNOW Video France SARL*	France - 47 Boulevard Georges Clemenceau, 92415 Courbevoie CEDEX	Ordinary shares	100.00%
CitNOW Video Iberia, SLU*	Spain - Calle, Orense 34, Planta 8, 28020 Madrid	Ordinary shares	100.00%
CitNOW Video LLC*	Russia - Russian Federation, Moscow, ulitsa Skakovaya, 17, bldg. 2	Ordinary shares	100.00%
CitNOW Nordic A/S*	Denmark - Nymøllevej 50, 2800 Kgs. Lyngby, Danmark	Ordinary shares	100.00%
CitNOW Canada Inc.*	Canada - 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver BC V6E 4N7, Canada	Ordinary shares	100.00%

* Indirect holdings

All entities were trading in line with consolidated entities principal activities.

Note 8. Current assets - trade and other receivables - amounts falling due within one year

	2019 £'000	2018 £'000
Amounts owed by group undertakings	10,756	136
Other taxation and social security	-	1
	<u>10,756</u>	<u>137</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

Note 9. Current assets - cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	<u>50</u>	<u>1</u>

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Note 10. Non-current liabilities - borrowings

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	2019 £'000	2018 £'000
Bank loans	-	3,361

The bank loan was repaid on the 24 September 2019 and a new bank loan was taken out by fellow group company, Argus Bidco Limited.

Assets pledged as security

The loan is secured by a debenture issued by CitNow Video Limited and fellow group companies.

Note 11. Current liabilities - borrowings

	2019 £'000	2018 £'000
Bank loans	-	3,361

Note 12. Current liabilities - trade and other payables - amounts falling due within one year

	2019 £'000	2018 £'000
Accrued expenses	-	82
Amounts owed to group undertakings	15,634	1,414
	<u>15,634</u>	<u>1,496</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

Note 13. Equity - issued capital

	Number 2019	Number 2018	Value (£) 2019	Value (£) 2018
Ordinary £0.001 shares	<u>3,427,700</u>	<u>3,427,700</u>	<u>3,427</u>	<u>3,427</u>

All classes of share rank pari-passu, except that directors can vary the distributions paid by class of share.

All shares are owned by the immediate parent Argus Bidco Limited.

Note 14. Equity - Share premium account

	2019 £'000	2018 £'000
Share premium reserve	<u>1,008</u>	<u>1,008</u>

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Note 15. Equity - accumulated losses

	2019 £'000	2018 £'000
Accumulated losses at the beginning of the financial year	(5,727)	(4,726)
Loss after income tax expense for the year	<u>(109)</u>	<u>(1,001)</u>
Accumulated losses at the end of the financial year	<u><u>(5,836)</u></u>	<u><u>(5,727)</u></u>

Note 16. Auditors remuneration

During the financial year the following fees were paid or payable for services provided by BDO LLP (2018 - PricewaterhouseCoopers LLP), the auditor of the company:

	2019 £'000	2018 £'000
<i>Audit services</i>		
Audit of the financial statements	<u>5</u>	<u>3</u>

The fees for audit services were borne by a fellow group company, Zype TV Limited.

Note 17. Contingent liabilities

The company has guaranteed the borrowings of Argus Bidco Limited. The borrowings subject to guarantee as at 31 December 2019 totalled £11,900,000.

Note 18. Events after the reporting period

Since March 2020, the global Covid-19 coronavirus pandemic impacted the Argus Topco Limited Group's results, of which CitNow Video Limited is an intermediary holding company, as video creation volumes and revenue declined in most markets for the lockdown period. Subscription revenue has returned to pre-March levels in the second half of 2020 following the easing of lockdown across all markets, with current growth opportunities of the business look promising.

Management reacted promptly to the impact of the pandemic with a number of key short term actions across the business to preserve liquidity, which included accessing government schemes where eligible and reducing costs. The impact of this has been considered on the financial statements up to the date of signing and whilst the situation continues to evolve.

The coronavirus global pandemic was not a condition in existence at the year-end date therefore it is regarded as a non-adjusting subsequent event.

No other matters or circumstances have arisen since 31 December 2019 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.