Registered number: 04531415

# VICE UK LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2021

## VICE UK LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | H Lokhandwala<br>B Dixon |
| **Registered number** | 04531415 |
| **Registered office** | 110 - 122 New North Place<br>London<br>EC2A 4JA |
| **Independent auditor** | Deloitte LLP<br>Abbots House<br>Abbey Street<br>Reading<br>RG1 3BD |

VICE UK LIMITED

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# STRATEGIC REPORT
# FOR THE YEAR ENDED 31 DECEMBER 2021

**Introduction**
The Directors present their Strategic Report for the year ended 31 December 2021.

**Business review**
The Group operates across four main business pillars. It has its own websites in the UK divided into verticals focused on key areas of interest for our target audience of 18 to 35 year olds. The Group also runs the Vice Digital Network which is a collated network of third-party publishers. Vice sells digital advertising, activates campaigns and distributes content through this network. Additionally, Vice continues to operate its award-winning creative services agency, Virtue, working with major brands across Europe and the world.

The key financial and other performance indicators during the year were as follows:

The Group made a pre-tax loss of £2.3m (2020: Restated pre-tax profit of £2.1m). Turnover increased by 41% during the year due to a year on year growth in Digital due to some larger and longer campaigns running through the year (2021: £8.9m, 2020: £4.8m). There was an increase in Professional fee revenue of £1.3m (2021: £2.1m, 2020: £0.8m) and content production of £2.0m, (2021: £2.8m, 2020: £0.8m) which driven by the easing of restrictions post the Covid-19 pandemic and operations started to return to a normal level. There was an increased Other services of £8.8m (2021: £15m, 2020: £6.2m) driven by a intercompany arrangement for the recharge of costs to an affiliated entity with a margin of 8%-25%, which saw increased activity in 2021 compared to 2020.

The increase in administrative expenses of £6.5m (2021: £10.6m, 2020: £4.1m) has contributed significantly to generating a total operating loss before depreciation, amortisation, impairment, and stock-based compensation of £1.1m versus a £2.9m profit in 2020. The main drivers of the increase in administrative expenses were the increase in salary related costs with the increase in headcount. Also increase in costs was a direct impact of operations returned to normal levels after the COVID-19 pandemic. 2020 also saw a release of the onerous lease provision of £2.5m which contributed to the lower administrative expenses recognised in the prior year. The Group recognised exchange losses of £1m (2020: exchange gains of £0.8m).

**Principal risks and uncertainties**
The principal risks and uncertainties facing the Group are broadly grouped as follows:

**Financial risk management objectives and policies**
The Group has established a risk and financial management framework. The primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level. The Group has exposure to three main areas of financial risk, being credit risk, liquidity risk and foreign exchange risk.

*Credit risk*
The Group has a significant and diverse customer base, ranging from large networks to individual entities. This, combined with stringent credit checks and the implementation of further safeguards, where necessary, minimises credit risk.

*Liquidity risk*
Cash flows are monitored to maintain the Group's cash flow and mitigate liquidity risk. The group has access to funds from its parent company if required, to ensure that the Group has sufficient resources available to support its operations.

*Foreign exchange risk*
Fluctuations in the exchange rate of sterling with other currencies will impact both the turnover stream and purchase cost. The Company benchmarks turnover and direct expenditure denominated in foreign currency on a regular basis.

**Other non-financial risks**

*Competition risk*
The Group operates in a very competitive market and therefore its margins and future growth is dependent on its ability to effectively compete with numerous other publishers and agencies on price and quality.

**Subsequent events**

Details of significant events since the balance sheet date are contained in note 27 to the financial statements.

**Future developments**

The directors expect the general level of activity to increase in the forthcoming year. This is a result of management continuing to focus on growing the current areas of the business such as the Vice News brand whilst continuing to invest in Virtue, our creative services agency and Digital .These areas were impacted when Covid-19 pandemic was declared on 11 March 2020, however this has started to recover in 2021, with 2022 already showing signs of returning back to normal levels of operation.

This report was approved by the board and signed on its behalf.

B Dixon
Director

Date: 30th March 2023

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

**Principal activities**

The principal activity of the Group and the Company during the year continued to be that of providing digital content, digital advertising and creative services to its clients.

**Results and dividends**

The Group loss for the year, after taxation, amounted to £2,255,971 (2020 restated: profit of £2,099,114).

The directors proposed and paid a dividend £nil (2020: £nil).

**Directors**

The directors, who served during the year to the date of approving these financial statements for issue, were:

H Simon (resigned 2 March 2022)
H Lokhandwala (appointed 9 December 2020)
B Dixon (appointed 2 March 2022)

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

**Donations**

The Group did not make any political donations during the year (2020: £nil).

**Going concern**

The financial statements have been prepared on a going concern basis. In making this assessment, the Directors have made enquiries of the business and wider Vice Group and prepared cash flow forecasts, taking all related risks into account, for the period up to March 2024. These forecasts alongside the Company balance sheet indicates that the Company will continue to need financial support from its ultimate parent company, Vice Group Holdings Inc. ("the Group"). The Company has received confirmation from its ultimate parent, Vice Group Holding Inc., that it will continue to provide such financial support where it is able, through the provision of additional cash, guaranteeing the settlement of group debtors and ensuring group creditors are not called to enable it to meet its liabilities as is required for a period of twelve months from the date of approval of these financial statements.

In assessing the ability of the Group to provide such support, the Directors note that Vice Group Holding Inc. holds a credit agreement pursuant to which the Company and several of its fellow UK subsidiaries are guarantors. The credit agreement is subject to certain financial and non-financial covenants and the maximum possible exposure to the Company and its fellow subsidiaries under the credit agreement is US$419m. The Directors note that this credit facility held by Vice Group Holding Inc was due to be fully repaid in December 2022. The Group has reached agreement with the lenders, under which the Group are required to undertake specified actions in exchange for repaying the facility in May 2023, which is within our 12-month going concern look out period. Due to the nature of the forbearance arrangement and requirements thereunder, this indicates there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, given the Company's reliance on Group support. The directors consider that there is a reasonable prospect that the Group will meet the requirements of the forbearance arrangement and continue as a going concern. They have therefore adopted the going concern basis of accounting in the preparation of the financial statements.

The financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern.

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

### Future developments

Details of future developments can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

### Subsequent events

Details of significant evets since the balance sheet date are contained in note 27 to the financial statements.

### Financial risk management objectives and policies

Details of financial risk management objectives and policies are provided in the strategic report.

### Auditor

Deloitte LP has 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. This information is given and should be interpreted in accordance with the provisions of Section 487 of Company's Act 2006.

### Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

B Dixon

Director
Date: 30th March 2023

## DIRECTOR'S RESPONSIBILITIES STATEMENT
## FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group 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 judgments 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 Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent auditor's report to the members of Vice UK Limited

### Report on the audit of the financial statements

**Opinion**

In our opinion the financial statements of Vice UK Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 27.

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).

**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 Financial Reporting Council's (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.

**Material uncertainty related to going concern**

We draw attention to note 1.3 in the financial statements, which indicates that there is a material uncertainty present in relation to the repayment of a group credit facility at the ultimate parent company level in May 2023. As stated in note 1.3, these events or conditions, along with the other matters as set forth in note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

**Other information**

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

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

We have nothing to report in this regard.

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

In preparing the financial statements, the directors are responsible for assessing the group's and 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal tax specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- Recoverability of the intercompany debtors: We obtained an understanding of the relevant management review of controls in relation to the recoverability of intercompany debtors. We have tested the recoverability of intercompany debtors to subsequent receipts and other relevant support; and
- Cut-off of revenue recognised: We have obtained an understanding of the relevant management review of controls in relation to the cut-off of the revenue recognised. We have reviewed the material contract(s) entered by management and performed cut-off testing of revenue recognised during the year in relation to these contract(s).

**Independent auditor's report to the members of Vice UK Limited (continued)**

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC.

**Report on other legal and regulatory requirements**

**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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**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.

Deloitte LLP

Sandy Sullivan FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
Date: 30 March 2023

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 | Restated* 2020 |
|---|---|---|---|
| | | £ | £ |
| Turnover | 3 | 28,701,123 | 20,364,258 |
| Cost of sales | | (19,404,628) | (13,705,592) |
| **Gross profit** | | 9,296,495 | 6,658,666 |
| Administrative expenses | | (10,611,076) | (4,123,857) |
| Other grant income | | 12,726 | 1,616 |
| **Operating (loss)/profit** | 4 | (1,301,855) | 2,536,425 |
| Finance income | 8 | 474,746 | 494,284 |
| Finance costs | 9 | (1,428,862) | (931,595) |
| **(Loss)/profit before taxation** | | (2,255,971) | 2,099,114 |
| Tax for the year | 10 | - | - |
| **(Loss)/profit for the year** | | (2,255,971) | 2,099,114 |
| ***Other comprehensive income*** | | | |
| Exchange differences arising on translation of foreign operations | | - | 253 |
| **Total comprehensive (expense)/income for the year** | | (2,255,971) | 2,099,367 |

*See note 1.2 for details.

All amounts related to the continuing activities.

The notes on these pages 15 to 36 form part of these financial activities.

## CONSOLIDATED BALANCE SHEET
## AS AT 31 DECEMBER 2021
*Registered number 04531415*

| | Note | 2021 £ | Restated* 2020 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 11 | - | - |
| Tangible assets | 12 | - | - |
| | | - | - |
| **Current assets** | | | |
| Debtors: amounts falling due within one year | 14 | 44,375,379 | *63,856,610* |
| Cash at bank and in hand | 15 | 36,128 | *36,059* |
| | | 44,411,507 | *63,892,669* |
| **Current liabilities** | | | |
| Creditors: amounts falling due within one year | 16 | (54,247,864) | *(71,473,055)* |
| **Net current liabilities** | | (9,836,357) | *(7,580,386)* |
| **Total assets less current liabilities** | | (9,836,357) | *(7,580,386)* |
| Provisions for liabilities | 17 | - | - |
| **Net liabilities** | | (9,836,357) | *(7,580,386)* |
| **Capital and reserves** | | | |
| Called up share capital | 19 | 1,320 | *1,320* |
| Share repurchase reserve | | (3,144,571) | *(3,144,571)* |
| Profit and loss account | | (6,693,106) | *(4,437,135)* |
| **Shareholders' deficit** | | (9,836,357) | *(7,580,386)* |

*See note 1.2 for details.

The notes on pages 15 to 36 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

B Dixon
Director

Date: 30th March 2023

## COMPANY BALANCE SHEET
## AS AT 31 DECEMBER 2021
*Registered number 04531415*

| | Note | 2021 £ | Restated* 2020 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 11 | - | - |
| Tangible assets | 12 | - | - |
| Investments | 13 | 1 | 1 |
| | | 1 | 1 |
| **Current assets** | | | |
| Debtors: amounts falling due within one year | 14 | 44,375,379 | 63,856,610 |
| Cash at bank and in hand | 15 | 36,128 | 36,059 |
| | | 44,411,507 | 63,892,669 |
| **Current liabilities** | | | |
| Creditors: amounts falling due within one year | 16 | (54,247,863) | (71,473,054) |
| **Net current liabilities** | | (9,658,534) | (7,580,385) |
| **Total assets less current liabilities** | | (9,836,355 | (7,580,384) |
| Provisions for liabilities | 17 | - | - |
| **Net liabilities** | | (9,836,355) | (7,580,384) |
| **Capital and reserves** | | | |
| Called up share capital | 19 | 1,320 | 1,320 |
| Share repurchase reserve | | (3,144,571) | (3,144,571) |
| Profit and loss account | | (6,693,104) | (4,437,133) |
| **Shareholders' deficit** | | (9,836,355) | (7,580,384) |

*See note 1.2 for details.

The loss for the financial year dealt with in the financial statements of the parent Company was £2,255,971 (2020 restated: profit of £2,109,112).

The notes on pages 15 to 36 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

B Dixon
Director

Date: 30th March 2023

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2021

| | Called up share capital | Share repurchase reserve | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **At 1 January 2020** | 1,320 | (3,144,571) | (6,592,609) | (9,735,860) |
| Total comprehensive income for the year (restated)* | - | - | 2,099,367 | **2,099,367** |
| Share based payment | - | - | 56,107 | **56,107** |
| **At 31 December 2020 (Restated)** | **1,320** | **(3,144,571)** | **(4,437,135)** | **(7,580,386)** |
| Total comprehensive expense for the year | - | - | **(2,255,971)** | **(2,255,971)** |
| **At 31 December 2021** | **1,320** | **(3,144,571)** | **(6,693,106)** | **(9,836,357)** |

*See note 1.2 for details.

The notes on pages 15 to 36 form part of these financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2021

| | Called up share capital | Share repurchase reserve | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **At 1 January 2020** | 1,320 | (3,144,571) | (6,602,352) | (9,745,603) |
| Total comprehensive income for the year (restated)* | - | - | 2,109,112 | 2,109,112 |
| Share based payment | - | - | 56,107 | 56,107 |
| **At 31 December 2020 (restated)** | **1,320** | **(3,144,571)** | **(4,437,133)** | **(7,580,384)** |
| Total comprehensive expense for the year | - | - | **(2,255,971)** | **(2,255,971)** |
| **At 31 December 2021** | **1,320** | **(3,144,571)** | **(6,693,104)** | **(9,836,355)** |

*See note 1.2 for details.

The notes on pages 15 to 36 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021<br>£ | Restated*<br>2020<br>£ |
|---|---|---|---|
| **Operating activities** | | | |
| (Loss)/profit before taxation for the financial year | | (2,255,971) | 2,099,114 |
| **Adjustments for:** | | | |
| Onerous rental lease provision | 17 | - | (2,535,412) |
| Share based payment expense | 20 | - | 56,107 |
| Finance income | 8 | (474,746) | (494,284) |
| Finance costs | 9 | 1,428,862 | 931,595 |
| Exchange loss/(gain) | | 991,011 | (801,797) |
| **Movements in working capital:** | | | |
| Decrease/(Increase) in debtors | | 19,457,994 | (29,560,759) |
| (Decrease)/Increase in creditors | | (18,156,458) | 33,430,797 |
| **Net cash generated from operating activities** | | 990,692 | 3,125,361 |
| **Investing activities** | | | |
| Interest received | | 473,692 | 493,475 |
| **Net cash used in investing activities** | | 473,692 | 493,475 |
| **Financing activities** | | | |
| Repayment of loans from group companies | | - | (2,697,740) |
| Interest paid | | (1,464,315) | (910,078) |
| **Net cash used in financing activities** | | (1,464,315) | (3,607,818) |
| **Net increase in cash and cash equivalents** | | 69 | 11,018 |
| Cash and cash equivalents at 1 January | | 35,782 | 24,764 |
| **Cash and cash equivalent at 31 December** | | 35,851 | 35,782 |

**Cash and cash equivalents at the end of the year comprise of:**

| | | |
|---|---|---|
| Cash at bank and in hand | 36,128 | 36,059 |
| Bank overdraft | (277) | (277) |
| | 35,851 | 35,782 |

*See note 1.2 for details.
The notes on pages 15 to 36 form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2021

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### 1.1 Basics of preparation of financial statements

Vice UK Limited is a private limited company, limited by shares, incorporated in England and Wales. The address of the registered office is 110 - 122, New North Place, London, EC2A 4JA.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 2).

**Exemptions under the reduced disclosure framework**

The parent company has taken advantage of the following exemptions available under FRS 102:

- the exemption from preparing a parent statement of cash flows; and
- the exemption from disclosing key management personnel compensation.

**Company statement of comprehensive income**

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's loss for the year ended 31 December 2021 was £2,255,971 (2020 restated: profit of £2,109,112).

#### 1.2 Restatement of previous years balance

During the audit of 2021 financial statements it was discovered that the 2020 audited financial statements contained material errors.

***Profit and loss account***

- Cost of Sales decreased by £335,928 due to the incorrect posting of a prior year end adjusting entry that resulted in an overstatement of accrued expenses at 31 December 2020.

- Revenue increased by £190,026 due to an under recognition of revenue in prior year ended 31 December 2020.

- Cost of Sales increased by £251,425 due to an under recognition of cost of sales in prior year ended 31 December 2020

**Balance Sheet**

- Creditors decreased by £335,928 due to overstatement of accrued expenses as at 31 December 2020.

- Debtors increased by £190,026 due to understatement of accrued income as at 31 December 2020.

- Creditors increased by £251,425 due to understatement of accrued expenses as at 31 December 2020.

## 1. Accounting policies (continued)

### 1.2 Restatement of previous years balance (continued)

The following restatement arose as a result:

| | Previously reported 2020 | Over recognition of expenses | Under recognition of revenue | Projected misstatement on cost of sales | Restated 2020 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| Total comprehensive income for the year | **1,824,838** | 335,928 | 190,026 | (251,425) | 2,099,367 |
| Revenue | **20,174,232** | - | 190,026 | - | 20,364,258 |
| Cost of sales | **(13,790,095)** | 335,928 | - | (251,425) | (13,705,592) |
| Debtors | **63,666,584** | - | 190,026 | - | 63,856,610 |
| Creditors | **(71,557,558)** | 335,928 | - | (251,425) | (71,473,055) |
| Net current liabilities | **(7,854,915)** | 335,928 | 190,026 | (251,425) | (7,580,386) |
| Profit and loss account | **(4,711,664)** | 335,928 | 190,026 | (251,425) | (4,437,135) |

### 1.3 Going concern

The financial statements have been prepared on a going concern basis. In making this assessment, the Directors have made enquiries of the business and wider Vice Group and prepared cash flow forecasts, taking all related risks into account, for the period up to March 2024. These forecasts alongside the Company balance sheet indicates that the Company will continue to need financial support from its ultimate parent company, Vice Group Holdings Inc. ("the Group"). The Company has received confirmation from its ultimate parent, Vice Group Holding Inc., that it will continue to provide such financial support where it is able, through the provision of additional cash, guaranteeing the settlement of group debtors and ensuring group creditors are not called to enable it to meet its liabilities as is required for a period of twelve months from the date of approval of these financial statements.

In assessing the ability of the Group to provide such support, the Directors note that Vice Group Holding Inc. holds a credit agreement pursuant to which the Company and several of its fellow UK subsidiaries are guarantors. The credit agreement is subject to certain financial and non-financial covenants and the maximum possible exposure to the Company and its fellow subsidiaries under the credit agreement is US$419m. The Directors note that this credit facility held by Vice Group Holding Inc was due to be fully repaid in December 2022. The Group has reached agreement with the lenders, under which the Group are required to undertake specified actions in exchange for repaying the facility in May 2023, which is within our 12-month going concern look out period.

Due to the nature of the forbearance arrangement and requirements thereunder, this indicates there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, given the Company's reliance on Group support. The directors consider that there is a reasonable prospect that the Group will meet the requirements of the forbearance arrangement and continue as a going concern. They have therefore adopted the going concern basis of accounting in the preparation of the financial statements.

**1. Accounting policies (continued)**

**1.3 Going concern (continued)**

The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

**1.4 Foreign currency translation**

**Functional and presentation currency**

The Group and Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Assets and liabilities of operations of subsidiaries denominated in foreign currency are translated into the Group's presentation currency at the rate ruling at the reporting date. Income and expenses of overseas subsidiaries are translated at the average rate for the year. Translation differences are recognised in other comprehensive income.

**1.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover from the rendering of services comprises advertising revenues from online activity, revenue from consultation, video production, production of motion pictures, sale of local content and licensing.

## 1. Accounting policies (continued)

### 1.5 Revenue (continued)

Revenue from these income streams is recognised as follows:

- Revenue from Digital online advertising is recognized on a pro-rata basis over the broadcasted period.
- Professional Service consultation revenue is recognized in the period the service has been provided
- Video production revenue is recognized when the video is delivered to and accepted by the customer
- Revenue and cost of sales for the production of motion pictures is recognised based on the achievement of key milestones.
- Sale of local content revenue is recognised when the content is delivered.
- Revenue from licensing arrangements with other members of the Vice Group Holding Inc. Group is recognised on a straight line basis over the period which it relates.

Where there are revenue arrangements including more than one deliverable, the deliverables are assigned to one or more separate units of accounting and the arrangement consideration is allocated to each unit based on its relative fair value. Determining the fair value of each deliverable can require complex estimates due to the nature of the services provided. The Group generally determines the fair value of individual elements based on a process at which the deliverable is regularly sold on a standalone basis.

### 1.6 Basics of consolidation

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

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.

### 1.7 Intangible assets

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

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

Intellectual property rights are being amortised evenly over their estimated useful life of three years.

## 1. Accounting policies (continued)

### 1.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

| | |
|---|---|
| S/Term Leasehold Property | - Over length of lease |
| Plant & machinery | - 3 years |
| Fixtures & fittings | - 3 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

### 1.9 Operating leases

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

### 1.10 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each Balance Sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Balance Sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**1. Accounting policies (continued)**

**1.11 Investments**

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interests in subsidiaries are assessed for impairment at each reporting date. Impairment losses or reversals of impairments are recognised immediately in profit or loss.

**1.12 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.13 Cash at bank in hand**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

**1.14 Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like investments, trade and other accounts receivable, trade and other accounts payable and balances with related parties.

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

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the Balance Sheet date.

## 1. Accounting policies (continued)

### 1.13 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are de-recognised when:

- the contractual rights to the cash flows from the financial asset expire or are settled; or
- the Group transfers to another party substantially all of the risks and rewards of ownership of the financial assets; or
- the Group, despite having retained some but not all significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are de-recognised only when the obligation specified in the contract is discharged, cancelled or expires.

### 1.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 1.15 Finance income

Finance income is recognised in the Statement of Comprehensive Income as earned.

### 1.16 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the funds used by the Company.

### 1.17 Provisions and Onerous contacts

Provisions, including liabilities of uncertain timing or amount such as disputes and onerous leases, are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the unavoidable costs required to settle the obligation at the balance sheet date net of anticipated recharge income and are discounted to present value where the effect is material.

Present obligations arising out of onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

## 1. Accounting policies (continued)

### 1.18 Shared based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income 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 Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

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 Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

Where the options are cancelled, the charge over the remaining vesting period is accelerated and recognised immediately in the Statement of Comprehensive Income with a corresponding entry to equity. Where share options are repurchased, any excess consideration paid over and above the fair value of the equity instruments granted at the repurchase date is recognised as a deduction from equity in Other Comprehensive Income.

The Group recognises and measures its share based payments based on a reasonable allocation of the employee's period of service to the Group.

The Company has taken the transition exemption detailed in section 35.10 of FRS102 whereby the Company can continue to apply FRS20 in relation to equity instruments that were granted before the date of transition.

### 1.19 Pensions

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

## 1. Accounting policies (continued)

### 1.20 Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. A grant that becomes a receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in income in the period in which is becomes a receivable.

### 1.21 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and 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 balance sheet date in the countries where the Company operates and generates income.

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

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

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

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Balance Sheet date and the reported amounts of revenues and expenses during the reporting period.

### Judgements

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

**2. Judgements in applying accounting policies and key sources of estimated uncertainty (continued)**

**Key sources of estimation uncertainty**

**Fair value of revenue recognised for multi-component contracts**
In revenue arrangements including more than one deliverable, the deliverables are assigned to one or more separate units of accounting and the arrangement consideration is allocated to each unit based on its relative fair value. Determining the fair value of each deliverable can require complex estimates due to the nature of the services provided. The Group generally determines the fair value of individual elements based on a process at which the deliverable is regularly sold on a standalone basis.

**Bad debt provisions**
The trade debtor balance of £4,334,949 (2020: £1,800,784) recorded in the Group Balance Sheet comprises a relatively small number of large balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

**3. Turnover**

Turnover is attributable to the principal activity of the business.

Analysis of turnover by its geographical location is as follows:

| | 2021 | *Restated* *2020* |
|---|---|---|
| | £ | *£* |
| United Kingdom | **14,475,057** | *15,334,379* |
| Rest of Europe | **4,430,712** | *3,899,762* |
| Rest of the world | **9,795,354** | *1,130,117* |
| | **28,701,123** | *20,364,258* |

Analysis of turnover by revenue stream:

| | 2021 | *Restated* *2020* |
|---|---|---|
| | £ | *£* |
| Digital | **8,891,361** | *5,011,430* |
| Professional services | **2,086,236** | *740,954* |
| Production | **2,810,346** | *840,269* |
| Sale of content revenue | **7,474,321** | *7,527,109* |
| Other | **8,712,179** | *6,244,496* |
| | **28,701,123** | *20,364,258* |

All revenue in the year was in relation to the rendering of services.

## 4. Operating (loss)/profit

The operating loss/profit is stated after charging/(crediting):

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Impairment of tangible fixed assets | - | *384,266* |
| Foreign exchange loss/(gain) | **978,750** | *(828,386)* |
| Other operating lease rentals | **1,145,695** | *505,257* |
| Onerous rental lease provision | - | *(2,535,412)* |
| Share based expense | - | *56,107* |

## 5. Auditor's remuneration

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Fees payable to the Group's auditor and its associate for the audit of the Group's annual financial statements | **111,848** | *77,278* |
| Fees payable to the Group's auditor and its associates for other services to the entity | - | - |

## 6. Employees

Staff costs were as follows:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| **Group and Company** | | |
| Wages and salaries | **12,250,889** | *8,991,267* |
| Social security costs | **1,429,767** | *1,004,015* |
| Pension costs | **398,598** | *276,549* |
| | **14,079,254** | *10,271,831* |

The average monthly number of employees employed by the company during the year are:

| | 2021 | 2020 |
|---|---|---|
| | No. | No. |
| Management and administration | **77** | *67* |
| Production | **121** | *83* |
| | **198** | *150* |

## 7. Director's remuneration

Two (2020: three) directors are directors of this company and other companies within the enlarged group of which the company is a member. The directors are remunerated from another group company, but disclosure of remuneration is per below:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Emoluments | 922,084 | *773,290* |
| Company contributions to defined contribution pension schemes | 21,081 | *16,122* |
| Loss of office | - | *155,400* |
| | 943,165 | *944,812* |

It is not possible to determine the proportion of total emoluments that relate to services to this company.

Remuneration of highest paid director:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Emoluments | 492,512 | *470,582* |
| Company contributions to defined contribution pension schemes | 10,541 | *7,729* |
| | 503,053 | *478,311* |

## 8. Finance income

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Bank interest receivable | 474,746 | *494,284* |
| | 474,746 | *494,284* |

## 9. Finance cost

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Interest expense on group loans | 83,185 | *80,530* |
| Bank interest payable | 1,345,677 | *851,065* |
| | 1,428,862 | *931,595* |

## 10. Taxation

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| **Corporation tax** | | |
| Current foreign tax for the year | - | - |
| **Total current tax** | - | - |
| **Deferred tax** | | |
| Deferred Tax | - | - |

**Reconciliation of the total tax charge**

The tax assessed for the year differs from loss for the year multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

| | 2021 | *Restated* *2020* |
|---|---|---|
| | £ | *£* |
| (Loss)/profit before tax | (2,255,971) | *2,099,367* |
| Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%) | (428,634) | *398,880* |
| **Effects of:** | | |
| Expenses not deductible for tax purposes | 158,681 | *24,971* |
| Income not taxable | - | *(50,309)* |
| Losses utilised | - | *(373,542)* |
| Deferred tax not recognised | 423,755 | - |
| Remeasurement of deferred tax during change in tax rate | (153,802) | |
| **Total tax charge for the year** | - | - |

Deferred tax assets in respect of fixed asset timing differences, losses and other short term timing differences of £2,866,570 (2020: £1,320,389) have not been recognised as there is insufficient certainty that there will be suitable future taxable profits to recover these deferred tax assets.

**Factors that may affect future tax charges**

The Finance Act 2016 included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. The Finance Act 2020, substantively enacted in March 2020, reversed this decision. As such the rate used to calculate deferred tax assets and liabilities as at 31 December 2020 is 19%. The March 2021 Budget announced an increase to the main rate of Corporation Tax to 25% from April 2023 as the result the deferred tax balances as at 31 December 2021 is measured at the hybrid rates noted above.

## 11. Intangible assets

| Group and Company | IP Rights |
|---|---|
| | £ |
| **Cost** | |
| At 1 January 2021 | 810,638 |
| At 31 December 2021 | 810,638 |
| **Amortisation** | |
| At 1 January 2021 | 810,638 |
| At 31 December 2021 | 810,638 |
| **Net book value** | |
| At 31 December 2021 | - |
| At 31 December 2020 | - |

## 12. Tangible fixed assets

**Group and Company**

| | Leasehold Property | Plant & machinery | Fixtures & fittings | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Cost or valuation** | | | | |
| At 1 January 2021 | 2,627,043 | 1,706,059 | 231,951 | 4,565,053 |
| At 31 December 2021 | 2,627,043 | 1,706,059 | 231,951 | 4,565,053 |
| **Depreciation and Impairment** | | | | |
| At 1 January 2021 | 2,627,043 | 1,706,509 | 231,951 | 4,565,053 |
| At 31 December 2021 | 2,627,043 | 1,706,509 | 231,951 | 4,565,053 |
| **Net book value** | | | | |
| At 31 December 2021 | - | - | - | - |
| At 31 December 2020 | - | - | - | - |

The losses in 2021 and the projected trading results as at 31 December 2021 were concluded by the management as being indicators of impairment. As a result, Management compared the carrying value of tangible fixed assets to their recoverable amount, which was determined through calculating their value-in-use.

Value in use calculations involved estimated future cash flow over a one-year period, which included judgements over future revenue and costs related to the programming. Based on these calculations the assets were concluded as being impaired.

## 13. Investments in subsidiaries

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding | Principal activity |
|---|---|---|---|
| Vice Music Limited | Ordinary | 51% | Dormant |
| Vice LOC Limited | Ordinary | 100% | Motion picture production |

The registered office of Vice Music Limited is The Hat Factory 166 / 168, Camden Street, London, NW1 9PT.

The registered office of Vice LOC Limited is 110 - 122, New North Place, London, EC2A 4JA. Vice LOC Limited (Company number 10299741) is exempt from the requirement of the Companies Act relating to the audit of individual accounts under section 479A of the Companies Act 2016. The Parent undertaking, Vice UK Limited, has given a guarantee under section 479C and all members of the Companies agree to the exemption of an audit for the year ended 31 December 2021.

The Company has a direct shareholding of 51% in Vice Music Limited. Group accounts consolidating the results of Vice Music Limited have not been prepared on the basis that the results would be immaterial to the consolidation in line with section 405 of the Companies Act 2006.

| Company | Investments in subsidiary companies |
|---|---|
| | £ |
| At 1 January 2021 and 31 December 2021 | 30,885 |
| **Impairment** | |
| At 1 January 2021 and 31 December 2021 | 30,884 |
| **Net book value** | |
| At 31 December 2020 and 31 December 2021 | 1 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2021

### 14. Debtors

**Group and Company**

| | 2021 | Restated 2020 |
|---|---|---|
| | £ | £ |
| Trade debtors | 4,334,949 | 1,800,784 |
| Amounts owed by group undertakings | 37,884,764 | 59,519,219 |
| Prepayments and accrued income | 1,792,840 | 1,773,720 |
| Other taxation | - | 344,924 |
| Other debtors | 362,826 | 417,963 |
| | 44,375,379 | 63,856,610 |

The amounts owed by group undertakings are unsecured, interest-free, and receivable on demand, however these are expected to be settled after 12 months.

### 15. Cash and cash equivalents

**Group and Company**

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Cash at bank and in hand | 36,128 | 36,059 |

### 16. Creditors amount falling due within one year

| | Group 2021 | Restated Group 2020 | Company 2021 | Restated Company 2020 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Trade creditors | 1,216,513 | 807,165 | 1,216,513 | 807,165 |
| Bank overdraft | 277 | 277 | 277 | 277 |
| Amounts owed to group undertakings | 49,505,892 | 67,563,220 | 49,505,892 | 67,563,220 |
| Other taxation and social security | 772,860 | 1,260,923 | 772,860 | 1,260,923 |
| Other creditors | 189,983 | 87,853 | 189,982 | 87,853 |
| Accruals and deferred income | 2,562,339 | 1,753,617 | 2,562,339 | 1,753,616 |
| | 54,247,864 | 71,473,055 | 54,247,863 | 71,473,054 |

The amounts owed to group undertakings are unsecured, interest-free, and repayable on demand, except for £2,688,445 which bears interest at 3.25% and repayable in annual instalments or as a bullet repayment on 31 December 2022.

## 17. Provision

**Group and company**

| | 2021 | *2020* |
|---|---|---|
| | £ | £ |
| Property provision | - | - |

The movement on provision is as follows:

| | 2021 | *2020* |
|---|---|---|
| | £ | £ |
| At 1st January | - | *2,535,412* |
| Charged | - | - |
| Released | - | *(2,535,412)* |
| At 31st December | - | - |

The onerous lease assessment was reviewed as at 31 December 2020 and the provision was released in full as it was assessed that the lease was not onerous.

## 18. Financial instruments

**Group and Company**

| | 2021 | *Restated 2020* |
|---|---|---|
| | £ | £ |
| **Financial assets** | | |
| Cash at bank and in hand | **36,128** | *36,059* |
| Financial assets measured at amortised cost | **42,582,539** | *62,082,890* |
| | **42,618,667** | *62,118,949* |

**Group and Company**

| | 2021 | *Restated 2020* |
|---|---|---|
| **Financial liabilities** | | |
| Cash at bank and in hand | **277** | *277* |
| Financial assets measured at amortised cost | **51,685,248** | *68,458,238* |
| | **51,685,525** | *68,458,515* |

Financial assets that are debt instruments measured at amortised cost comprise of trade and other debtors and intercompany debtors. Financial liabilities measured at amortised cost comprise of trade and other creditors and intercompany creditors.

## 19. Share capital

| | 2021 | *2020* |
|---|---|---|
| | £ | *£* |
| **Shares classified as equity** | | |
| **Allotted, called up and fully paid** | | |
| 132,000 - Ordinary shares of £0.01 each | **1,320** | *1,320* |

## 20. Shared based payments

On 31 March 2011 the Board of Directors of Vice Group Holding Inc. authorised a long-term incentive plan (hereafter the "Plan") which provides for the grant of stock options to employees, Directors, officers, consultants and outside contractors. Option awards are granted with an exercise price equal to or above the fair value of the stock at the date of grant as determined by the Board of Directors.

Options granted on or after 1 January 2015 vest annually and have the following vesting pattern:

| Initial Vesting % | Initial Vesting Date | Additional Vesting Period | Ratio of Additional Vesting |
|---|---|---|---|
| 25% | One year after grant | Over 3 years | 25% per annum |

Stock options generally expire ten years after the date of grant and are subject to possible earlier exercise and termination under certain circumstances. Stock options are generally forfeited if the employee leaves the Company before the stock options vest.

The value of the options is measured by the use of the Black Scholes pricing model. The Black-Scholes option pricing model incorporates various assumptions, including expected volatility, expected life, risk-free interest rate and expected dividend yield. The Group determines expected volatility using comparable data of companies for which the information is publicly available. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Risk-free interest rates are determined based on the rate at the time of grant, relevant to duration remaining in the expected life of the option. Expected option lives are determined based on historical exercise and forfeiture patterns. Dividend yield is based on the stock option's exercise price and expected annual dividend rate at the time of grant.

## 20. Shared based payments (continued)

Details of the shared based payments made are as follows:

| | **Weighted average exercise price (£) 2021** | **Number 2021** | *Weighted average exercise price (£) 2020* | *Number 2020* |
|---|---|---|---|---|
| Outstanding at the start of the year | 608 | 500 | *1,204* | *4,588* |
| Cancelled in the year | - | - | *1,204* | *(4,588)* |
| Options transferred from group companies | - | - | *608* | *500* |
| **Options at the end of the year** | **342** | **500** | *608* | *500* |
| **Exercisable the end of the year** | **-** | **500** | *-* | *500* |

The number of options exercisable at the end of the year was 500 (2020: 500). The weighted average exercise price at the end of the year was £342 (2020: £608).

The Group is a part of the group share based payment plan and it recognises and measures the share-based payments expense based on the allocation by the group in accordance with FRS 102 Section 26.22. The number of employees in the company eligible for the group share based plan forms the basis of this allocation.

During 2020, the remaining unvested stock options converted to Restricted Stock Unit awards. Therefore, there was no remaining unrecognized compensation expense related to non-vested stock options as of December 31, 2021. The Group recognised a total expense of £Nil relating to equity-settled share-based payments in the current year (2020: £56,107).

The Group operates a Share Appreciation Rights Plan where the share appreciation rights will only vest upon sale of the parent company, Vice Group Holding Inc., for which the employee would receive consideration in cash. As the sale of the parent company is not probable, no charge has been recognised for the year ended 31 December 2021 (2020: £nil).

## 21. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £398,598 (2020: £276,549). Contributions totalling £103,393 (2020: £76,828) were payable to the fund at the Balance Sheet date.

## 22. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

**Group and company**

| | 2021 | *2020* |
|---|---|---|
| | £ | £ |
| Not later than 1 year | 1,649,695 | *1,649,695* |
| Later than 1 year and not later than 5 years | 6,598,780 | *6,598,780* |
| Later than 5 years | 6,736,255 | *8,385,950* |
| | 14,984,730 | *16,634,425* |

## 23. Related party transactions

Other than the directors, there are no other key management personnel.

*Group*

During the year ended 31 December 2021, the Group made the following charges to a fellow subsidiary, The Old Blue Last Limited:

| | 2021 | *2020* |
|---|---|---|
| | £ | £ |
| For Project costs and administrative expenses | 73,176 | *156,613* |

During the year the Group received the following charges from fellow subsidiaries The Old Blue Last Limited (2020: Pulse Films Limited and The Old Blue Last Limited):

| | 2021 | *2020* |
|---|---|---|
| | £ | £ |
| For Project costs and administrative expenses | 16,354 | *31,435* |

| | 2021 | *2020* |
|---|---|---|
| | £ | £ |
| Amounts due from group undertakings not wholly owned | 1,048,355 | *750,989* |
| Amounts due to group undertakings not wholly owned | 414,122 | *113,428* |

**23. Related party transactions (continued)**

All other transactions with group companies have not been disclosed as they are between two or more members of the group where the company that is party to the transaction is wholly owned by such a member.

**24. Commitment**

The ultimate parent company, Vice Group Holding Inc, has entered into a credit agreement for which the company and all its fellow UK subsidiaries are guarantors. The maximum possible exposure to the company and its fellow subsidiaries under the credit agreement is US$419m.

**25. Net debt**

| | 1st January 2021 | Cash flows | Other non-cash changes | 31st December 2021 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash at bank and in hand | 36,059 | 69 | - | 36,128 |
| Overdrafts | (277) | - | - | (277) |
| Borrowings: | | | | |
| Loans owed to Group undertakings due within one year | (67,563,220) | 18,057,328 | - | (49,505,892) |
| **Net debt** | (67,527,438) | 18,057,397 | - | (49,470,041) |

**26. Controlling party**

The immediate parent company is Vice Europe Holding Limited, a company incorporated in Jersey. Vice Europe Holding Limited does not prepare group financial statements as these are not required by Jersey Company Law.

The ultimate parent undertaking and controlling party is Vice Group Holding Inc., a Company incorporated in the United States of America. Its registered address is 49 S 2nd Street, Brooklyn, New York, 11211. This is the smallest and largest Group of undertakings for which Group financial statements are prepared that include the Company. The financial statements are not publicly available.

**27. Subsequent events**

The Company does not have any exposure to Russia or Ukraine and therefore remains unimpacted by political situation there.