Flywheel Digital Limited

Annual Report and Financial Statements
For the year ended 31 December 2020

Registered Number: 06032169

The Directors present their Strategic Report for the year ended 31 December 2020.

Principal activities and future developments

Flywheel Digital Limited ("the Company") is the leading global provider of managed retail and media services to customers on the Amazon and other leading eCommerce platforms. It is intended that the Company will continue with these activities for the foreseeable future.

Results

The results for the Company show revenue of £3,918,000 (2019: £1,013,000) and a pre-tax profit of £607,000 (2019: £234,000 pre-tax loss) for the year.

Stakeholder Engagement

Section 172(1) of the Companies Act 2006 requires directors to act in way that promotes the success of the company while having regard to its range of stakeholders. We consider the key stakeholders of the Company to be aligned to that of the Ascential plc Group ("the Group"), being its customers, people, investors and wider society. Please refer to the Ascential plc annual report pages 10-15 for details on engagement with each of these stakeholders.

Principal risks and uncertainties

The Directors consider the following to be the key risks and uncertainties of the Company:

Impact of Coronavirus

The Company's operations, and the global economy have seen significant disruption from the outbreak of Covid-19. The outbreak may continue to impact the health of the Company's workforce and key employees, customer ability to pay on a timely basis and demand for our services. Our business continuity plans have allowed staff to remain both safe and productive.

Macroeconomic and geopolitical conditions

Economic uncertainty or downturns in markets may reduce customer demand. Political and regulatory changes, such as those that may arise following the UK's exit of the European Union, may disrupt patterns of trade, impose operating inefficiencies, and may significantly affect the Company's tax position.

Credit risk

Credit risk arises from exposure to customers in the usual course of business. The Company considers that it is not exposed to a significant amount of either customer credit or bad debt risk due to the diversified and fragmented nature of the customer base. However, it is noted that the impact of Covid-19 could result in additional credit risk as customers may face financial difficulties.

Technological change and information security

The Company's products and internal operations depend on custom-designed IT platforms. These platforms require continual development to ensure the services remain competitive. Such technological development carries the risks of poor-quality implementation, delivery delays, and failure to deliver the expected benefits. In addition, customer-facing platforms may be rendered obsolete by newer technologies.

The Company also relies on IT systems to manage its business data, communications and business processes. These systems are also heavily dependent on the internet, both as a means of distribution and for hosting services. These systems could suffer damage or interruption from a variety of causes, which could disrupt the Company's business. Breaches of data security systems and other unauthorised access to the Company's data could damage its reputation and lead to a risk of loss of customers, liability for damages, litigation and more onerous compliance requirements from government regulators.

Reliance on data providers
The Company provides eCommerce analytics products that utilise data from certain key suppliers and sources. A change in availability of this data or the structure of how the data is provided could impact the accuracy or availability of our products and/or increase costs.

Other risks
In addition, the principal risks of the Group, whilst not material to the Company, may indirectly impact the Company. Please refer to the Ascential plc annual report pages 50-55 for further details on these risks and actions taken by the Group to manage the risks:

1. Customer end-market development
2. Competition/substitution
3. Execution of new product and capability development
4. Acquisitions and disposals
5. People
6. Cyber threat
7. Business resilience
8. Financial risk
9. Regulation and compliance

Key performance indicators ("KPIs")
During the course of the year, the Board sets one or more KPIs which are tracked and reviewed at each Board meeting in order to assess performance. The KPI below is useful for the understanding of the development, performance and position of the business.

Profit before interest, tax, exceptional items, depreciation, amortisation and share-based payments ("Adjusted EBITDA") of £530,000 (2019: £162,000 loss) provides a measure of the underlying profitability of the business.

The KPI above is not defined in the Financial Reporting Standard 101 Reduced Disclosure Framework.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The Company holds net current assets of £375,000 as at 31 December 2020, including loans made available by group companies.

Ascential Group Limited has indicated its intention to continue to make available such funds as are needed by the Company for at least the next 12 months from the date of this report. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors of the Company have taken into account the recent condensed consolidated interim financial statements of the Ascential plc Group ("the Group") for the six month period to and as at 30 June 2021 (and which were approved 26 July 2021). These are available at www.ascential.com.

The interim financial information for the Group as at and for the six months to 30 June 2021 was prepared on a going concern basis. In assessing going concern, the directors considered a variety of plausible downside scenarios in the context of the Covid-19 pandemic. These scenarios were not the forecasts of the Group and were designed to stress test liquidity and covenant compliance. In their review of the downside scenarios, the directors considered a number of mitigations that are at their discretion, including but not limited to: future dividend policy, the use of equity to meet deferred consideration obligations, and further restructuring and cost cutting measures. In these downside scenarios there was sufficient headroom in respect of banking covenants, even without the benefit of the equity raise launched on 26 July 2021. Further details including the various assumptions for the severe but plausible scenarios considered in coming to this conclusion are presented in the Group's condensed consolidated interim financial statements.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Approved by the Board on 29 September 2021.

M Gradden
Director

Company registered number: 06032169

The Directors submit their report and financial statements for the year ended 31 December 2020.

Directors
The Directors who held office at any time during or since the end of the financial year are

D Painter and;
M Gradden.

Matters covered in the strategic report
As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report. The company has therefore omitted the business review and results here.

Insurance of Directors
Throughout the year, Directors' and Officers' liability insurance has been maintained by the ultimate parent company, Ascential plc.

Employment practices
All employment decisions are made irrespective of colour, race, age, nationality, ethnic or national origin, gender, gender identity, mental or physical disabilities, marital status or sexual orientation. For employees who may have a disability, the Group ensures proper procedures and equipment are in place to aid them. When it comes to training, career development and promotion, all employees are treated equally, and job applications are always judged on aptitude. Further details on the Group's policies on engagement and employment practices are set out on pages 56 to 59 of the Ascential plc annual report.

Corporate and Social responsibility
In 2019 the Ascential Group launched its Corporate Responsibility framework and in 2020 this was embedded into the Company. The focus for the past year has been in two key areas. Firstly, putting in place enabling structures and governance, with clear accountability, a shared vision and the right people. Secondly, we have taken the time to ensure we're responding, not reacting, to recent events, including the acceleration of the Black Lives Matter movement. This focus, has rightly, prioritised our Diversity and Inclusion work. Thanks to the Company's history in this area, we have been able to swiftly broaden our approach from gender to also include race and ethnicity and set out clear objectives for the ways in which we'll improve this particular area of diversity.

As events of 2020 unfolded, the Ascential Group's partnership with The Prince's Trust remained vitally important. We have for the eighth year taken part in The Prince's Trust Million Makers programme and the necessary virtual fundraising has enabled us to get the entire company involved, raising money for employability programmes for disadvantaged young people in the UK. Further details on the Group's policies on corporate and social responsibilities are set out on pages 60 to 66 of the Ascential plc annual report.

Greenhouse gas emissions and energy consumption

In 2019, Ascential completed the mandatory ESOS notification to the Environment Agency, following the completion of site-specific audits to identify potential areas of energy efficiency improvements across the UK operations. These recommendations included LED lighting, A/C temperatures and transport data gathering.

With the impact of Covid-19 in 2020 the implementation of these has been delayed and further carbon reduction initiatives and recommendations are being considered.

Political Donations
The Company did not make any political donations during the year (2019: £nil).

Dividends
No interim ordinary dividend was paid during the year (2019: £nil). The Directors do not recommend payment of a final dividend (2019: £nil).

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

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 29 September 2021.

M Gradden
Director

Company registered number: 06032169

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Flywheel Digital Limited

Opinion

We have audited the financial statements of Flywheel Digital Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors including the EPS target for management remuneration
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because of limited pressures on current performance due to COVID-19, and the simplicity and homogeneous nature of revenue transactions and sources.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by unexpected users or with unexpected account pairings.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report
The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.
Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Ian Griffiths (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom
.... 2021

Flywheel Digital Limited
Profit and Loss Account and Other Comprehensive Income
For the year ended 31 December 2020

	Note	**2020 £'000**	2019 £'000
Continuing operations			
Turnover	3	3,918	1,013
Gross profit		3,918	1,013
Administrative expenses		(3,311)	(1,247)
Operating profit / (loss)	4	607	(234)
Adjusted EBITDA*		530	(162)
Share-based payments credit / (charge)	5	77	(72)
Operating profit / (loss)	4	607	(234)
Profit / (loss) before taxation		607	(234)
Taxation	6	13	48
Profit / (loss) for the year		620	(186)
Total comprehensive profit / (loss) for the year		620	(186)

*Adjusted EBITDA is a non-FRS measure, defined as the Company's operating profit or loss before expensing or crediting share-based payments.

Flywheel Digital Limited
Balance Sheet
As at 31 December 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Deferred tax asset	8	111	18
		111	18
Current assets			
Debtors	7	16,043	4,915
Cash at bank and in hand		-	370
		16,043	5,285
Total assets		**16,154**	**5,303**
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year	9	(15,668)	(5,437)
		(15,668)	(5,437)
Total liabilities		**(15,668)**	**(5,437)**
Net assets / (liabilities)		**486**	**(134)**
Capital and reserves			
Share capital	10	-	-
Profit and loss account		486	(134)
Shareholders' funds		**486**	**(134)**

The accompanying notes on pages 15 to 25 are an integral part of these financial statements and were approved by the Board of Directors on 29 September 2021 and were signed on its behalf by:

M Gradden
Director

Company registered number: 06032169

Flywheel Digital Limited
Statement of Changes in Equity
For the year ended 31 December 2020

	Note	Share capital	Share premium	Profit and loss account	**Total equity**
		£'000	£'000	£'000	**£'000**
Balance at 1 January 2019		-	-	52	**52**
Total comprehensive loss for the year		-	-	(186)	**(186)**
Shares issued	10,11	1	107	-	**108**
Shares cancelled	10,11	(1)	(107)	-	**(108)**
Balance at 31 December 2019		-	-	(134)	**(134)**
Total comprehensive profit for the year		-	-	620	**620**
Balance at 31 December 2020		-	-	486	**486**

1. Basis of preparation and accounting policies

Basis of preparation

Flywheel Digital Limited ("the Company") is a company limited by shares and incorporated and domiciled in the United Kingdom. The Company registration number is 06032169 and the registered office address is The Prow, 1 Wilder Walk, London, United Kingdom, W1B 5AP.

The financial statements are presented in pounds Sterling, which is the Company's functional currency, and have been rounded to thousands except where otherwise indicated.

The financial statements have been prepared on a going concern basis (see further details below) and under the historical cost convention.

Going concern

The Company holds net current assets of £375,000 as at 31 December 2020, including loans made available by group companies, and therefore the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Ascential Group Limited has indicated its intention to continue to make available such funds as are needed by the Company for at least the next 12 months from the date of this report. As with any company placing reliance on other group entities for financial support, the directors acknowledge that *there can be no certainty that this support will continue although, at the date of approval of these* financial statements, they have no reason to believe that it will not do so.

The directors of the Company have taken into account the recent condensed consolidated interim financial statements of the Ascential plc Group ("the Group") for the six month period to and as at 30 June 2021 (and which were approved 26 July 2021). These are available at www.ascential.com.

The interim financial information for the Group as at and for the six months to 30 June 2021 was prepared on a going concern basis. In assessing going concern, the directors considered a variety of plausible downside scenarios in the context of the Covid-19 pandemic. These scenarios were not the forecasts of the Group and were designed to stress test liquidity and covenant compliance. In their review of the downside scenarios, the directors considered a number of mitigations that are at their discretion, including but not limited to: future dividend policy, the use of equity to meet deferred consideration obligations, and further restructuring and cost cutting measures. In these downside scenarios there was sufficient headroom in respect of banking covenants, even without the benefit of the equity raise launched on 26 July 2021. Further details including the various assumptions for the severe but plausible scenarios considered in coming to this conclusion are presented in the Group's condensed consolidated interim financial statements.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

Accounting policies

The principal accounting policies in the preparation of the financial statements have been applied consistently to both periods presented.

Basis of accounting

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Ascential plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Ascential plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from The Prow, 1 Wilder Walk, London W1B 5AP.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Ascential plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of group settled share-based payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

Foreign currency translation

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer. If multiple performance obligations exist within a contract, the revenue is allocated to the obligations based on the stand-alone selling price, with any discounts allocated evenly across the obligations. For contracts with rebates and therefore variable consideration, revenue is recognised based on the best estimate of the revenue net of the rebated amount. Revenue is recognised when the Company satisfies the performance obligations.

Digital subscriptions and platforms transactions revenue is recognised evenly over the time period for which the subscription services are provided. Advisory revenue is recognised over time where the Company has the right to payment for performance completed to date, based on an input method of measurement.

Alternative Performance Measures

The financial statements include Alternative Performance Measures, including Adjusted EBITDA, as another measure of profitability of the trading performance of the continuing operations of the Company. Adjusted EBITDA is a non-IFRS measure, defined as the Company's operating profit or loss before expensing or crediting share-based payments.

Tax

The Company is primarily subject to corporation tax in the UK and judgement and estimates of future profitability are required to determine the Company's deferred tax position. If the final tax outcome is different to that assumed, resulting changes will be reflected in the income statement, unless the tax relates to an item charged to equity, in which case the changes in tax estimates on those items will be reflected in equity.

Income tax on the profit or loss for the period comprises current tax and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is tax payable based on taxable profits for the period, using tax rates that have been enacted or substantively enacted at the reporting date, along with any adjustment relating to tax payable in previous years. Taxable profit differs from net profit in the income statement in that income or expense items that are taxable or deductible in other years are excluded. as are items that are never taxable or deductible.

Using the liability method, deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except for certain temporary differences, such as goodwill that is not deductible for tax purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year in which the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

The deferred tax assets and liabilities are only offset where they relate to the same taxing authority and the Company has a legal right to offset.

Trade and other debtors
Trade debtors are recognised initially at fair value and subsequently measured at amortised cost, less loss allowances.

Loss allowances are calculated for lifetime expected credit losses. Expected credit losses are a probability weighted estimate of credit losses and are calculated based on actual historical credit losses over the past three years and adjusted to reflect differences between the historical credit losses and the Company's view of the economic conditions over the expected lives of the receivables. The amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

Reimbursable debtors include amounts due from customers for pass-through costs principally in relation to the purchase of media. These costs comprise amounts paid to external suppliers which are charged directly to clients. The amounts due to external suppliers in these relationships are recognised in other creditors.

Cash and cash equivalents
Cash and cash equivalents include cash, cash in transit, short-term deposits and other short-term highly liquid investments with an original maturity of three months or less.

Trade and other creditors
Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Reimbursable creditors include amounts due to external suppliers for pass-through costs charged directly to clients principally in relation to the purchase of media. The Company acts as principal in these transactions and therefore recognises the gross amounts in reimbursable debtors and reimbursable creditor.

Employee Benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Pension and other post-employment benefits

The Company operates a defined contribution pension scheme. Contributions payable are charged to the income statement and included in employee costs as an operating expense as incurred.

Share-based payments

Certain employees (including directors) of the Company receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares of the ultimate parent company, Ascential plc.

Where the Company grants options over its ultimate parent company's shares to employees, it accounts for the transaction as a cash-settled share-based payment and recognises an employee benefits expense and an increase in the intercompany payable.

2. Critical accounting judgements

The preparation of these financial statements requires management to exercise judgement in applying the Company's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The actual future outcomes may differ from these estimates and give rise to material adjustments to the reported results and financial position of the Company. Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the year in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgement or complexity and assumptions or estimation are set out below and in more detail in the related notes.

Critical accounting judgements

Alternative Performance Measures

The Company uses alternative performance measures which are not defined or specified under IFRS and removes adjusting items to present an adjusted result. Adjusting items include share-based payments. The classification of exceptional items requires significant management judgement to determine the nature and presentation of such transactions. Exceptional items are those which are considered significant by virtue of their nature, size or incidence. The Board view this as a relevant analysis to assist the reader in their understanding of the underlying performance and financial results of the Company.

3. Turnover

i) Disaggregation of turnover

An analysis of revenue by geographical market is given below:

	2020	2019
	£'000	£'000
United Kingdom	2,718	591
Europe	1,120	414
Asia Pacific	80	8
Total	3,918	1,013

An analysis of the Company turnover by category is as follows:

	2020	2019
	£'000	£'000
Digital subscriptions	952	135
Platforms transactions	2,966	878
Total	3,918	1,013

i) Contract balances

The following table provides information about receivables and contract assets from contracts with customers.

		2020	2019
	Note	**£'000**	£'000
Receivables, which are included within debtors	7	1,152	366
Contract assets – accrued income	7	306	121

4. Operating profit / (loss)

Operating profit / (loss) is stated after charging /(crediting):

		2020	2019
	Note	**£'000**	£'000
Employee costs	5	2,660	1,103
Net foreign exchange loss / (gain)		169	(49)
Fees for the audit of the Company		6	5

None of the Directors received any remuneration for their qualifying services to the Company (2019: none). The Directors' services were incidental to their service to the Group as a whole and no allocation has been made to the Company.

5. Employee numbers and costs

(a) Employees

The average monthly number of staff (including Directors) employed by the Company during the year is as follows:

By job function	2020	2019
Cost of sales	32	9
Sales and Marketing	1	-
Other	1	1
Total	34	10

(b) Costs

	2020 £'000	2019 £'000
Wages and salaries	2,427	900
Social security costs	228	101
Share-based payments (credit) / charge	(77)	72
Pension costs	82	30
Total	2,660	1,103

(c) Pension costs

The Company participates in a defined contribution pension scheme. The assets of the scheme are held by independent custodians and are kept entirely separate from the assets of the Company. No loans have been made by the scheme to the Company and no shareholdings of the scheme have been used as security for any loans to the Company. The pension charge represents contributions due from the employer. During the year it amounted to £82,000 (2019: £30,000). The pension scheme is administered by Ascential Group Limited, an intermediate parent undertaking.

(d) Share-based payments

Certain employees of the Company receive part of their remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares of the ultimate parent company, Ascential plc. Refer the Ascential plc 2020 Annual Report, note 7, for details of the type of share-based payment arrangements and the general terms and conditions of each arrangement.

6. Tax

	2020	2019
	£'000	£'000
Current tax charge / (credit)		
UK corporation tax on profit / (loss) for the year	102	(30)
Adjustments in respect of prior periods	(22)	-
Total current tax charge / (credit)	80	(30)
Deferred tax credit (Note 8)		
Current year	(53)	(18)
Impact of rate changes	(6)	-
Adjustments in respect of prior years	(34)	-
Total deferred tax credit	(93)	(18)
Total tax credit	(13)	(48)

The current tax charge (2019: credit) is payable to (2019: receivable from) Group undertakings through group relief.

Factors affecting the tax charge for the current year:
The UK Government enacted changes to the UK tax rate this year, resulting in the rate remaining at 19% (instead of the previously intended reduction from 19% to 17% from 1 April 2020).

In his UK Budget speech on 3 March 2021, the Chancellor announced his intention to raise the UK corporation tax rate to 25% from 1 April 2023. As this change was not substantively enacted at the balance sheet date, the above deferred tax assets and liabilities remain valued using the enacted rate of 19%.

The tax assessed for the period is lower (2019: lower) than the standard rate of corporation tax in the UK. The difference between tax as per the financial statements and tax at the UK standard rate is explained below:

	2020	2019
	£'000	£'000
Profit / (loss) before tax	607	(234)
Expected tax charge / (credit) at 19% (2019: 19%)	115	(44)
Impact of rate changes	(6)	-
Share based payments tax deductions in excess of accounts charge	(66)	(4)
Adjustments in respect of prior years	(56)	-
Total tax credit for the year	(13)	(48)

7. Debtors: falling due within one year

	2020	2019
	£'000	£'000
Trade debtors	1,152	366
Amounts receivable from Group undertakings	1,626	236
Contract assets – accrued income	306	121
Reimbursable debtors	12,959	4,192
Total	**16,043**	**4,915**

Amounts due from Group undertakings are unsecured and are repayable on demand.

Included within reimbursable debtors are amounts due from customers for pass-through costs principally in relation to the purchase of media with the corresponding liability reflected in reimbursable creditors. The Company is responsible for the credit risk associated with these transactions and therefore recognises the gross amounts in reimbursable debtors and reimbursable creditors.

8. Deferred Tax

	2020	2019
	£'000	£'000
Short term timing differences	111	18
Total deferred tax asset	111	18

	2020	2019
	£'000	£'000
Balance at the start of the period	18	-
Impact of rate changes	6	-
Deferred tax charge in profit and loss account for the period	87	18
Total deferred tax asset	111	18

The deferred tax asset has arisen as a result of short-term timing differences, which includes the impact of share based payments. The Directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset and therefore the asset has been recognised in these financial statements.

9. Creditors: falling due within one year

	2020 **£'000**	2019 £'000
Amounts payable to Group undertakings	3,162	2,434
Other taxation and social security	453	139
Accruals	395	158
Reimbursable creditor	11,658	2,706
Total	15,668	5,437

Amounts due from Group undertakings are unsecured, are not interest-bearing, and are repayable on demand.

Included within reimbursable creditors are amounts due from customers for pass-through costs principally in relation to the purchase of media with the corresponding asset reflected in reimbursable debtors. The Company is responsible for the credit risk associated with these transactions and therefore recognises the gross amounts in reimbursable debtors and reimbursable creditors.

10. Share capital

	2020 **£**	2019 £
Allotted, issued and fully paid		
100 ordinary shares of £0.01 each	1	1
108,157 ordinary shares of £0.01 each issued	-	1,082
108,157 ordinary shares of £0.01 each cancelled	-	(1,082)
Closing balance	1	1

There was no interim dividend paid in 2020 (2019: £nil).

11. Share premium

	2020 **£'000**	2019 £'000
Share premium on 108,157 ordinary shares of £0.99 each issued (Note 10)	-	107
Share premium on 108,157 ordinary shares of £0.99 each cancelled (Note 10)	-	(107)
Closing balance	-	-

12. Commitments and contingencies

During the year the Company was a member of the Group cash pooling arrangement. This allows the Group to combine the liquidity of companies within the Group in order to distribute such cash centrally as required.

The Company is registered with H.M. Revenue & Customs as a member of the Ascential Group Limited VAT Group and is therefore jointly and severally liable on a continuing basis for amounts owing by other members of the Group in respect of their value added tax liabilities.

The Company had no capital commitments at 31 December 2020 (2019: £nil).

13. Related party transactions

The Company is exempt from disclosing related party transactions as it is wholly owned by a member of Ascential plc group.

14. Ultimate parent company

The immediate and controlling parent undertaking is Ascential Group Limited.

The ultimate controlling party at 31 December 2020 was Ascential plc. The results of the Company are included in the consolidated financial statements of Ascential plc. Copies of Ascential plc accounts can be obtained from the Company Secretary at The Prow, 1 Wilder Walk, London, W1B 5AP.

15. Events after the reporting period

The Company opened a new branch in Japan on 22 January 2021.