

Company Registration No. 07596817 (England and Wales)

NEWSFLARE LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022
PAGES FOR FILING WITH REGISTRAR

NEWSFLARE LIMITED

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NEWSFLARE LIMITED

BALANCE SHEET

AS AT 31 JULY 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	4		5,112		6,073
Investments	5		8		8
			<u>5,120</u>		<u>6,081</u>
Current assets					
Debtors	6	1,129,013		859,906	
Cash at bank and in hand		3,783,005		1,055,546	
		<u>4,912,018</u>		<u>1,915,452</u>	
Creditors: amounts falling due within one year	7	<u>(2,450,743)</u>		<u>(2,890,436)</u>	
Net current assets/(liabilities)			<u>2,461,275</u>		<u>(974,984)</u>
Total assets less current liabilities			<u>2,466,395</u>		<u>(968,903)</u>
Capital and reserves					
Called up share capital	10		22,197		5,399
Share premium account	11		8,386,482		3,085,338
Other reserves			144,427		87,215
Profit and loss reserves			<u>(6,086,711)</u>		<u>(4,146,855)</u>
Total equity			<u>2,466,395</u>		<u>(968,903)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 July 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 28 April 2023 and are signed on its behalf by:

M G Hall
Director

Company Registration No. 07596817

NEWSFLARE LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 JULY 2022

1 Judgements and key sources of estimation uncertainty

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

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

2 Accounting policies

Company information

Newsflare Limited is a private company limited by shares incorporated in England and Wales. The registered office is Wadebridge House, 16 Wadebridge Square, Pordbury, Dorchester, Dorset, DT1 3AQ.

2.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

2.2 Going concern

The Company had assets of £4.9M at the balance sheet date, including cash in hand of £3.8M following an equity financing event in the year.

As part of assessing going concern, the directors have considered the Company's current financial position, reviewed budget for the next 18 months and evaluated the principal risks and uncertainties in the digital media market.

Accordingly, the directors continue to adopt the going concern basis in the preparation of the financial statements

NEWSFLARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

2 Accounting policies

(Continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales. The following criteria must be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Research and development expenditure

Research and development expenditure is written off against profits in the year which it is incurred.

2.5 Tangible fixed assets

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

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

Fixtures and fittings	Straight line over 4 years
Computers	Straight line over 4 years

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

2.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

NEWSFLARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

2 Accounting policies

(Continued)

2.7 Impairment of fixed assets

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.8 Cash and cash equivalents

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

2.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

NEWSFLARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

2 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

2.10 Equity instruments

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

2.11 Taxation

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

Current tax

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

Deferred tax

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

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

2.12 Employee benefits

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

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

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

NEWSFLARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

2 Accounting policies

(Continued)

2.13 Retirement benefits

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

2.14 Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

2.15 Leases

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

2.16 Foreign exchange

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

3 Employees

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

	2022 Number	2021 Number
Total	37	33

NEWSFLARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

4 Tangible fixed assets

	Fixtures and fittings	Computers	Total
	£	£	£
Cost			
At 1 August 2021	111,218	35,898	147,116
Additions	-	1,738	1,738
At 31 July 2022	111,218	37,636	148,854
Depreciation and impairment			
At 1 August 2021	110,391	30,652	141,043
Depreciation charged in the year	414	2,285	2,699
At 31 July 2022	110,805	32,937	143,742
Carrying amount			
At 31 July 2022	413	4,699	5,112
At 31 July 2021	827	5,246	6,073

5 Fixed asset investments

	2022	2021
	£	£
Shares in group undertakings and participating interests	8	8

6 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	575,564	479,739
Amounts owed by group undertakings	161,270	-
Other debtors	235,718	206,672
	972,552	686,411
Amounts falling due after more than one year:		
Prepayments	156,461	173,495
Total debtors	1,129,013	859,906

NEWSFLARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

7 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	287,083	401,512
Amounts owed to group undertakings	-	43,458
Taxation and social security	164,540	179,389
Other creditors	1,999,120	2,266,077
	<u>2,450,743</u>	<u>2,890,436</u>

8 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	70,890	120,547

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the year end the company had an outstanding pension liability of £6,786.

9 Share-based payment transactions

Liabilities and expenses

During the year, the company recognised total share-based payment expenses of £57,212 (2021 - £23,740) which related to equity settled share based payment transactions.

10 Called up share capital

During the year, the company allotted 175,799 £0.01 Series B shares, with an aggregate nominal value of £1,758 for total consideration of £3,700,012, 3,960 £0.01 Ordinary shares, with an aggregate nominal value of £39.60 for total consideration of £117,927 and 1,500,000 £0.01 PP Ordinary shares, with an aggregate nominal value of £15,000 for total consideration of £1,500,000.

11 Share premium account

This reserve records the amount above the nominal value received for shares issued.

12 Other reserves

This reserve includes the amounts recorded in relation to share based payments.

NEWSFLARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2022

13 Operating lease commitments

Lessee

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

2022	2021
£	£
147,688	68,786
<u>147,688</u>	<u>68,786</u>

14 Related party transactions

The company has taken exemption under Section 33.1A of FRS 102 from disclosing related party transactions between two or more 100% members of the same group.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.