

URBAN MASSAGE LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2020



URBAN MASSAGE LIMITED
REGISTERED NUMBER: 08771289

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	4	22,626	43,534
Tangible assets	5	120,565	184,227
		<u>143,191</u>	<u>227,761</u>
Current assets			
Stocks		27,100	28,162
Debtors	6	283,585	2,483,779
Cash at bank and in hand	7	168,628	146,398
		<u>479,313</u>	<u>2,658,339</u>
Creditors: amounts falling due within one year	8	(9,428,695)	(9,432,685)
Net current liabilities		<u>(8,949,382)</u>	<u>(6,774,346)</u>
Total assets less current liabilities		<u>(8,806,191)</u>	<u>(6,546,585)</u>
Net liabilities		<u><u>(8,806,191)</u></u>	<u><u>(6,546,585)</u></u>
Capital and reserves			
Called up share capital		19,130	19,130
Share premium account		5,022,489	5,022,489
Other reserves		1,577,586	738,368
Profit and loss account		(15,425,396)	(12,326,572)
		<u><u>(8,806,191)</u></u>	<u><u>(6,546,585)</u></u>

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 June 2021

URBAN MASSAGE LIMITED
REGISTERED NUMBER: 08771289

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020



Chunkit Tang
Director

URBAN MESSAGE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Share premium account £	Share based payment reserve £	Profit and loss account £	Total equity £
At 1 December 2018	19,130	5,022,489	36,675	(8,393,034)	(3,314,740)
Comprehensive Income for the period					
Loss for the period	-	-	-	(3,933,538)	(3,933,538)
Total comprehensive income for the period	-	-	-	(3,933,538)	(3,933,538)
Share based payment	-	-	701,693	-	701,693
At 1 January 2020	19,130	5,022,489	738,368	(12,326,572)	(6,546,585)
Comprehensive income for the year					
Loss for the year	-	-	-	(3,098,824)	(3,098,824)
Total comprehensive income for the year	-	-	-	(3,098,824)	(3,098,824)
Share based payment	-	-	839,218	-	839,218
At 31 December 2020	19,130	5,022,489	1,577,586	(15,425,396)	(8,806,191)

The notes on pages 4 to 13 form part of these financial statements.

URBAN MESSAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Urban Massage Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is stated on the company information page and the nature of the company's operations and its principle activities are set out in the director's report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

Urban Massage Holding Limited has given its assurance it will continue to support Urban Massage Limited for 12 months following the approval of these accounts. The directors believe that it is appropriate to prepare the financial statements on a going concern basis, and the directors believe it has sufficient resources to do so. These financial statements do not include the adjustments that would be necessary if the company was unable to continue as a going concern.

2.3 Foreign currency translation

Functional and presentation currency

The 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.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

URBAN MASSAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue 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 revenue 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.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

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

URBAN MASSAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. During the year the company received revenue based grants. The grants received were in relation to the Coronavirus Job Retention Scheme (CJRS) and they have been recognised as Other Income in the Statement of Comprehensive Income. The amounts recognised to 31 December 2020 reflect the employees covered by CJRS in the period leading up to this date.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

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

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

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

The parent grants share rights to the subsidiary's employees directly. The subsidiary does not have an obligation to provide share to its employees, the obligation sits with the parent company. As such the share-based payments have been treated as equity-settled in the accounts of the subsidiary with the subsidiary recording a charge, and the equity element being treated as a capital contribution from the parent.

URBAN MESSAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Taxation

Tax is recognised in profit or loss 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 reporting date in the countries where the Company operates and generates income.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, 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 ten years.

The estimated useful lives range as follows:

Database and Customer lists	-	29	months
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2.13 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.

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.

Depreciation is provided on the following basis:

Fixtures and fittings	-	33%
Office equipment	-	20%
Computer equipment	-	33%

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 profit or loss.

URBAN MASSAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 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.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 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.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, 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 debtors and creditors, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each

URBAN MESSAGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.18 Financial instruments (continued)

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 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 Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

3. Employees

The average monthly number of employees, including directors, during the year was 62 (2019 - 56).

4. Intangible assets

	Database and Customer List £
Cost	
At 1 January 2020	50,500
At 31 December 2020	<u>50,500</u>
Amortisation	
At 1 January 2020	6,966
Charge for the year	20,908
At 31 December 2020	<u>27,874</u>
Net book value	
At 31 December 2020	<u>22,626</u>
At 31 December 2019	<u>43,534</u>

URBAN MASSAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2020	213,666	69,860	75,970	359,496
Additions	-	5,528	2,534	8,062
At 31 December 2020	213,666	75,388	78,504	367,558
Depreciation				
At 1 January 2020	89,660	31,830	53,779	175,269
Charge for the year	45,365	14,633	11,726	71,724
At 31 December 2020	135,025	46,463	65,505	246,993
Net book value				
At 31 December 2020	78,641	28,925	12,999	120,565
At 31 December 2019	124,007	38,029	22,191	184,227

6. Debtors

	2020 £	2019 £
Trade debtors	96,894	196,139
Amounts owed by group undertakings	13,247	1,925,045
Other debtors	58,553	265,431
Prepayments and accrued income	114,891	97,164
	283,585	2,483,779

Amounts owed by group undertakings are interest free and payable on demand.

URBAN MESSAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	168,628	146,398
	<u>168,628</u>	<u>146,398</u>

8. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	242,812	475,326
Amounts owed to group undertakings	8,041,725	8,509,895
Other taxation and social security	866,198	166,540
Other creditors	78,198	39,875
Accruals and deferred income	199,762	241,049
	<u>9,428,695</u>	<u>9,432,685</u>

Amounts owed to group undertakings are interest free and payable on demand.

A bank loan in the parent company Urban Massage Holding Limited is secured via a debenture comprising fixed and floating charges over all the assets of the group and the company.

URBAN MESSAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Share based payments

The parent company of Urban Massage Ltd, Urban Massage Holding Limited, operated a Company Share Option Plan under which directors and employees of the company were granted share options. In the absence of observable market prices and market data, share options granted were valued at fair value on the grant date using the Black Scholes valuation model. The inputs to these models have been detailed below. Where numerous share option issues were made in the year, an average of the inputs has been provided.

	Weighted average exercise price (pence) 2020	Number 2020	Weighted average exercise price (pence) 2019	Number 2019
Outstanding at the beginning of the year	44.9	3,434,642	43.8	977,885
Granted during the year	40.5	87,168	45.3	2,477,455
Forfeited during the year	45.3	(132,841)	40.5	(20,698)
Outstanding at the end of the year	44.8	3,388,969	44.9	3,434,642
			2020	2019
Weighted average share price (pence)			109.8	75.54
Exercise price (pence)			40.5	45.3
Expected life of options in years			5	6
Expected volatility			95	95
Risk-free interest rate			0.4%	0.6%
			2020 £	2019 £
Equity-settled schemes			138,519	701,693
			138,519	701,693

10. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to fund and amounted to £41,715 (2019: £42,417). Contributions totalling £7,742 (2019: £10,722) were payable to the fund at the reporting date and are included in creditors.

URBAN MESSAGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	185,400	173,651
Later than 1 year and not later than 5 years	216,300	407,634
	<u>401,700</u>	<u>581,285</u>

12. Controlling party

Urban Massage Holding Limited through its ownership of 100% shares is the immediate and ultimate parent company.