

Company Registration No. 10354575 (England and Wales)

FENIX INTERNATIONAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2020

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FENIX INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors Mr G Stokely
Mr L Radvinsky

Secretary Mr G Stokely

Company number 10354575

Registered office 4th Floor
Imperial House
8 Kean Street
London
WC2B 4AS

Auditor Alliotts LLP
Imperial House
8 Kean Street
London
WC2B 4AS

FENIX INTERNATIONAL LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 8
Group statement of comprehensive income	9
Group statement of financial position	10
Company statement of financial position	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Notes to the financial statements	15 - 30

FENIX INTERNATIONAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2020

The directors present the strategic report for the year ended 30 November 2020.

Review of the Business and Future Developments

The Group continued its rapid growth in the year ended 30 November 2020 with Gross Payments from Fans increasing by 615% from £238m to £1,703m. That compares with a 348% increase in the previous year. Turnover increased from £44m to £283m and Profit before tax rose from £6m to £53m. Investment in website features and in personnel increased significantly in order to provide a better service to both Creators and their Fans. Further, we increased our commitment to expand the diversity of Creators on the site by a significant expansion of our social media and marketing teams.

As a result of the growth detailed above, cash balances increased from £12m to £204m.

As an online global business, the Company is subject to wide ranging risks including system failures, government regulation, and competition from the very biggest tech companies. Nevertheless, to date we have continued to steer a steady course for growth, and the current financial year has started very strongly.

Non-financial - Key Performance Indicators

	2020	2019	Growth %
Total number of creators	1,618,000	348,000	365%
Number of creators onboarded in the year	1,270,000	227,000	459%
Total number of fans	82,308,000	13,478,000	511%
Number of Fans signing on in the year	68,830,000	9,350,000	636%

We have Fans in 187 countries although the majority are based in the USA.

FENIX INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

Description of Principal Risks and Uncertainties

Operational

As an online business, the Company is reliant on Information Technology and we have significantly increased our investment in this area. In addition, we have significantly increased our staffing within customer support, content monitoring, and fraud prevention.

As an international business we have to be mindful of the changing regulatory tax regimes associated with online business within individual countries. We have tripled the size of our finance team. As a result, we have seamlessly managed the seven-fold increase in our processing and Creator payments as well as the introduction of VAT and equivalent indirect sales taxes worldwide, as required, on over 80% of our total sales.

Competition

There have been various competitive websites established and the biggest social media websites have adopted some of our features. Nevertheless, our growth over the past year demonstrates that we remain the leader within our chosen market. However, we are not complacent about our online position and have continued to build new product features and also our marketing team.

Covid-19 global pandemic

Throughout 2020 the world has suffered a greater impact from the pandemic than was thought likely a year ago. In March 2020, the Company required all staff to work from home and closed the UK office as a precautionary measure with the primary aim being to limit the risk to our employees. We also employ the services of a number of contract workers in other parts of the world, although almost all of these are normally working from home. Nevertheless, in 2020 we have more than doubled our UK employee numbers. Most of whom were recruited remotely, trained remotely, and are now working remotely.

Other Risks

As a social media platform for over 18's, we take our responsibility to robustly enforce our KYC (know your customer) onboarding procedures extremely seriously through a wide range of both internal and external checks and verifications. Content uploaded by our creators is hidden behind a paywall in order to counter the risk of adult content being viewed by unverified visitors to the platform. All uploaded content is moderated to ensure compliance with our Acceptable Use Policy. Particular focus on monitoring for underage content, and issues around modern slavery and trafficking is a critical function, as any lapse in this effort could bring government sanctions from a wide range of countries and regulators.

Research and Development

During the year the Group continued to develop its bespoke software for use on the website. In addition, we significantly increased the software we use from outside suppliers.

FENIX INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

Other information and explanations

Financial Risks

The Group is cash generative and has no debt.

Foreign Exchange Risk

Operationally, we are able to achieve a natural hedge which mitigates the foreign exchange (FX) risk.

All other FX is done on an "as needed" basis and the Company does not try to anticipate FX movements by hedging or forward purchases.

Credit Risk

Because of the small dollar amount of individual fan purchases, fraud is the main credit threat. In addition, the Company closely monitors the financial health of our Payment processors and Payment service providers all of whom are regulated by their own country regulators.

Section 172 (1) statement

Under s172 of the Companies Act 2006 directors of UK companies have a duty to promote the success of their company for the benefit of the members as a whole and, in doing so, have regard to:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment; and
- The desirability of the company maintaining a reputation for high standards of business conduct.

The Directors of Fenix International Limited consider the following areas to be of key importance in their fulfilment of this duty:

- Carrying out detailed planning and forecasting to ensure the ongoing financial safety of the business;
- Monitoring the business plan in order to control deviation and achieve continued growth;
- Seeking opportunities, by finding new locations to grow the business for the benefit of current and future employees, customers and suppliers as well as the wider UK economy;
- Supervising the overall strategy of the Company and maintaining the highest standards of integrity and honesty in the Company's dealing with employees, suppliers, the general public and local and national government.
- Ensuring that we are vigilant in reducing the environmental impact of our business

Further Developments

In December 2020, the Group purchased the entire capital of Delivery Code Limited. The intellectual property, systems, and expertise that this UK company possesses will enable the Group to fast track and optimise the future integration of a global premium wish list service for our Creators.

On behalf of the board



G R Stokely (Apr 15, 2021 10:10 GMT+1)

.....
Mr G Stokely

Director

..Apr 15, 2021..

FENIX INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2020

The directors present their annual report and group financial statements for the year ended 30 November 2020.

Principal activities

The principal activity of the company and group continued to be that of the provision of an online platform to enable Creators to provide their Fans with private content behind a paywall.

Results and dividends

The results for the year are set out on page 9.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G Stokely
Mr L Radvinsky

Auditor

Alliotts LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

In accordance with section 414 c (ii) of the Companies Act 2006, included in the Strategic Report is the review of the business, principal risks and uncertainties and key performance indicators of the business.

FENIX INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

G R Stokely

G R Stokely (Apr 15, 2021 10:10 GMT+1)

Mr G Stokely

Director

Date: Apr 15, 2021

FENIX INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FENIX INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Fenix International Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2020 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 November 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

FENIX INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FENIX INTERNATIONAL LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

FENIX INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FENIX INTERNATIONAL LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Mantel

Christopher Mantel (Apr 15, 2021 10:17 GMT+1)

Christopher Mantel (Senior Statutory Auditor)
For and on behalf of Alliotts LLP

Apr 15, 2021

.....

Chartered Accountants
Statutory Auditor

Imperial House
8 Kean Street
London
WC2B 4AS

FENIX INTERNATIONAL LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2020

	Notes	2020 £000	2019 £000
Gross site volume		1,703,416	238,402
Revenue	3	283,467	44,164
Cost of sales		(142,346)	(23,102)
Gross profit		141,121	21,062
Administrative expenses		(88,103)	(15,427)
Operating profit	4	53,018	5,635
Investment income	8	54	-
Profit before taxation		53,072	5,635
Tax on profit	9	(10,386)	(958)
Profit for the financial year		42,686	4,677
Other comprehensive income			
Presentational currency translation		(5,458)	-
Total comprehensive income for the year		37,228	4,677

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

FENIX INTERNATIONAL LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2020

	Notes	2020 £000	£000	2019 £000	£000
Non-current assets					
Property, plant and equipment	11		81		21
Current assets					
Trade and other receivables	14	67,580		24,402	
Cash and cash equivalents		204,381		12,310	
		271,961		36,712	
Current liabilities	15	(249,737)		(31,668)	
Net current assets			22,224		5,044
Total assets less current liabilities			22,305		5,065
Provisions for liabilities					
Deferred tax liability	16	16	(16)	4	(4)
Net assets			22,289		5,061
Equity					
Called up share capital	19		-		-
Retained earnings			22,289		5,061
			22,289		5,061

The financial statements were approved by the board of directors and authorised for issue on Apr 15, 2021 and are signed on its behalf by:

G R Stokely

G R Stokely (Apr 15, 2021 10:10 GMT+1)

Mr G Stokely
Director

FENIX INTERNATIONAL LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2020

	Notes	2020 £000	£000	2019 £000	£000
Non-current assets					
Property, plant and equipment	11		81		21
Investments	12		1		1
			<u>82</u>		<u>22</u>
Current assets					
Trade and other receivables	14	179,356		28,777	
Cash and cash equivalents		92,605		7,295	
		<u>271,961</u>		<u>36,072</u>	
Current liabilities	15	(256,878)		(31,668)	
Net current assets			<u>15,083</u>		<u>4,404</u>
Total assets less current liabilities			<u>15,165</u>		<u>4,426</u>
Provisions for liabilities					
Deferred tax liability	16	16	(16)	4	(4)
Net assets			<u>15,149</u>		<u>4,422</u>
Equity					
Called up share capital	19		-		-
Retained earnings			15,149		4,422
Total equity			<u>15,149</u>		<u>4,422</u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £36,185,000 (2019: £4,038,000)

Apr 15, 2021

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

G R Stokely
G R Stokely (Apr 15, 2021 10:10 GMT+1)

Mr G Stokely
Director

Company Registration No. 10354575

FENIX INTERNATIONAL LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2020

	Notes	Retained earnings £000
Balance at 1 December 2018		384
Year ended 30 November 2019:		
Profit and total comprehensive income for the year		4,677
Balance at 30 November 2019		5,061
Year ended 30 November 2020:		
Profit for the year		42,686
Other comprehensive income:		
Presentational currency translation		(5,458)
Total comprehensive income for the year		37,228
Dividends	10	(20,000)
Balance at 30 November 2020		22,289

FENIX INTERNATIONAL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2020

	Notes	Retained earnings £000
Balance at 1 December 2018		384
Year ended 30 November 2019:		
Profit and total comprehensive income for the year		4,038
Balance at 30 November 2019		4,422
Year ended 30 November 2020:		
Profit for the year		36,185
Other comprehensive income:		
Presentational currency translation		(5,458)
Total comprehensive income for the year		30,727
Dividends	10	(20,000)
Balance at 30 November 2020		15,149

FENIX INTERNATIONAL LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2020

	Notes	2020 £000	£000	2019 £000	£000
Cash flows from operating activities					
Cash generated from operations	23		225,296		11,942
Tax paid			(27,742)		(652)
Net cash inflow from operating activities			197,554		11,290
Investing activities					
Purchase of property, plant and equipment		(79)		(14)	
Interest received		54		-	
Net cash used in investing activities			(25)		(14)
Net increase in cash and cash equivalents			197,529		11,276
Cash and cash equivalents at beginning of year			12,310		1,034
Effect of foreign exchange rates			(5,458)		-
Cash and cash equivalents at end of year			204,381		12,310

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

Company information

Fenix International Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 4th Floor, Imperial House, 8 Kean Street, London, WC2B 4AS.

The group consists of Fenix International Limited and all of its subsidiaries.

1.1 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.

The financial statements are prepared in sterling, the functional currency of the group is US Dollars. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Fenix International Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 30 November 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The group income statement and statement of cash flows also include the results and cash flows of subsidiary entity Fenix Internet LLC. Fenix Internet LLC's year-end date is 31 December 2020.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the effects of Covid-19 on the Group and do not consider it to have negatively impacted the business operations. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is exclusive of any associated sales taxes.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from services provided is recognised as fans make payments for access to the website content. Revenue is recognised over the duration of the fans monthly access, in line with the satisfaction of performance obligation.

Monies received at the balance sheet date relating to subscriptions that are on going after the year end are deferred and classified as deferred revenue.

Funds held in users online wallets are non-refundable. The agent share of the funds held at the balance sheet date have been recognised in line with FRS102.

Gross site volume

In order to provide the user of the financial statements further understanding of the business market, the gross value of all sales transactions is shown as a memorandum at the top of the profit and loss account.

Gross site volume does not represent statutory turnover in accordance with Section 23 of FRS 102. The Group is acting as an agent in its arrangement between Fans and Creators.

Gross site volume represents the price at which products or services have been transacted through the business platform exclusive of any associated sales taxes. The Group's recognised revenue is the agency fee applied on those transactions.

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.7 Property, plant and equipment

Property, plant and equipment 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:

Computer equipment	3 years straight line
Fixtures and fittings	3 years straight line

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 recognised in the income statement.

1.8 Non-current investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.9 Impairment of non-current assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

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.

1.10 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.

1.11 Financial instruments

The group 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 group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 trade and other receivables 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables 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 payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Creator liabilities

Payments received from Fans on behalf of Creators are recognised as a liability until such time as the Creator has withdrawn the funds earned. These funds are subject to credit card merchant chargebacks that are deducted from amounts due to the individual Creator to which the chargeback relates.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group 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 group.

1.13 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 income statement 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

1 Accounting policies

(Continued)

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 income statement, 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 if, and only if, there is 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.

1.14 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 non-current 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.

1.15 Retirement benefits

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

1.16 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 leased asset are consumed.

1.17 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.

Assets and liabilities of overseas subsidiaries are transferred into the group presentational currency at the rate ruling the reporting date. Income and expenses of overseas subsidiaries are transferred to the average rate for the year of the directors consider this to be reasonable approximation to the rate at the date of the transaction.

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

User's online wallets

Funds held in user's online wallets are non-refundable. The agent's share of the funds held at the balance sheet date have been recognised in line with FRS102. The remaining unallocated credit balances held by the group is recognised as deferred income until such time as the individual user's attribute this to a creator. There is no time limit by which credits need to be used by.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Chargeback provision

The chargeback provision is based on management's best estimate of chargebacks expected from the credit card merchants, related to transactions recognised in the period. Management's estimate is based upon historic chargeback trends expected in relation to annual group turnover and creator balances.

Management have also included an estimate of credit card merchant's charges associated with chargeback transactions that are met exclusively by the group. Management's estimate is based upon historic trends expected in relation to annual group turnover.

The total estimated provision for chargebacks is £7,256,401.

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

3 Revenue

	2020 £000	2019 £000
Revenue analysed by class of business		
Agent income	283,467	44,164
	<u>283,467</u>	<u>44,164</u>
Other significant revenue		
Interest income	54	-
	<u>54</u>	<u>-</u>
Revenue analysed by geographical market		
USA	228,986	31,111
UK	2,370	1,974
Europe	5,275	2,861
Rest of the World	46,836	8,218
	<u>283,467</u>	<u>44,164</u>

4 Operating profit

	2020 £000	2019 £000
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(414)	1,038
Research and development costs	1,733	3,466
Depreciation of owned property, plant and equipment	19	7
Operating lease charges	47	29
	<u>1,375</u>	<u>4,540</u>

5 Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	58	61
	<u>58</u>	<u>61</u>
For other services		
Taxation compliance services	53	-
All other non-audit services	10	47
	<u>63</u>	<u>47</u>

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

6 Employees

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

	Group and Company	
	2020	2019
	Number	Number
Directors	2	2
Administration	25	9
Total	27	11

Their aggregate remuneration comprised:

	Group and Company	
	2020	2019
	£000	£000
Wages and salaries	5,827	1,116
Social security costs	769	142
Pension costs	56	22
	6,652	1,280

7 Directors' remuneration

	2020	2019
	£000	£000
Remuneration for qualifying services	1,963	228

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020	2019
	£000	£000
Remuneration for qualifying services	1,963	228

8 Investment income

	2020	2019
	£000	£000
Interest income		
Interest on bank deposits	54	-

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

9 Taxation

	2020 £000	2019 £000
Current tax		
UK corporation tax on profits for the current period	10,241	597
Adjustments in respect of prior periods	134	359
Total current tax	10,375	956
Deferred tax		
Origination and reversal of timing differences	11	2
Total tax charge	10,386	958

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £000	2019 £000
Profit before taxation	53,072	5,635
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	10,084	1,071
Tax effect of expenses that are not deductible in determining taxable profit	4	9
Tax effect of income not taxable in determining taxable profit	-	(121)
Adjustments in respect of prior years	134	-
Permanent capital allowances in excess of depreciation	(15)	(3)
Effect of overseas tax rates	168	-
Deferred tax	11	2
Taxation charge	10,386	958

10 Dividends

	2020 £000	2019 £000
Recognised as distributions to equity holders:		
Final paid	20,000	-

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

11 Property, plant and equipment

Group and Company	Computer equipment £000	Fixtures and fittings £000	Total £000
Cost			
At 1 December 2019	27	4	31
Additions	28	51	79
	<u> </u>	<u> </u>	<u> </u>
At 30 November 2020	55	55	110
	<u> </u>	<u> </u>	<u> </u>
Depreciation and impairment			
At 1 December 2019	8	2	10
Depreciation charged in the year	12	7	19
	<u> </u>	<u> </u>	<u> </u>
At 30 November 2020	20	9	29
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 30 November 2020	35	46	81
	<u> </u>	<u> </u>	<u> </u>
At 30 November 2019	19	2	21
	<u> </u>	<u> </u>	<u> </u>

12 Fixed asset investments

		Group 2020 £000	2019 £000	Company 2020 £000	2019 £000
	Notes				
Investments in subsidiaries	13	-	-	1	1
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

Movements in non-current investments Company

	Shares in group undertakings £000
Cost or valuation	
At 1 December 2019 and 30 November 2020	1
	<u> </u>
Carrying amount	
At 30 November 2020	1
	<u> </u>
At 30 November 2019	1
	<u> </u>

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

13 Subsidiaries

Details of the company's subsidiaries at 30 November 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Fenix Internet LLC	345 North Canal Street, Chicago, Illinois, USA	Ordinary	100

14 Trade and other receivables

	Group 2020 £000	2019 £000	Company 2020 £000	2019 £000
Amounts falling due within one year:				
Corporation tax recoverable	18,680	-	18,680	-
Amounts owed by group undertakings	-	-	111,776	4,376
Other receivables	48,900	24,402	48,900	24,401
	<u>67,580</u>	<u>24,402</u>	<u>179,356</u>	<u>28,777</u>

15 Current liabilities

	Notes	Group 2020 £000	2019 £000	Company 2020 £000	2019 £000
Trade payables		130,282	18,262	130,282	18,262
Corporation tax payable		1,898	586	-	586
Other taxation and social security		40,006	7,216	40,006	7,216
Deferred income	17	13,529	-	13,529	-
Dividends payable		20,000	-	20,000	-
Other payables		65	3,119	65	3,119
Accruals		43,957	2,485	52,996	2,485
		<u>249,737</u>	<u>31,668</u>	<u>256,878</u>	<u>31,668</u>

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2020

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2020 £000	Liabilities 2019 £000
Group and Company		
Accelerated capital allowances	16	4
	<u>16</u>	<u>4</u>
Movements in the year:		Group and Company 2020 £000
Liability at 1 December 2019		4
Charge to profit or loss		12
		<u>16</u>
Liability at 30 November 2020		<u>16</u>

The deferred tax liability set out above is expected to reverse within 36 months and relates to accelerated capital allowances that are expected to mature within the same period.

17 Deferred income

	Group and Company 2020 £000	Group and Company 2019 £000
Arising from Deferred Agent Income	13,529	-
	<u>13,529</u>	<u>-</u>

18 Retirement benefit schemes

	2020 £000	2019 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	56	22
	<u>56</u>	<u>22</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

19 Share capital

	2020 Number	2019 Number	2020 £000	2019 £000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	100	100	-	-
	<u>100</u>	<u>100</u>	<u>-</u>	<u>-</u>

The company has one class of ordinary shares which carry no right to fixed income. Each share carries one voting right.

20 Operating lease commitments

Lessee

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

	Group 2020 £000	2019 £000	Company 2020 £000	2019 £000
Within one year	90	24	90	24
Between two and five years	188	2	188	2
	<u>278</u>	<u>26</u>	<u>278</u>	<u>26</u>

21 Events after the reporting date

Following the year end the Group purchased the entire share capital of Delivery Code Limited for a sum of £23.65m.

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £000	2019 £000
Aggregate compensation	1,963	228

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Purchase of services	
	2020 £000	2019 £000
Group and Company		
Other related parties	28,320	5,826

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2020 £000	2019 £000
Group and Company		
Other related parties	41	3,092

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2020 Balance £000	2019 Balance £000
Group		
Other related parties	5,551	7,832

Company

Entities over which the company has control, joint control or significant influence

Other related parties	111,776	4,376
	5,551	7,832

FENIX INTERNATIONAL LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2020

23 Cash generated from group operations

	2020 £000	2019 £000
Profit for the year after tax	42,686	4,677
Adjustments for:		
Taxation charged	10,386	958
Investment income	(54)	-
Depreciation and impairment of property, plant and equipment	19	7
Movements in working capital:		
Increase in trade and other receivables	(24,498)	(20,222)
Increase in trade and other payables	183,228	26,522
Increase in deferred income	13,529	-
Cash generated from operations	225,296	11,942

24 Analysis of changes in net funds - group

	1 December 2019 £000	Cash flows £000	Exchange rate movements £000	30 November 2020 £000
Cash at bank and in hand	12,310	197,529	(5,458)	204,381