

Mapp Digital UK Ltd

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 10162741

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Mapp Digital UK Ltd

Company Information

Directors	M E Wilkinson M Johnson N Pingelton
Company secretary	Vistra Company Secretaries Limited
Registered number	10162741
Registered office	95 Gresham Street 6th Floor London EC2V 7NA
Independent auditor	BDO LLP Newton House Cambridge Business Park Cambridge CB4 0WZ

Mapp Digital UK Ltd

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Mapp Digital UK Ltd

Strategic Report For the Year Ended 31 December 2020

The directors present their report together with the audited financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the company is to provide next generation marketing technology across various platforms.

Business review

As set out on page 10, the company has made a loss for the year after tax of £3,581,001 (2019 - £13,449,243).

Financial key performance indicators

For the 12 months ended 31 December 2020, the company generated £6,793,862 (2019 - £7,688,087) gross profit from revenues of £10,137,508 (2019 - £11,181,513). However, the company's operating expenses were far greater, resulting in an operating loss of £3,197,342 (2019 - £13,122,627) and a net loss of £3,576,555 (2019 - £13,449,243).

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company relate to realising the revenue growth we plan on achieving for future periods and the lack of sufficient liquidity on hand or available. Failure to grow our revenues for 2020 and beyond resulted in the company incurring operating losses and using cash that would place additional stress upon our current thin liquidity.

Financial risk management

The company's operations expose it to a variety of financial risks that include foreign exchange currency rate risk, price risk, credit risk, liquidity risk, and interest rate cash flow risk. Given the size of the company, responsibility for monitoring financial risk management is in the hands of the board.

Interest rate risk

The board seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Foreign exchange currency rate risk

The majority of the company's transactions, both in volume and value, are conducted primarily in Euro, British Pound Sterling and US dollars. The company seeks to minimise foreign exchange currency rate risk through the regular monitoring of foreign currency flows and endeavouring to match the inflows and outflows for each major currency (a "natural hedge"). The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Price risk

The company is not exposed to any commodity price risk as a result of its operations. The company has no exposure to equity securities price risk as it holds no listed investments.

Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutes, as well as credit exposures to customers, including outstanding receivables. The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Mapp Digital UK Ltd

Strategic Report (continued)
For the Year Ended 31 December 2020

Principle risks and uncertainties (continued)

Liquidity risk

Liquidity continues to be the key risk and uncertainty currently facing the company. From the date of inception through the date of this report, the company has not yet achieved operating profitability. Further, due to the significant costs incurred with (i) investing in updating the technology underlying our service platform and (ii) rationalising the employee base with anticipated future cash flows, the company has been dependent upon the support of the ultimate parent company. There is no guarantee that ultimate parent company will continue to support MAPP Digital UK Limited and/or it will have resources to do so.

Please also refer to post statement of financial position events section in director's report which indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

This report was approved by the board on December 24, 2021 and signed on its behalf.



M Johnson
Director

Mapp Digital UK Ltd

Directors' Report For the Year Ended 31 December 2020

The directors present their report together with the audited financial statements for the year ended 31 December 2020.

Business review

A business review, its principal risks and uncertainties and its financial key performance indicators are set out in the strategic report on pages 1 and 2 of the financial statements.

Results and dividends

The loss for the year, after taxation, amounted to £3,581,001 (2019 - £13,449,243).

The directors do not recommend the payment of a final dividend (2019 - £Nil).

Distribution of profits

The Company entered into an agreement dated 31 August 2020 with MAPP Digital Denmark ApS (in voluntary liquidation) (MAPP Denmark) under which the Company assumed certain contracts, assumed the net debts of MAPP Denmark to other group companies and released MAPP Denmark from the net debt owed to the Company by MAPP Denmark. The agreement gave rise to a net loss to the Company and the directors have since been advised that it amounted to an unlawful distribution at a time when the company had no profits available for distribution. Unlawful distribution amounted to £1,524,483. MAPP Denmark has since been dissolved, so that the transaction cannot be undone. Steps are being taken to make good the net loss to the company by contributions from other entities in the group and for the debts assumed in the transaction to be discharged, so as to restore the Company's position to what it was before this transaction. It is intended that this will be completed before the end of 2021.

Directors

The directors who served during the year were:

M E Wilkinson
M Johnson
N Pingelton

Going concern

The impact of Brexit and Covid-19 on the business continues to be assessed on an ongoing basis. No significant impact on the company was identified due to Brexit and Covid-19.

The company has £60,505,383 of amounts repayable to group companies on demand and the loss made in the year amounted to £3,581,001.

Based on the directors' assessment the company is reliant on the continued availability of its existing support from the wider group and ultimate controlling party in order to continue as a going concern for the foreseeable future. Following enquiry of the company's ultimate parent company, the directors have obtained assurances the ultimate parent company will provide additional support if that should be necessary to ensure that the company can continue in operation for a period of at least 12 months from the date of approval of these financial statements. The business has also prepared a number of revised forecasts covering period of at least 12 months from approval of these financial statements including consideration of the cash flow forecast. These forecasts support the conclusion that company requires the support from the parent company. Sensitisation of the forecasts indicates the higher need of the support from the parent company.

The intention of the ultimate parent company is however not contractually enforceable and due to current economic environment parent company's ability to support MAPP Digital UK Limited is also uncertain, which casts material uncertainty over going concern.

Mapp Digital UK Ltd

Directors' Report (continued) For the Year Ended 31 December 2020

Future developments

As anticipated in last year's Report and Accounts, the worldwide COVID-19 pandemic had a significant impact on the Company's trading, commencing in Q2 and lasting throughout the year and beyond.

This manifested itself in the lengthening of sales cycles as potential customers deferred their decisions to buy MAPP's services, but was largely counterbalanced by improving customer retention rates as companies chose not to move vendors unless it was essential.

Beyond that, as the year progressed there was a noticeable move towards online trading and businesses increasingly looked to move their marketing online so that by the final Quarter of the year the Company saw growth in pipeline generation to record levels as well as levels of new business that had not previously been seen.

Finally, as also referenced in last year's Accounts, the successful integration of Webtrekk and MAPP's product offerings was clearly starting to enable the Company's Sales team to win larger deals than had previously been achieved and gave the company a definite edge in competitive bids.

This is anticipated to continue and strengthen as 2021 progresses and the growth in primary market increases as the pandemic recedes and there is a far greater appetite to buy online marketing technology.

The experienced management team took proactive steps to reduce/avoid/delay costs as the impact of the pandemic first hit, as a consequence of which the Company did not need to furlough any staff and were able to maintain consistent quality of service delivery to customers as a result throughout the remainder of 2020 and beyond.

This has evidenced itself through record customer retention rates and excellent customer payment behaviour despite the pandemic.

Disclosure of information to auditor

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

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

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **December 24, 2021** and signed on its behalf.



M Johnson
Director

Mapp Digital UK Ltd

Directors' Responsibilities Statement For the Year Ended 31 December 2020

The directors are responsible for preparing the strategic report, the directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited 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 Practise (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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless, it is inappropriate to presume that the company will continue in business.

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

Mapp Digital UK Ltd

Independent Auditor's Report to the Members of Mapp Digital UK Ltd

Qualified opinion on the financial statements

In our opinion, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its loss 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.

We have audited the financial statements of Mapp Digital UK Limited ("the Company") for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, statement of changes in equity, statement of cash flows and the related notes, 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).

Basis for qualified opinion

In our qualified audit report on the financial statements for the year ended 31 December 2018, we stated that we were unable to obtain sufficient appropriate audit evidence in respect of the valuation of intangible assets at £5,353,634, as the Company lacked sufficient appropriate documentation at the Company's reporting level. The goodwill of £3,685,021 was fully impaired in the year ended 31 December 2019, however given the lack of sufficient appropriate audit evidence referred to above, we were unable to determine how much of the impairment, if any, should have been reflected in the financial statements for the year ended 31 December 2018. Our audit opinion on the financial statements for the year ended 31 December 2019 was modified accordingly. Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures in the statement of comprehensive income and the corresponding figures.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

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.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements which states the Directors' consideration of the ability of the Company to continue as a going concern which is reliant on the ability of the parent company to provide financial support, with no guarantee as to its ability to do so.

As stated in Note 2.2, these conditions, along with other matters as set out in Note 2.2 indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Mapp Digital UK Ltd

Independent Auditor's Report to the Members of Mapp Digital UK Ltd (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to obtain sufficient appropriate audit evidence in respect of the valuation of intangible assets at £5,353,634, for the year ended 31 December 2018. The goodwill of £3,685,021 was fully impaired in the year ended 31 December 2019, however given the lack of sufficient appropriate audit evidence, we were unable to determine how much of the impairment, if any, should have been reflected in the financial statements for the year ended 31 December 2018. We have concluded that where the other information refers to current year's figures in the statement of comprehensive income, the corresponding figures, may be materially misstated for the same reasons.

Other Companies Act 2006 reporting

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records or 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 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.

Mapp Digital UK Ltd

Independent Auditor's Report to the Members of Mapp Digital UK Ltd (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

- The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to Mapp Digital UK Ltd. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 102 and the Companies Act 2006), VAT, labour regulations and corporation tax in the United Kingdom.
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management. We also consulted with BDO internal VAT specialists.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by, meeting with management to understand where it considered there was susceptibility of fraud. We also considered potential fraud drivers: including financial or other pressures, opportunity and personal or corporate motivations. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing revenue recognition, manual journals, payments made by employees with bank access leaving the Company and key areas of estimation uncertainty or judgement, for example: review of the impairment of intangibles and amounts owed by group undertakings.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. his description forms part of our auditor's report.

Mapp Digital UK Ltd

Independent Auditor's Report to the Members of Mapp Digital UK Ltd (continued)

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.

DocuSigned by:

Piers Harrison

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Piers Harrison (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Cambridge

United Kingdom

29 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Mapp Digital UK Ltd

Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	10,137,508	11,181,513
Cost of sales		(3,343,646)	(3,493,426)
Gross profit		6,793,862	7,688,087
Administrative expenses		(11,247,202)	(18,590,785)
Other operating income	5	1,255,998	193,267
Impairment of goodwill		-	(2,413,196)
Operating loss	6	(3,197,342)	(13,122,627)
Interest receivable and similar income	8	1,769,090	1,626,025
Interest payable and similar charges	9	(2,152,749)	(1,952,641)
Loss for the financial year before and after tax		(3,581,001)	(13,449,243)
Other comprehensive income		-	-
Total comprehensive loss for the year		(3,581,001)	(13,449,243)

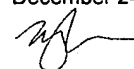
The notes on pages 14 to 29 form part of these financial statements.

Mapp Digital UK Ltd
Registered number: 10162741

Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	12		1,398,090		1,985,010
Tangible assets	13		62,610		128,718
			1,460,700		2,113,728
Non-current assets					
Debtors: amounts falling due after more than one year	14	426,976			
Current assets					
Debtors: amounts falling due within one year	14	45,586,281		39,302,306	
Cash at bank and in hand		506,745		375,801	
		46,093,026		39,678,107	
Creditors: amounts falling due within one year	15	(62,208,288)		(51,119,156)	
Net current liabilities			(16,115,262)		(11,441,049)
Total assets less current liabilities			(14,227,586)		(9,327,321)
Creditors: amounts falling due after more than one year	16		(182,526)		-
Net liabilities			(14,410,112)		(9,327,321)
Capital and reserves					
Called up share capital	18		1		1
Capital contribution reserve	19		26,058,405		26,058,405
Share based payments reserve	19		22,694		-
Profit and loss account	19		(40,491,212)		(35,385,727)
Total deficit			(14,410,112)		(9,327,321)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on December 24, 2021



M Johnson
Director

The notes on pages 14 to 29 form part of these financial statements.

Mapp Digital UK Ltd

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Capital contribution reserve	Share based payments reserve	Profit and loss account	Total deficit
	£	£	£	£	£
At 1 January 2020	1	26,058,405	-	(35,385,727)	(9,327,321)
Comprehensive loss for the year					
Loss for the year	-	-	-	(3,581,001)	(3,581,001)
Total comprehensive loss for the year	-	-	-	(3,581,001)	(3,581,001)
Distribution of profits (see note 11)	-	-	-	(1,524,484)	(1,524,484)
Share based payments credit	-	-	22,694	-	22,694
At 31 December 2020	1	26,058,405	22,694	(40,491,212)	(14,410,112)

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity/(deficit)
	£	£	£	£
At 1 January 2019	1	26,058,405	(21,936,484)	4,121,922
Comprehensive loss for the year				
Loss for the year	-	-	(13,449,243)	(13,449,243)
Total comprehensive loss for the year	-	-	(13,449,243)	(13,449,243)
At 31 December 2019	1	26,058,405	(35,385,727)	(9,327,321)

The notes on pages 14 to 29 form part of these financial statements.

Mapp Digital UK Ltd

Statement of Cash Flows For the Year Ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(3,581,001)	(13,449,243)
Adjustments for:		
Amortisation of intangible assets	586,920	955,428
Depreciation of tangible assets	66,108	94,680
Interest paid	2,152,749	1,952,641
Interest received	(1,769,090)	(1,626,025)
Decrease in trade and other debtors	(196,301)	133,623
(Increase)/decrease in amounts owed by groups	(4,784,320)	1,357,909
Decrease in trade and other creditors	518,425	(183,541)
Increase in amounts owed to groups	9,299,984	7,972,731
Impairment of goodwill	-	2,413,197
Foreign exchange	(909,829)	(512,876)
Other loss/(income)	(1,255,998)	60
Net cash generated from/(used in) operating activities	127,647	(891,416)
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(8,597)
Net cash from/(used in) investing activities	-	(8,597)
Net increase/(decrease) in cash and cash equivalents	127,647	(900,013)
Cash and cash equivalents at beginning of year	375,801	1,287,902
Foreign exchange gains and losses	3,297	(12,088)
Cash and cash equivalents at the end of year	506,745	375,801
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	506,745	375,801

The notes on pages 14 to 29 form part of these financial statements.

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

Mapp Digital UK 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 given on the company information page and the nature of the company's operations and its principal activity is set out in the strategic 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

The impact of Brexit and Covid-19 on the business continues to be assessed on an ongoing basis. No significant impact on the company was identified due to Brexit and Covid-19.

The company has £60,505,383 of amounts repayable to group companies on demand and the loss made in the year amounted to £3,581,001.

Based on the directors' assessment the company is reliant on the continued availability of its existing support from the wider group and ultimate controlling party in order to continue as a going concern for the foreseeable future. Following enquiry of the company's ultimate parent company, the directors have obtained assurances the ultimate parent company will provide additional support if that should be necessary to ensure that the company can continue in operation for a period of at least 12 months from the date of approval of these financial statements. The business has also prepared a number of revised forecasts covering period of at least 12 months from approval of these financial statements including consideration of the cash flow forecast. These forecasts support the conclusion that company requires the support from the parent company. Sensitisation of the forecasts indicates the higher need of the support from the parent company.

In making their going concern assessment, the directors of the company have also made enquiries and satisfied themselves as to the financial position of the wider group undertaking. The financial impacts of Covid-19 on the group have been contained and the company itself is also not directly impacted, and no significant impacts on the company have been identified from the UK's exit from the European Union. The directors do not anticipate any further significant uncertainty from the direct effects of the pandemic which may impact the company's ability to meet its liabilities as they fall due.

The intention of the ultimate parent company is however not contractually enforceable and due to current economic environment parent company's ability to support MAPP Digital UK Limited is also uncertain.

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.2 Going concern (continued)

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

2.3 Foreign currency translation

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 the statement of comprehensive income 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 the statement of comprehensive income within 'other operating income'.

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:

Subscription fees

The company derives subscription fees from the following sources: Software as a Service (SaaS) fees, implementation and configuration fees, support fees, and professional services. Contracts may represent multiple deliverable arrangement. These arrangement are bifurcated according to service elements. Amounts received in advance of service are recorded as deferred revenue.

The company's pricing is predicated on a "per subscription, per annum" basis plus usage, which is directly correlated to the agreed annual email commitment (web service usages). Contracts follow a software subscription model where the customer pays a fixed monthly fee for use of the email subscription and support services plus usage fees based on the amount of emails sent monthly or the amount of emails sent monthly over the committed amount. The average contact duration can be monthly or annual.

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.4 Revenue (continued)

For hosted software service solutions, the company recognises revenue of monthly SaaS fees, providing there are no indications of software sales in the agreement. Where there is a stand-alone value for implementation and/or consulting labour, the revenue is recognised upon client's acceptance or when the service is performed. Where no stand-alone value exists the revenue is recognised on a straight-line basis over the term of the contract which is deemed to be the best indication of the customer life.

Advertising services

The company generates advertising services revenue by delivering advertisements to internet users through various channels, including display, paid search, mobile, social and email, which results in lead generation. These arrangements are typically made directly with customers or with advertising agencies on behalf of their advertiser clients and are generally evidenced by a fully executed sales order. Generally, sales orders describe the campaign objectives, state the number and type of leads to be delivered, the agreed upon rate for each delivered lead, and a fixed period of time for delivery. Customers are typically billed on a monthly basis for each campaign for leads delivered during the prior month.

The determination of whether revenue from advertising services arrangements should be reported on a gross or net basis is based on an assessment of whether the company is acting as the principal or an agent in the transaction. In determining whether the company acts as a principal or an agent, the company follows the accounting guidance for principal-agent considerations. While none of the factors identified in this guidance is individually considered presumptive or determinative, the company has concluded that it acts as a principal with respect to these arrangements because the company is the primary obligor and responsible for (i) fulfilling the advertisement delivery, (ii) establishing the selling prices for delivery of the advertisements, (iii) selecting the media to fulfil the sales order, and (iv) performing campaign set-up, management, billing and collection activities including retaining credit risk, and (b) the company has the risk of fluctuating costs from its media vendors relative to fixed pricing negotiated with its customers and has discretion in selecting media vendors when fulfilling a customer's campaign. Based on this conclusion, the company reports revenue earned and costs incurred with respect to its advertising services on a gross basis.

Professional services

Professional fees include other consulting services or installation related consulting services that are outside the scope of their contract. The work is requested and approved by both the client and the company. These are one-time services to be recorded as revenue upon completion of the service. If payment is made prior to the performance of the service, the amount received is recorded as deferred revenue and recognised, in full, upon completion of the service.

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 Interest income

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

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

2.9 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are recorded at cost or at the fair market value as of the acquisition date for the intangibles acquired as part of the eCircle acquisition. The company amortises its customer lists and developed software on a straight-line basis over their estimated useful lives. 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:

Customer lists	-	10 years straight line
Computer software	-	5 years straight line
Goodwill	-	10 years straight line

2.10 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.

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

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:

Short-term leasehold property	- 5 to 10 years
Fixtures and fittings	- 5 to 7 years
Office equipment	- 3 to 5 years
Computer equipment	- 3 to 5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Impairment of fixed assets and goodwill

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

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.13 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.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.14 Creditors

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

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.15 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.

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the 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.

2.16 Current and deferred 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.

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.16 Current and deferred taxation (continued)

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

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Impairment of trade debtors

Management make an estimate of the recoverable value of trade debtors. When assessing impairment of trade and other debtors, management consider factors including the current credit rating of the debtor, the ageing profile of the debt, and historical experience.

Impairment of group debtor balances

Group debtor balances are reviewed regularly by the directors for any evidence of impairment. The review will consider numerous factors including the underlying net assets, projected earnings, and likely future cash inflows of the respective entities. Where it is considered that the recoverable amount is lower than the carrying value, any impairment is recognised in the statement of comprehensive income.

Impairment of intangible assets

Management reviews intangible assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. When assessing impairment of intangible assets, management compare the carrying value of the assets with the estimated undiscounted cash flows expected.

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Subscriptions	5,671,526	6,047,471
Agency	1,984,480	2,285,834
Professional services	289,361	519,502
Intercompany revenue	2,192,141	2,328,706
	<u>10,137,508</u>	<u>11,181,513</u>

	2020 £	2019 £
United Kingdom	6,251,798	7,258,786
Rest of Europe	2,709,511	2,737,189
USA	545,975	684,929
Rest of the world	630,224	500,608
	<u>10,137,508</u>	<u>11,181,512</u>

5. Other operating income

	2020 £	2019 £
Other operating income	<u>1,255,998</u>	<u>193,267</u>

Other operating income consists of reversal of bad debt provision for the amounts owed by group undertakings of £1,255,998 (2019 - £Nil) and the waiver of interest payable on the amounts owed to group companies of £Nil (2019 - £193,267).

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020.

6. Operating loss

The operating loss is stated after charging:

	2020	2019
	£	£
Amortisation of intangible assets	586,920	955,428
Depreciation of tangible fixed assets	66,108	94,680
Exchange differences (gain/loss)	(962,036)	512,876
Other operating lease rentals	589,193	596,424
Impairment of goodwill	-	2,413,196
Audit fee	29,000	28,000
Non-audit fee	9,625	10,625
Impairment of intercompany balances	-	5,786,181
	<u> </u>	<u> </u>

7. Employees

Staff costs were as follows:

	2020	2019
	£	£
Wages and salaries	4,246,866	3,981,174
Social security costs	515,838	459,867
Cost of defined contribution scheme	146,146	140,546
	<u> </u>	<u> </u>
	<u>4,908,850</u>	<u>4,581,587</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020	2019
	No.	No.
Media services	19	25
Sales and marketing	32	33
Technical	2	2
Administration	16	13
	<u> </u>	<u> </u>
	<u>69</u>	<u>73</u>

None of the directors received any remuneration from the company in either the current or the prior year for services performed and are remunerated by a fellow group company.

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

8. Interest receivable and similar income

	2020 £	2019 £
Interest receivable from group companies	<u>1,769,090</u>	<u>1,626,025</u>

9. Interest payable and similar charges

	2020 £	2019 £
Loans from group undertakings	<u>2,152,749</u>	<u>1,952,641</u>

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on loss for the year	-	-
Taxation on loss on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(3,581,001)</u>	<u>(13,449,243)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(680,390)	(2,555,356)
Effects of:		
Fixed asset differences	117,795	649,363
Expenses not deductible for tax purposes	5,081	1,218,004
Income not taxable for tax purposes	(238,640)	-
Remeasurement of deferred tax for changes in tax rates	(434,320)	-
Deferred tax not recognised	<u>1,230,474</u>	<u>687,989</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

10. Taxation (continued)

Factors that may affect future tax charges

At 31 December 2020 the company had a deferred tax asset of £4,922,190 (2019 - £3,691,716), which was not recognised due to the uncertainty over the timing and extend of the reversal.

At 31 December 2020 the company had unused trade losses of £25,907,558 (2019 - £21,756,716), which can be carried forward indefinitely.

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax asset at the balance sheet date has been calculated using the applicable rate when the asset is expected to be realised.

11. Distribution of profits

The Company entered into an agreement dated 31 August 2020 with MAPP Digital Denmark ApS (in voluntary liquidation) (MAPP Denmark) under which the Company assumed certain contracts, assumed the net debts of MAPP Denmark to other group companies and released MAPP Denmark from the net debt owed to the Company by MAPP Denmark. The agreement gave rise to a net loss to the Company and the directors have since been advised that it amounted to an unlawful distribution at a time when the company had no profits available for distribution. Unlawful distribution amounted to £1,524,483. MAPP Denmark has since been dissolved, so that the transaction cannot be undone. Steps are being taken to make good the net loss to the company by contributions from other entities in the group and for the debts assumed in the transaction to be discharged, so as to restore the Company's position to what it was before this transaction. It is intended that this will be completed before the end of 2021.

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Intangible assets

	Customer lists £	Computer software £	Goodwill £	Total £
Cost				
At 1 January 2020	2,261,063	1,804,087	3,685,021	7,750,171
At 31 December 2020	<u>2,261,063</u>	<u>1,804,087</u>	<u>3,685,021</u>	<u>7,750,171</u>
Amortisation				
At 1 January 2020	801,351	1,278,789	3,685,021	5,765,161
Charge for the year	226,104	360,816	-	586,920
At 31 December 2020	<u>1,027,455</u>	<u>1,639,605</u>	<u>3,685,021</u>	<u>6,352,081</u>
Net book value				
At 31 December 2020	<u>1,233,608</u>	<u>164,482</u>	<u>-</u>	<u>1,398,090</u>
At 31 December 2019	<u>1,459,712</u>	<u>525,298</u>	<u>-</u>	<u>1,985,010</u>

Customer lists asset has the remaining amortisation period of 5.5 years (2019 - 6.5 years). Computer software asset has the remaining amortisation period of 0.5 years (2019 - 1.5 years).

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

13. Tangible fixed assets

	Short-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2020	10,000	221,931	8,979	167,271	408,181
At 31 December 2020	10,000	221,931	8,979	167,271	408,181
Depreciation					
At 1 January 2020	3,572	132,675	8,254	134,962	279,463
Charge for the year	1,428	44,386	-	20,294	66,108
At 31 December 2020	5,000	177,061	8,254	155,256	345,571
Net book value					
At 31 December 2020	5,000	44,870	725	12,015	62,610
At 31 December 2019	6,428	89,256	725	32,309	128,718

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

14. Debtors

	2020 £	2019 £
Due after more than one year		
Prepayments and accrued income	<u>426,976</u>	<u>-</u>
	2020 £	2019 £
Due within one year		
Trade debtors	1,541,099	1,495,285
Amounts owed by group undertakings	43,615,195	37,100,544
Prepayments and accrued income	429,987	706,477
	<u>45,586,281</u>	<u>39,302,306</u>

The impairment charge recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £132,404 (2019 - gain of £398,341).

15. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	579,538	557,036
Amounts owed to group undertakings	60,505,383	49,723,690
Other taxation and social security	561,208	260,948
Other creditors	4,029	567
Accruals and deferred income	558,130	576,915
	<u>62,208,288</u>	<u>51,119,156</u>

16. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other creditors	<u>182,526</u>	<u>-</u>

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

17. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>45,700,456</u>	<u>38,971,630</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(61,712,512)</u>	<u>(50,858,207)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash at bank and in hand, accrued income, trade debtors, other debtors and amounts owed to group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group undertakings and accruals.

18. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

19. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued. The ordinary shares each carry one voting right.

Capital contribution reserve

Capital contribution represents the consideration given to the entity in exchange for an equity interest.

Share based payment reserve

Share based payment reserve represents the value of vested units granted under TMA Solutions L.P. Profits Interest Plan to employees of MAPP Digital UK Limited.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Mapp Digital UK Ltd

Notes to the Financial Statements For the Year Ended 31 December 2020

20. Analysis of net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	375,801	130,944	506,745

21. 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 the fund and amounted to £146,146 (2019 - £140,546). Contributions totalling £27,936 (2019 - £21,549) were payable to the fund at the reporting date and are included in creditors.

22. 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 £
Within one year	492,730	205,976
Between two and five years	2,287,654	5,120
	<u>2,780,384</u>	<u>211,096</u>

23. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 192 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertakings of the group.

24. Ultimate parent and controlling party

The immediate parent company is MEME UK Holdings Ltd, a company incorporated in England and Wales and registered at 95 Gresham Street, 6th Floor, London, EC2V 7NA.

The company's ultimate parent company is TMA Solutions L.P., which is registered in the Cayman Islands.

As at 31 December 2020 the smallest group in which the results are consolidated is that headed by MEME Global Holdings Ltd and the largest group in which the results are consolidated is that headed by TMA Solutions L.P. MEME Global Holdings Limited is registered in the Cayman Islands.