

Financial Statements
for the Year Ended 31 December 2022
for
DMC Digital Limited

Contents of the Financial Statements
for the Year Ended 31 December 2022

	Page
Company Information	1
Balance Sheet	2
Notes to the Financial Statements	3

DMC Digital Limited
Company Information
for the Year Ended 31 December 2022

DIRECTOR: Hervé Lemoine

REGISTERED OFFICE: 3rd Floor
The Old Pump House
19 Hooper street
Aldgate
London
E1 8BU

REGISTERED NUMBER: 05432867 (England and Wales)

INDEPENDENT AUDITORS: SKS Audit LLP
3 Sheen Road
Richmond Upon Thames
TW9 1AD

Balance Sheet
31 December 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	5	241,199	225,131
Tangible assets	6	<u>87,192</u>	<u>71,910</u>
		<u>328,391</u>	<u>297,041</u>
CURRENT ASSETS			
Debtors	7	419,504	391,996
Cash at bank		<u>48,069</u>	<u>49,536</u>
		467,573	441,532
CREDITORS			
Amounts falling due within one year	8	<u>(199,780)</u>	<u>(264,519)</u>
NET CURRENT ASSETS		<u>267,793</u>	<u>177,013</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		596,184	474,054
CREDITORS			
Amounts falling due after more than one year	9	(2,472,677)	(1,840,812)
PROVISIONS FOR LIABILITIES	10	<u>(21,100)</u>	<u>(16,100)</u>
NET LIABILITIES		<u>(1,897,593)</u>	<u>(1,382,858)</u>
CAPITAL AND RESERVES			
Called up share capital	11	22	22
Retained earnings		<u>(1,897,615)</u>	<u>(1,382,880)</u>
SHAREHOLDERS' FUNDS		<u>(1,897,593)</u>	<u>(1,382,858)</u>

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

In accordance with Section 444 of the Companies Act 2006, the Profit and Loss has not been delivered.

The financial statements were approved by the director and authorised for issue on 29 September 2023 and were signed by:

Hervé Lemoine - Director

Notes to the Financial Statements
for the Year Ended 31 December 2022

1. **Statutory information**

DMC Digital Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the [Company Information page](#).

The presentation currency of the financial statements is the Pound Sterling (£).

2. **Accounting policies**

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

GOING CONCERN

The Directors have addressed the risks associated with the current economic conditions as set out in the directors' report.

The economic impact on the business due to the cost of living with soaring energy and fuel prices, due to Russia's full-scale invasion of Ukraine in February 2022, pushing up inflation to a 40 year high. The UK's financial recovery is subject to a high level of uncertainty with the full range of possible effects unknown. Management accounts have been reviewed for the period following the balance sheet date, paying attention to the prospective cash position in a variety of scenarios.

Whilst there is evidence to suggest the negative balance sheet position will continue, the use of the going concern is considered appropriate as the ultimate controlling party continues to provide financial support to the company and has agreed to continue to do so for 12 months from the date of approval of these financial statements, enabling the company to meet all its third party obligations as they fall due. This is considered appropriate as taking into account the intentions and means of the ultimate controlling party.

As such, the financial statements have been prepared on a going concern basis which forecasts that the Company will be able to meet its financial obligations for a period of at least 12 months from the date of this financial report.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. **Accounting policies - continued**

TURNOVER

Turnover represents amounts receivable for services net of VAT and trade discounts.

The main turnover stream is derived from clicks from the company's website or newsletters through to client's websites on a per click basis. Turnover is recognised monthly based on the activity for the past month at an agreed per click rate with the clients providing activity is no more than the booked value included on the insertion order form.

Turnover is also derived from the display of third party advertisements on the company's websites and newsletter. Display advertising revenue is either recognised based on the number of page impressions providing the delivered impressions are no more than those booked on the insertion order or at an agreed fixed fee with the clients.

A small proportion of clients are self-billing. These client's produce their own bill based on their own terms and do not sign an insertion order. Revenue from these client's is recognised monthly based on activity reports generated using online portals. These invoices are agreed back to payments received from these clients.

INTANGIBLE ASSETS

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Intangible assets comprise of development costs to develop new features and functionalities relating to its website. Identifiable development expenditure is capitalised as intangible asset to the extent that the technical, commercial and financial feasibility can be demonstrated. Such assets are defined as having finite useful lives and the costs are amortised on a straight line basis over their estimated useful lives. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

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

Development Costs Over 3 years

IMPAIRMENT OF FIXED ASSETS

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

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. **Accounting policies - continued**

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

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

TANGIBLE FIXED ASSETS

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

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

Leasehold improvements	20% straight line on cost
Plant and machinery	33% straight line on cost
Fixtures, fittings & equipment	20% straight line on cost
Computer equipment	33% straight line on cost

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

TAXATION

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. **Accounting policies - continued**

CASH AND CASH EQUIVALENT

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.

TRADE DEBTORS

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

TRADE CREDITORS

Trade creditors are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

FINANCIAL INSTRUMENTS

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

BASIC FINANCIAL ASSETS

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

CLASSIFICATION OF FINANCIAL LIABILITIES

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

BASIC FINANCIAL LIABILITIES

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. **Accounting policies - continued**

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

EMPLOYEE BENEFITS

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

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

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

RETIREMENT BENEFITS

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

SHARE CAPITAL

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. **Employees and directors**

The average number of employees during the year was 10 (2021 - 12) .

4. **Auditors' remuneration**

	2022	2021
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>9,000</u>	<u>9,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

5. **Intangible fixed assets**

	Development costs £
COST	
At 1 January 2022	953,488
Additions	241,200
At 31 December 2022	<u>1,194,688</u>
AMORTISATION	
At 1 January 2022	728,357
Amortisation for year	225,132
At 31 December 2022	<u>953,489</u>
NET BOOK VALUE	
At 31 December 2022	<u>241,199</u>
At 31 December 2021	<u>225,131</u>

6. **Tangible fixed assets**

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2022	35,389	614,912	41,839	151,560	843,700
Additions	-	62,830	9,818	5,452	78,100
At 31 December 2022	<u>35,389</u>	<u>677,742</u>	<u>51,657</u>	<u>157,012</u>	<u>921,800</u>
DEPRECIATION					
At 1 January 2022	30,957	553,232	40,048	147,553	771,790
Charge for year	4,432	51,226	2,265	4,895	62,818
At 31 December 2022	<u>35,389</u>	<u>604,458</u>	<u>42,313</u>	<u>152,448</u>	<u>834,608</u>
NET BOOK VALUE					
At 31 December 2022	<u>-</u>	<u>73,284</u>	<u>9,344</u>	<u>4,564</u>	<u>87,192</u>
At 31 December 2021	<u>4,432</u>	<u>61,680</u>	<u>1,791</u>	<u>4,007</u>	<u>71,910</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

7.	Debtors: amounts falling due within one year	2022	2021
		£	£
	Trade debtors	240,975	242,004
	Other debtors	60,094	49,264
	Corporation tax repayable	44,157	64,510
	Prepayments and accrued income	74,278	36,218
		<u>419,504</u>	<u>391,996</u>
8.	Creditors: amounts falling due within one year	2022	2021
		£	£
	Trade creditors	65,085	103,244
	Social security and other tax	17,648	15,692
	VAT	40,826	43,434
	Other creditors	660	793
	Accruals and deferred income	75,561	101,356
		<u>199,780</u>	<u>264,519</u>
9.	Creditors: amounts falling due after more than one year	2022	2021
		£	£
	Amt due to group undertakings	<u>2,472,677</u>	<u>1,840,812</u>
10.	Provisions for liabilities	2022	2021
		£	£
	Deferred tax	<u>21,100</u>	<u>16,100</u>
			Deferred tax
			£
	Balance at 1 January 2022		16,100
	Provided during year		<u>5,000</u>
	Balance at 31 December 2022		<u>21,100</u>

The deferred tax Liability set out above is expected to reverse in near future and relates to accelerated capital allowances that are expected to mature within the same period

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

11. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2022 £	2021 £
1,000	A Ordinary shares	0.01	10	10
1,200	B Ordinary shares	0.01	12	12
			<u>22</u>	<u>22</u>

12. Disclosure under Section 444(5B) of the Companies Act 2006

The Auditors' Report was unqualified.

We bring to the attention of the users of this report the directors' consideration of the specific likely effect on the company as set out in the Director's Report and the Going concern accounting policy at note 2.1. Specifically of note is the fact that the group relies on the financial support of the ultimate controlling party. We have not qualified our report as result of this uncertainty.

James Foscett (Senior Statutory Auditor)
for and on behalf of SKS Audit LLP

13. Related party disclosures

At the Balance sheet date the company owed £2,472,677 (2021- £1,840,812) to Webedia group, the parent company. This amount is repayable after more than one year, shown as per Note 10.

During the year the parent company, Webedia group has charged this company management charge of £14,196 (2021- £93,189) and interest of £54,597 (2021- £35,204). Easyvoyage, a fellow subsidiary of Webedia has charged this company management charge of £24,365 (2021- £76,284).

14. Ultimate controlling party

The ultimate parent company is Webedia Group SAS, a company incorporated in France.

It's registered office and principle place of business is at 2, rue Paul Vaillant-Couturier, 92300 Levallois-Perret,, France.

15. Operating lease commitments

Lessee

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

		2022	2021
£	£		
Within one year		93,330	67,838
Between one to five years		171,105	-
Total		<u>264,435</u>	<u>67,838</u>

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