
Byte London Limited

Annual report and financial statements

For the Year Ended 31 December 2021

Byte London Limited

Company Information

Directors	J A Kenny A G Miller F L Schmid (appointed 11 February 2021)
Registered number	08782065
Registered office	6th Floor Charlotte Building 17 Gresse Street London W1T 1QL
Independent auditors	Hurst Accountants Limited Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD

Byte London Limited

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Strategic Report
For the Year Ended 31 December 2021

Introduction

The directors present the strategic report for the year ended 31 December 2021.

Byte is a fast-growing marketing technology agency that combines technology with creativity, data and paid media to help scale brands' returns across digital platforms. Byte achieves this through a variety of marketing solutions like ad campaigns, content production, AR lenses, automation and chatbots.

On 11 February 2021, BYTE Club Limited completed the sale of 100% of the shares and ultimate control of the company to Dept UK Holding Ltd. Backed by investment firm The Carlyle Group, DEPT® is one of the fastest growing digital agencies in the world, driven by organic growth and acquisitions. This sale will enable Byte to accelerate global growth and supercharge its tech offer.

Business review

2021 has been a year of change at Byte, considering the impact of COVID-19 and the sale to Dept.

Turnover for London has decreased by £5.8m to £17.9m in 2021, a decrease of 24% from 2020. This was mainly due to reduced media pass through costs.

Gross profit, which internally we refer to as 'net income', however has increased by £416k in 2021.

Administrative expenses over the year increased by £1.25m from 2020. £0.361m of this increase is associated with being part of the Dept group. A £1.15m exceptional administrative charge was recorded for legal and professional fees associated with the sale to Dept.

Byte has continued to invest in R&D, developing in-house tools which drive performance and margin, as well as bespoke external products for key clients.

Overall, the group profit before tax decreased from £2.2m in 2020 to £0.082m in 2021.

Byte has also maintained a strong cash flow position and operates with no debt, other than trade creditors.

Principal risks and uncertainties

Currency Risk

As the group operates across the UK, EMEA & USA the group operates with multiple currencies and is subject to the volatility of the exchange rates between them. We attempt to manage this by keeping transactions invoiced & paid in the same currency, as well as managing when we make inter-currency transfers.

COVID-19

During 2021 the global COVID-19 pandemic continued to impact all aspects of life in the United Kingdom. Byte continues to assess the potential impact of the pandemic, applying various scenarios and taking a range of mitigating measures to ensure business continuity with a focus on people, operations, suppliers and finance.

As part of the UK's management policy, Byte took the required measures, and closely followed the guidelines laid down by the U.K. health authorities. The Group took several risk mitigating measures to guarantee the continuity of operations, such as ensuring that all employees remained safe and were able to effectively work from home, intensifying working capital and cash management and cost reductions, as well as proactive contact with customers.

Byte London Limited

**Strategic Report (continued)
For the Year Ended 31 December 2021**

Financial key performance indicators

The group uses several key performance indicators across the financial statements. These include but are not limited to; turnover, net income, staff costs and adjusted EBITDA. The group refers to net income as all income after media spend and production costs.

This report was approved by the board and signed on its behalf.

F L Schmid
Director

Date: 26 September 2022

Directors' Report
For the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £90,302 (2020 - £1,805,778).

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

J A Kenny
A G Miller
F L Schmid (appointed 11 February 2021)

Future developments

There are no future developments to note.

Directors' Report (continued)
For the Year Ended 31 December 2021

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Hurst Accountants Limited, were appointed in the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

F L Schmid
Director

Date: 26 September 2022

Independent auditors' report to the members of Byte London Limited

Opinion

We have audited the financial statements of Byte London Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 Financial Reporting Standard 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 Company's affairs as at 31 December 2021 and of its 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

We have nothing to report in this regard.

Independent auditors' report to the members of Byte London Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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 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 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 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 set out on page 3, 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.

Independent auditors' report to the members of Byte London Limited (continued)

Auditors' 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 Auditors' 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.

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:

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector in which the company operates; the control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- The outcome of enquiries of local management and parent company management, including whether management was aware of any instances of non-compliance with laws and regulations, and whether management had knowledge of any actual, suspected, or alleged fraud.
- Supporting documentation relating to the Company's policies and procedures for:
 - Identifying, evaluating, and complying with laws and regulations
 - Detecting and responding to the risks of fraud
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- The outcome of discussions amongst the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.
- The legal and regulatory framework in which the Company operates, particularly those laws and regulations which have a direct effect on the financial statements, such as the Companies Act 2006, pensions and tax legislation, or which had a fundamental effect on the operations of the Company, including General Data Protection requirements, and Anti-bribery and Corruption.

Audit response to risks identified

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with the provisions of those relevant laws and regulations which have a direct effect on the financial statements.
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities.
- Enquiring of management about any actual and potential litigation and claims.
- Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of material misstatement due to fraud.

We have also considered the risk of fraud through management override of controls by:

- Testing the appropriateness of journal entries and other adjustments.
- Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent auditors' report to the members of Byte London Limited (continued)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations are from the events and transactions reflected in the financial statements, the less likely we would become aware of them. Also, 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 or intentional misrepresentations, or through collusion.

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

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 Auditors' 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.

Anthony Woodings (Senior statutory auditor)

for and on behalf of

Hurst Accountants Limited

Chartered Accountants

Statutory Auditors

Lancashire Gate

21 Tiviot Dale

Stockport

Cheshire

SK1 1TD

26 September 2022

Byte London Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2021

	Note	2021 £	As restated 2020 £
Turnover	4	17,905,770	23,741,260
Cost of sales		(12,412,381)	(18,664,049)
Gross profit		5,493,389	5,077,211
Administrative expenses		(4,260,752)	(3,009,362)
Exceptional administrative expenses	13	(1,150,140)	-
Other operating income	5	-	143,529
Operating profit	6	82,497	2,211,378
Interest receivable and similar income	10	158	1,933
Interest payable and similar expenses	11	-	(739)
Profit before tax		82,655	2,212,572
Tax on profit	12	7,647	(406,794)
Profit for the financial year		90,302	1,805,778
Other comprehensive income for the year			
Total comprehensive income for the year		90,302	1,805,778

The notes on pages 12 to 25 form part of these financial statements.

Byte London Limited
Registered number: 08782065

Balance Sheet
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	<u>133,711</u>	<u>148,391</u>
		133,711	148,391
Current assets			
Debtors: amounts falling due within one year	15	3,293,426	4,803,045
Cash at bank and in hand	16	<u>3,434,315</u>	<u>4,238,443</u>
		6,727,741	9,041,488
Creditors: amounts falling due within one year	17	<u>(2,291,556)</u>	<u>(4,520,030)</u>
Net current assets		<u>4,436,185</u>	<u>4,521,458</u>
Total assets less current liabilities		4,569,896	4,669,849
Creditors: amounts falling due after more than one year	18	-	(104,168)
Provisions for liabilities			
Deferred tax	19	(14,791)	(22,438)
Other provisions	20	<u>-</u>	<u>(78,440)</u>
		(14,791)	(100,878)
Net assets		<u><u>4,555,105</u></u>	<u><u>4,464,803</u></u>
Capital and reserves			
Called up share capital	21	211	211
Profit and loss account	22	<u>4,554,894</u>	<u>4,464,592</u>
		<u>4,555,105</u>	<u>4,464,803</u>

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

F L Schmid
Director

Date: 26 September 2022

Byte London Limited

Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	211	2,658,814	2,659,025
Comprehensive income for the year			
Profit for the year	-	1,805,778	1,805,778
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,805,778	1,805,778
At 1 January 2021	211	4,464,592	4,464,803
Comprehensive income for the year			
Profit for the year	-	90,302	90,302
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	90,302	90,302
At 31 December 2021	<u>211</u>	<u>4,554,894</u>	<u>4,555,105</u>

The notes on pages 12 to 25 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 December 2021

1. General information

Byte London Limited is a private company limited by shares, incorporated in England and Wales. The address of the registered office is 6th Floor, Charlotte Building, 17 Gresse Street, London, W1T 1QL. The nature of the Company's operations and its principal activities are that of operating as a marketing technology agency.

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 comparative wages and salaries figures have been reclassified to show the billable salary costs within cost of sales. In the prior year accounts all wages and salary costs were shown within administrative expenses. The amount reclassified is £3,210,392, there is no affect on the recorded profit as a result of this reclassification.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Digital Subholding B.V. as at 31 December 2021 and these financial statements may be obtained from Generaal Vetterstraat 66, 1059 BW, Amsterdam, The Netherlands.

Notes to the Financial Statements
For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.3 Going concern

The group has prepared the financial statements for the financial year ending 31st December 2021 on a going concern basis which assumes continuity of current business activities and the realisation of assets and settlement of liabilities in the ordinary course of business

The group headed by Digital Agency Subholding B.V. has prepared financial forecasts for FY22 & 23 and the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis, based on these forecasts and the following:

- On June 7, 2022, the group agreed measures to strengthen its liquidity and cash preservation including a new EUR 150,000,000 Senior Financing Facility that will be provided by CVC - one of the world's largest credit providers and private equity firms.
- Earlier in the year, the group increased its revolving credit facility from EUR 10,000,000 to EUR 30,000,000 to anticipate short term cash need and have sufficient capacity for any volatility in the market.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

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

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

Notes to the Financial Statements
For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.5 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:

Rendering of services

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

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

2.6 Government grants

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Interest income

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

2.8 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.

2.9 Pensions

Defined contribution pension plan

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

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

Notes to the Financial Statements
For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 balance sheet date in the countries where the Company operates and generates income.

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

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	-		Straight line over life of lease
Fixtures, fittings & equipment	-	20%	Straight line
Computer equipment	-	33%	Straight line

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.

Notes to the Financial Statements
For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

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

2.15 Creditors

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

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

Notes to the Financial Statements
For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.17 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.

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

In the year, a provision made for property dilapidations has been released as no longer required.

Byte London Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

4. Turnover

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

	2021	2020
	£	£
Sales of Services	14,148,977	9,679,161
Sales of Media	3,756,793	13,474,000
Management charge	-	588,099
	<u>17,905,770</u>	<u>23,741,260</u>

Analysis of turnover by country of destination:

	2021	2020
	£	£
United Kingdom	14,461,291	14,242,376
Ireland & Europe	2,157,769	5,524,032
Rest of the world	1,286,710	3,974,852
	<u>17,905,770</u>	<u>23,741,260</u>

5. Other operating income

	2021	2020
	£	£
Other operating income	-	1,391
Government grants receivable	-	142,138
	<u>-</u>	<u>143,529</u>

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Exchange differences	<u>8,492</u>	<u>5,403</u>

Byte London Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

7. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>17,000</u>	<u>25,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021	2020
	£	£
Wages and salaries	4,653,253	3,637,732
Social security costs	571,073	395,792
Cost of defined contribution scheme	120,474	179,159
	<u>5,344,800</u>	<u>4,212,683</u>

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

	2021	2020
	No.	No.
Staff	<u>115</u>	<u>87</u>

9. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	<u>299,026</u>	<u>17,813</u>

The highest paid director received remuneration of £149,573 (2020 - £17,813).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2020 - £NIL).

Byte London Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

10. Interest receivable

	2021	2020
	£	£
Other interest receivable	<u>158</u>	<u>1,933</u>

11. Interest payable and similar expenses

	2021	2020
	£	£
Bank interest payable	<u>-</u>	<u>739</u>

12. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on profits for the year	<u>-</u>	<u>417,200</u>
Deferred tax		
Origination and reversal of timing differences	<u>(7,647)</u>	<u>(10,406)</u>
Taxation on (loss)/profit on ordinary activities	<u>(7,647)</u>	<u>406,794</u>

Notes to the Financial Statements
For the Year Ended 31 December 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>82,655</u>	<u>2,212,572</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	15,704	420,389
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	240,728	73,262
Capital allowances for year in excess of depreciation	-	(10,311)
Deferred tax	(2,721)	(10,406)
Other timing differences leading to an increase (decrease) in taxation	(186)	(373)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	(85,660)
Changes in provisions leading to an increase (decrease) in the tax charge	(29,168)	19,670
Super-deduction pool adjustment	(3,855)	-
Other differences leading to an increase (decrease) in the tax charge	-	223
Group relief	(228,149)	-
Total tax charge for the year	<u>(7,647)</u>	<u>406,794</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Exceptional items

	2021 £	2020 £
Dilapidations	(78,440)	-
Legal fees	1,228,580	-
	<u>1,150,140</u>	<u>-</u>

Exceptional items relate to the release of the dilapidations provision £78,440 (see Note 20) and the legal costs incurred on the sale to Dept £1,228,580.

Notes to the Financial Statements
For the Year Ended 31 December 2021

14. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2021	271,205	60,186	201,469	532,860
Additions	-	108,376	-	108,376
Disposals	(271,205)	(24,182)	-	(295,387)
Transfers between classes	-	201,469	(201,469)	-
At 31 December 2021	-	345,849	-	345,849
Depreciation				
At 1 January 2021	220,380	34,230	129,859	384,469
Charge for the year on owned assets	50,825	72,231	-	123,056
Disposals	(271,205)	(24,182)	-	(295,387)
Transfers between classes	-	129,859	(129,859)	-
At 31 December 2021	-	212,138	-	212,138
Net book value				
At 31 December 2021	-	133,711	-	133,711
<i>At 31 December 2020</i>	<i>50,825</i>	<i>25,956</i>	<i>71,610</i>	<i>148,391</i>

Byte London Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

15. Debtors

	2021 £	2020 £
Trade debtors	1,544,164	2,396,764
Amounts owed by group undertakings	557,411	-
Other debtors	218,235	1,950,067
Prepayments and accrued income	841,409	456,214
Tax recoverable	132,207	-
	<u>3,293,426</u>	<u>4,803,045</u>

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>3,434,315</u>	<u>4,238,443</u>

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	341,284	695,506
Amounts owed to group undertakings	285,747	109,971
Corporation tax	-	116,988
Other taxation and social security	535,102	682,912
Other creditors	77,924	75,759
Accruals and deferred income	1,051,499	2,838,894
	<u>2,291,556</u>	<u>4,520,030</u>

18. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other creditors	<u>-</u>	<u>104,168</u>

Byte London Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

19. Deferred taxation

	2021 £	2020 £
At beginning of year	22,438	32,844
Charged to profit or loss	(7,647)	(10,406)
At end of year	14,791	22,438

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	14,791	22,438
	14,791	22,438

20. Provisions

	Dilapidations £
At 1 January 2021	78,440
Credited to profit or loss	(78,440)
At 31 December 2021	-

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
21,076 (2020 - 21,076) Ordinary shares of £0.01 each	211	211

22. Reserves

Profit and loss account

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

Notes to the Financial Statements
For the Year Ended 31 December 2021

23. Pension commitments

The Company operates a defined contributions 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 £120,474 (2020: £179,159). Contributions totalling £55,865 (2020: £55,981) were payable to the fund at the reporting date and are included in creditors.

24. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£	£
Not later than 1 year	<u>713,204</u>	<u>184,161</u>

25. Controlling party

The immediate parent undertaking is Byte Club Limited, a company registered in England and Wales, company number 10152012.

The smallest group for which consolidated accounts are prepared is Digital Agency Subholding B.V., a company registered in The Netherlands at Generaal Vetterstraat 66, 1059 BW, Amsterdam, The Netherlands.

The Carlyle Group Inc. is the ultimate parent undertaking.

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