

Supponor Limited

Financial Statements

Year Ended

30 June 2020

Company Number 07517715

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Supponor Limited
Registered number:07517715

Statement of Financial Position
As at 30 June 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	7		1,347,054		619,983
Current assets					
Stocks	8	-		33,840	
Debtors: amounts falling due within one year	9	3,744,343		977,131	
Cash at bank and in hand		545,416		73,097	
		4,289,759		1,084,068	
Creditors: amounts falling due within one year	10	(34,700,805)		(28,068,030)	
Net current liabilities			(30,411,046)		(26,983,962)
Total assets less current liabilities			(29,063,992)		(26,363,979)
Creditors: amounts falling due after more than one year	11		(58,425)		(111,951)
Net liabilities			(29,122,417)		(26,475,930)
Capital and reserves					
Called up share capital	13		200		200
Share based payment reserve			693,287		613,861
Profit and loss account			(29,815,904)		(27,089,991)
Total equity			(29,122,417)		(26,475,930)

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

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

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

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


J B Gambrell
 Director

The notes on pages 9 to 18 form part of these financial statements.

Supponor Limited

Statement of Changes in Equity For the Year Ended 30 June 2020

	Called up share capital	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2019	200	613,861	(27,089,991)	(26,475,930)
Comprehensive loss for the year				
Loss for the year	-	-	(2,725,913)	(2,725,913)
Total comprehensive loss for the year	-	-	(2,725,913)	(2,725,913)
Capital contribution for share options	-	79,426	-	79,426
At 30 June 2020	200	693,287	(29,815,904)	(29,122,417)

Statement of Changes in Equity For the Year Ended 30 June 2019

	Called up share capital	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2018	200	547,958	(25,028,086)	(24,479,928)
Comprehensive loss for the year				
Loss for the year	-	-	(2,061,905)	(2,061,905)
Total comprehensive loss for the year	-	-	(2,061,905)	(2,061,905)
Capital contribution for share options	-	65,903	-	65,903
Total transactions with owners	-	65,903	-	65,903
At 30 June 2019	200	613,861	(27,089,991)	(26,475,930)

The notes on pages 9 to 18 form part of these financial statements.

Supponor Limited

Notes to the Financial Statements For the Year Ended 30 June 2020

1. General information

Supponor Limited 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 1 Lyric Square, Office 9.04, London, England, W6 0NB.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The 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:

Supponor Limited

Notes to the Financial Statements For the Year Ended 30 June 2020

2. Accounting policies (continued)

2.2 Going concern

The financial statements have been prepared on the going concern basis, which assumes that the company will have sufficient working capital facilities to enable it to continue in business for the foreseeable future. In reaching this conclusion the directors have considered the financial forecasts of the company and the availability of support from the ultimate parent company for any future funds required by the company and have confirmed that amounts due to the ultimate parent company totalling £28,284,013 (2019 -£22,264,038) will not be called upon for a period of at least 12 months from approval of these financial statements unless the company has the facility within its cash flow to do so.

The ultimate parent company secured shareholder investment before the outbreak of Covid-19, €4.0m. This investment, in conjunction with the work the group had undertaken in the development of its business model, designed to lower its costs of delivery and scale with a lower level of working capital, enabled the business to weather the impact of the Covid-19 pandemic and position itself for future growth. The benefit of the group's long-term commercial contracts and the swift actions taken to reduce costs resulted in the business reporting a lower group operating loss for the year than in 2019.

The group has prepared forecasts to March 2022, which indicate that it will not require additional investment funding during that period to continue to operate, however this is based on the conversion of a large contract on expected terms in line with expected timescales and further pipeline conversions in line with expectations. Should this contract not be converted as expected, the group may be required to obtain additional external financing or reduce operating costs in order to continue to operate.

However, as is the nature of financial forecasts there is a degree of uncertainty in their delivery which may lead to the group requiring additional investment to support its operations, based on this there is an uncertainty that the ultimate parent company will be able to continue to support the company and therefore a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have concluded that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and are satisfied that there is sufficient strength of interest from customers and potential investors in the business. For these reasons, and the group's long history of successfully raising significant amounts of capital over the years, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not reflect the adjustments that would be required if the company ceased to operate as a going concern.

2.3 Revenue

The company principally obtains its revenues through the provision of its technology solutions under licence to rights holders, broadcasters, agencies and brands. In addition revenues are also generated from services supporting the company's technology solutions.

Revenue obtained under licence agreements is recognised on a straight line basis over the term of the licence. Revenue generated through support services is recognised when they are invoices to the customer. All revenue is stated exclusive of Value Added Tax.

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Notes to the Financial Statements For the Year Ended 30 June 2020

2. Accounting policies (continued)

2.4 Foreign currency translation

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position dates. Any differences are taken to the statement of comprehensive income.

2.5 Finance costs

Finance costs are charged to the statement of comprehensive income 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.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

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

Over the last 4 years the group has expensed software development costs, including costs to research and develop software products or the software component of products to be deployed, as technological and commercial feasibility is typically reached shortly before the release of such products. The Board considers this to have been the most appropriate approach over the last 4 years whilst it has been developing its software for deployment. However, the board continues to review the policy to assess whether the capitalisation of costs in the future is appropriate.

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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:

Software development costs	-	4 years
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Supponor Limited

Notes to the Financial Statements For the Year Ended 30 June 2020

2. Accounting policies (continued)

2.8 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.

The estimated useful lives range as follows:

Motor vehicles	- 3 years
Digital Billboard equipment	- 4 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 the statement of comprehensive income.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value.

2.10 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.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand.

2.12 Financial instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The company's cash at bank and in hand and trade and other debtors and its trade and other creditors and bank overdrafts are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

2.13 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.

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Notes to the Financial Statements For the Year Ended 30 June 2020

2. Accounting policies (continued)

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

2.15 Pensions

Defined contribution pension plan

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

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

2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.17 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.18 Current and deferred taxation

Tax is recognised in the statement of comprehensive income, 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.

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.

Supponor Limited

Notes to the Financial Statements For the Year Ended 30 June 2020

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

In preparing these financial statements, the director has made the following judgements:

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- As more fully explained in note 2.2 the preparation of these financial statements on a going concern basis is a judgement by the directors.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 7)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Employees

The average monthly number of employees, including directors, during the year was 12 (2019 - 10).

5. Taxation

There was no R & D claim for 2020 (2019 - £265,560).

Factors that may affect future tax charges

The company has tax losses of £35.5m (2019 - £30.8m) available to carry forward and utilise against future profits. No deferred tax asset has been recognised in respect of these losses as timing of their use is uncertain.

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Notes to the Financial Statements For the Year Ended 30 June 2020

6. Intangible assets

	Software development projects £
Cost	
At 1 July 2019	330,158
At 30 June 2020	<u>330,158</u>
Amortisation	
At 1 July 2019	330,158
At 30 June 2020	<u>330,158</u>
Net book value	
At 30 June 2020	<u><u>-</u></u>
At 30 June 2019	<u><u>-</u></u>

Supponsor Limited

Notes to the Financial Statements For the Year Ended 30 June 2020

7. Tangible fixed assets

	Motor vehicles £	Digital billboard equipment £	Total £
Cost			
At 1 July 2019	198,445	1,318,662	1,517,107
Additions	-	969,302	969,302
At 30 June 2020	198,445	2,287,964	2,486,409
Depreciation			
At 1 July 2019	38,587	858,537	897,124
Charge for the year	-	186,873	186,873
Charge for the year on financed assets	55,358	-	55,358
At 30 June 2020	93,945	1,045,410	1,139,355
Net book value			
At 30 June 2020	104,500	1,242,554	1,347,054
At 30 June 2019	159,858	460,125	619,983

The net book value of assets under finance leases is £104,500 (2019 - £159,858).

8. Stocks

	2020 £	2019 £
Finished goods and goods for resale	-	33,840
	-	33,840

There is no material difference between the replacement cost of stocks and the amounts stated above.

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Notes to the Financial Statements For the Year Ended 30 June 2020

9. Debtors: amounts falling due within one year

	2020 £	2019 £
Trade debtors	218,462	704,478
Amounts owed by group undertakings	3,071,462	-
Other debtors	92,107	166,741
Prepayments and accrued income	362,312	105,912
	<u>3,744,343</u>	<u>977,131</u>

10. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	572,457	707,099
Amounts owed to group undertakings	33,322,614	26,636,603
Other taxation and social security	165,896	69,341
Obligations under finance lease and hire purchase contracts	66,042	58,485
Other creditors	261,743	210,284
Accruals and deferred income	312,053	386,218
	<u>34,700,805</u>	<u>28,068,030</u>

Amounts owed to group undertakings are interest free and repayable on demand. No security has been provided on this amount.

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

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	<u>58,425</u>	<u>111,951</u>

Finance leases are secured on the assets to which they relate.

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Notes to the Financial Statements For the Year Ended 30 June 2020

12. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	66,042	58,485
Between 1-5 years	58,425	111,951
	<u>124,467</u>	<u>170,436</u>

13. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
200 ordinary shares of £1 each	200	200

14. Share based payments

The company participates in the group share based payment plan of its ultimate parent company, Supponor Holding Limited. A share based remuneration charge of £79,426 (2019 - £65,903) has been recognised during the year. The allocation of the group share-based remuneration charge attributable to the company has been identified on the basis of the number of share options granted to the employees of the company.

15. 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 £54,346 (2019 - £53,208). Contributions totalling £4,291 (2019 - £Nil) were payable to the fund at the reporting date and are included in creditors.

16. Related party transactions

The company is a wholly owned subsidiary of Supponor Holding Limited and has taken advantage of the available exemption conferred by section 33.1A of FRS 102 not to disclose transactions with group members due to consolidated accounts being publicly available.

During the year the the company made purchases of £71,707 (2019 - £50,656) from Jamus Business Group Limited, a company controlled by J B Gambrell. At the year end a creditor of £6,777 (2019 - £16,669) was payable.

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Notes to the Financial Statements For the Year Ended 30 June 2020

17. Ultimate parent undertaking and controlling party

At the statement of financial position date the company's immediate parent is Supponor Oy, incorporated in Finland. The ultimate parent company was Supponor Holding Limited whose registered office is 1 Lyric Square, Office 9.04, London, England, W6 0NB. The smallest and largest group in which these accounts are consolidated is Supponor Holding Limited. In the opinion of the directors there is no ultimate controlling party.

18. Auditor's information

The auditor's report on the financial statements for the year ended 30 June 2020 was unqualified.

In their report, the auditor emphasised the following matter without qualifying their report:

Material uncertainty related to going concern

We draw attention to note 2.2 to the financial statements, which indicates the directors' considerations regarding the going concern of the company, including the fact that there is an uncertainty about the ultimate parent company's ability to continue to support the company. As stated in note 2.2, these conditions indicate that 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.

The audit report was signed on 10 March 2021 by Neil Dimes (Senior Statutory Auditor) on behalf of BDO LLP.