

Company Registration No. 10063271 (England and Wales)

DESIGNSTUDIO GROUP LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022



DESIGNSTUDIO GROUP LTD

COMPANY INFORMATION

Directors	P Stafford B Wright
Company number	10063271
Registered office	12-16 Clerkenwell Road London England EC1M 5PQ
Auditor	Ballards LLP Oakmoore Court 11c Kingswood Road Hampton Lovett Droitwich Worcestershire WR9 0QH

DESIGNSTUDIO GROUP LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

DesignStudio Group Ltd provides branding and creative consultancy services to clients across all sectors around the world.

Fair review of the business

The financial year ending 31 December 2022 was a successful year for DesignStudio Group Ltd.

The core company objective is to focus on winning new clients whilst continuing to service our existing client base.

Our London and Sydney studios experienced stable income levels whilst our New York studio continued to grow following a re-launch of our US offering during 2021.

Global demand for branding and creative services remained steady for the majority of the year with a slight slowdown in the 4th quarter of the year following global economic uncertainty.

As we transition into the 2023 financial year, inbound opportunities remain steady and our existing client relationships continue to provide new opportunities.

Principal risks and uncertainties

Inflationary pressures

As a consultancy business, one of DesignStudio's main costs is staff salaries. As global prices have increased, there have been pressures to increase salaries to meet the rising cost of living. DesignStudio strives to attract and retain the best talent and salaries are a key factor in that.

Economic climate

Global economic uncertainty can lead to reduced new business inbound opportunities and our existing clients facing tighter budgets. We remain competitive and committed to winning new clients and retaining existing client relationships.

DesignStudio has not been adversely affected by Brexit or the Russian invasion of Ukraine. The impact of COVID-19 has subdued during this financial year.

Exchange rate exposure

Our clients are based across the globe and our contracts are based across multiple currencies. DesignStudio monitors these currency fluctuations pricing work to ensure that the moving exchange rates won't materially impact the business.

Key performance indicators

Our core financial KPIs are income and net margins.

Group income levels have increased by 20% during the financial year. The net profit margin has decreased from 17% to 8% during the financial year.

Efforts to improve margins have been put in place for 2023.

Other performance indicators

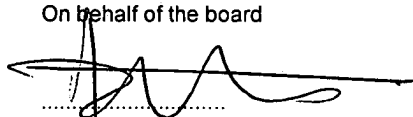
A key objective for the business is to retain high quality clients, a strong indicator of performance. DesignStudio has continued successful client relationships across its studios.

DESIGNSTUDIO GROUP LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board



B Wright
Director

Date: 27/09/23

DESIGNSTUDIO GROUP LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be that of a holding company.

The principal activity of the group continued to be that of graphic design.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £1,050,000 (2021: £1,320,000). The directors do not recommend payment of a further dividend.

Directors

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

P Stafford

B Wright

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

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

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

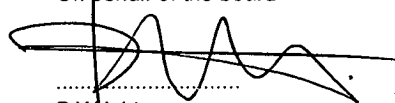
Statement of disclosure to auditor

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

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, which is not less than 12 months from the date of signing of the financial statements. As such, the accounts have been prepared on a going concern basis.

On behalf of the board



B Wright

Director

Date: 27/09/23

DESIGNSTUDIO GROUP LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESIGNSTUDIO GROUP LTD

Opinion

We have audited the financial statements of Designstudio Group Limited (the 'parent company') and its subsidiaries (the 'group' for the year ended 31 December 2022, which comprise Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Other matter

The comparative figures in these financial statements are unaudited.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 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.

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

We have nothing to report in this regard.

Opinions 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESIGNSTUDIO GROUP LTD (CONTINUED)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing 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, control environment and business performance;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to: – identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; – detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; – the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DESIGNSTUDIO GROUP LTD (CONTINUED)

Audit response to risks identified

As a result of performing the above, we identified revenue recognition as an audit matter related to the potential risk of fraud. In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the revenue recognition policies and ensuring these are in line with industry and accounting standards;
- reviewing revenue transactions to assess if they have been recognised in accordance with the stated policies; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; 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.

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.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, UK Bribery Act as well as pensions legislation and tax legislation.

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



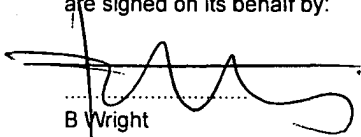
Benjamin Powell MSci ACA CTA (Senior Statutory Auditor)
For and on behalf of Ballards LLP, Statutory Auditor
Chartered Accountants
Oakmoore Court
11c Kingswood Road
Hampton Lovett Droitwich
Worcestershire, WR9 0QH

28 September 2023

DESIGNSTUDIO GROUP LTD**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	11		2,732		-
Tangible assets	12		235,036		138,188
			<u>237,768</u>		<u>138,188</u>
Current assets					
Debtors	15	4,108,729		3,206,601	
Cash at bank and in hand		1,181,314		1,093,150	
		<u>5,290,043</u>		<u>4,299,751</u>	
Creditors: amounts falling due within one year	16	<u>(2,981,823)</u>		<u>(2,525,337)</u>	
Net current assets			<u>2,308,220</u>		<u>1,774,414</u>
Total assets less current liabilities			<u>2,545,988</u>		<u>1,912,602</u>
Provisions for liabilities	18		<u>(1,649)</u>		<u>(33,269)</u>
Net assets			<u><u>2,544,339</u></u>		<u><u>1,879,333</u></u>
Capital and reserves					
Called up share capital	21		90		90
Profit and loss reserves			<u>2,544,249</u>		<u>1,879,243</u>
Total equity			<u><u>2,544,339</u></u>		<u><u>1,879,333</u></u>

The financial statements were approved by the board of directors and authorised for issue on 27/9/2023 and are signed on its behalf by:



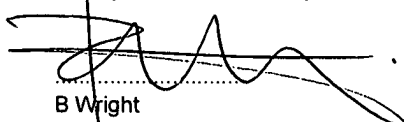
B Wright
Director

DESIGNSTUDIO GROUP LTD**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	12		1,700		3,748
Investments	13		4		4
			<u>1,704</u>		<u>3,752</u>
Current assets					
Debtors	15	664,341		667,223	
Cash at bank and in hand		14,765		25,636	
		<u>679,106</u>		<u>692,859</u>	
Creditors: amounts falling due within one year	16	<u>(629,027)</u>		<u>(666,327)</u>	
Net current assets			<u>50,079</u>		<u>26,532</u>
Total assets less current liabilities			<u>51,783</u>		<u>30,284</u>
Capital and reserves					
Called up share capital	21		90		90
Profit and loss reserves			51,693		30,194
Total equity			<u>51,783</u>		<u>30,284</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £1,071,499 (2021 - £1,279,711 profit).

The financial statements were approved by the board of directors and authorised for issue on 27/9/2023 and are signed on its behalf by:


B Wright
Director

DESIGNSTUDIO GROUP LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2021		4	1,131,885	1,131,889
Year ended 31 December 2021:				
Profit for the year		-	2,080,421	2,080,421
Other comprehensive income net of taxation:				
Currency translation differences		-	(13,063)	(13,063)
Total comprehensive income for the year		-	2,067,358	2,067,358
Dividends	10	-	(1,320,000)	(1,320,000)
Other movements		86	-	86
Balance at 31 December 2021		90	1,879,243	1,879,333
Year ended 31 December 2022:				
Profit for the year		-	1,601,986	1,601,986
Other comprehensive income net of taxation:				
Currency translation differences		-	113,020	113,020
Total comprehensive income for the year		-	1,715,006	1,715,006
Dividends	10	-	(1,050,000)	(1,050,000)
Balance at 31 December 2022		90	2,544,249	2,544,339

DESIGNSTUDIO GROUP LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2021		4	70,483	70,487
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	1,279,711	1,279,711
Dividends	10	-	(1,320,000)	(1,320,000)
Other movements		86	-	86
Balance at 31 December 2021		90	30,194	30,284
Year ended 31 December 2022:				
Profit and total comprehensive income for the year		-	1,071,499	1,071,499
Dividends	10	-	(1,050,000)	(1,050,000)
Balance at 31 December 2022		90	51,693	51,783

DESIGNSTUDIO GROUP LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	23	1,651,975		1,422,602	
Interest paid		(174)		-	
Income taxes paid		(378,850)		(231,261)	
Net cash inflow from operating activities		1,272,951		1,191,341	
Investing activities					
Purchase of intangible assets		(3,450)		-	
Purchase of tangible fixed assets		(235,658)		(132,415)	
Interest received		228		18	
Net cash used in investing activities		(238,880)		(132,397)	
Financing activities					
Dividends paid to equity shareholders		(1,050,000)		(1,320,000)	
Net cash used in financing activities		(1,050,000)		(1,320,000)	
Net decrease in cash and cash equivalents		(15,929)		(261,056)	
Cash and cash equivalents at beginning of year		1,089,020		1,361,696	
Effect of foreign exchange rates		107,603		(11,620)	
Cash and cash equivalents at end of year		1,180,694		1,089,020	
Relating to:					
Cash at bank and in hand		1,181,314		1,093,150	
Bank overdrafts included in creditors payable within one year		(620)		(4,130)	

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

DesignStudio Group Ltd ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 12-16 Clerkenwell Road, London, England, EC1M 5PQ.

The group consists of DesignStudio Group Ltd and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;

Basis of consolidation

The consolidated financial statements incorporate those of DesignStudio Group Ltd and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, which is not less than 12 months from the date of signing of the financial statements. As such, the accounts have been prepared on a going concern basis.

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Turnover

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

Fee income represents revenue earned under a wide variety of contracts to provide professional services. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Intangible fixed assets other than goodwill

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

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

Computer software	50% straight line
Domain name	20% straight line

Tangible fixed assets

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

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

Leasehold land and buildings	20% straight line
Fixtures, fittings and equipment	20% - 50% straight line
Computer equipment	50% straight line

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

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the group 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.

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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks.

Financial instruments

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

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors and amounts owed by group undertakings, 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

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

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

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

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank overdrafts and amounts owed to group undertakings, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Graphic design	14,613,192	12,180,060
	<u>14,613,192</u>	<u>12,180,060</u>
Other revenue		
Interest income	228	18
	<u>228</u>	<u>18</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	1,355,896	1,096,206
Rest of Europe	5,411,443	3,897,619
North America	4,384,099	1,827,009
South America	-	365,402
Middle East	1,225,521	243,601
Asia	1,971,544	3,897,619
Australia	264,689	852,604
	<u>14,613,192</u>	<u>12,180,060</u>

4 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Chargeable staff	87	72	-	-
Freelancer	19	22	-	-
Non-chargeable staff	19	14	16	12
	<u>125</u>	<u>108</u>	<u>16</u>	<u>12</u>
Total	125	108	16	12

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

4 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	7,568,639	5,492,364	1,333,275	1,141,083
Social security costs	784,049	553,810	170,222	140,180
Pension costs	295,540	231,892	35,263	26,202
	<u>8,648,228</u>	<u>6,278,066</u>	<u>1,538,760</u>	<u>1,307,465</u>

5 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	<u>416,400</u>	<u>416,400</u>

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

	2022 £	2021 £
Remuneration for qualifying services	<u>208,200</u>	<u>208,200</u>

6 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(239,429)	(54,812)
Depreciation of owned tangible fixed assets	144,227	110,979
Amortisation of intangible assets	718	1,629
Operating lease charges	<u>487,154</u>	<u>355,618</u>

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	<u>228</u>	<u>18</u>

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8 Interest payable and similar expenses

	2022	2021
	£	£
Other interest	174	-

9 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	474,966	474,733
Adjustments in respect of prior periods	(108,562)	(424)
Total UK current tax	366,404	474,309
Foreign current tax on profits for the current period	16,684	22,681
Total current tax	383,088	496,990
Deferred tax		
Origination and reversal of timing differences	(11,041)	10,213
Adjustment in respect of prior periods	(579)	-
Total deferred tax	(11,620)	10,213
Total tax charge	371,468	507,203

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	1,973,454	2,587,624
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	374,956	491,649
Tax effect of expenses that are not deductible in determining taxable profit	8,602	1,001
Change in unrecognised deferred tax assets	-	3,763
Adjustments in respect of prior years	(109,141)	(424)
Effect of change in corporation tax rate	(2,650)	3,185
Double tax relief	41,013	20,313
Group relief	66,764	-
Permanent capital allowances in excess of depreciation	(6,724)	(7,194)
Other permanent differences	(1,352)	195
Effect of overseas tax rates	-	(5,285)
Taxation charge	371,468	507,203

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Dividends

	2022	2021
	£	£
Recognised as distributions to equity holders:		
Final paid	1,050,000	1,320,000

11 Intangible fixed assets

Group	Computer software	Domain name	Total
	£	£	£
Cost			
At 1 January 2022	29,391	6,161	35,552
Additions	3,450	-	3,450
At 31 December 2022	32,841	6,161	39,002
Amortisation and impairment			
At 1 January 2022	29,391	6,161	35,552
Amortisation charged for the year	718	-	718
At 31 December 2022	30,109	6,161	36,270
Carrying amount			
At 31 December 2022	2,732	-	2,732
At 31 December 2021	-	-	-

The company had no intangible fixed assets at 31 December 2022 or 31 December 2021.

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets

Group	Leasehold land and buildings £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 January 2022	190,374	172,475	497,162	860,011
Additions	-	78,144	157,514	235,658
Exchange adjustments	53	1,351	7,358	8,762
At 31 December 2022	190,427	251,970	662,034	1,104,431
Depreciation and impairment				
At 1 January 2022	189,837	157,383	374,603	721,823
Depreciation charged in the year	376	11,078	132,773	144,227
Exchange adjustments	26	405	2,914	3,345
At 31 December 2022	190,239	168,866	510,290	869,395
Carrying amount				
At 31 December 2022	188	83,104	151,744	235,036
At 31 December 2021	537	15,092	122,559	138,188
Company			Computer equipment £	
Cost				
At 1 January 2022				8,115
Additions				1,099
At 31 December 2022				9,214
Depreciation and impairment				
At 1 January 2022				4,367
Depreciation charged in the year				3,147
At 31 December 2022				7,514
Carrying amount				
At 31 December 2022				1,700
At 31 December 2021				3,748

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

13 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	14	-	-	4	4
Movements in fixed asset investments					
Company					Shares in group undertakings £
Cost or valuation					
At 1 January 2022 and 31 December 2022					4
Carrying amount					
At 31 December 2022					4
At 31 December 2021					4

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Design Studio Associates Inc.	9 Decatur St, San Francisco, CA 94103	Graphic design	Ordinary	100.00
Design Studio Associates Limited	12-16 Clerkenwell Road, London, EC1M 5PQ	Graphic design	Ordinary	100.00
DesignStudio Group Sydney PTY Ltd	100 Harris Street, Sydney, NSW 2009, Australia	Design consultancy	Ordinary	100.00

15 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	2,082,466	1,048,165	-	-
Amounts owed by group undertakings	-	-	198,462	224,163
Other debtors	712,082	502,514	380,656	372,029
Prepayments and accrued income	1,314,181	1,655,922	83,542	70,182
	4,108,729	3,206,601	662,660	666,374
Deferred tax asset (note 19)	-	-	1,681	849
	4,108,729	3,206,601	664,341	667,223

Amounts owed by group undertakings are interest free and repayable on demand.

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

16 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	17	620	4,130	-	-
Trade creditors		641,275	594,350	38,978	32,966
Amounts owed to group undertakings		-	-	502,777	531,832
Corporation tax payable		414,275	410,037	1,819	1,819
Other taxation and social security		472,679	482,544	77,028	92,565
Other creditors		97,185	78,038	8,425	7,145
Accruals and deferred income		1,355,789	956,238	-	-
		<u>2,981,823</u>	<u>2,525,337</u>	<u>629,027</u>	<u>666,327</u>

Amounts owed to group undertakings are interest free and repayable on demand.

17 Borrowings

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank overdrafts	<u>620</u>	<u>4,130</u>	<u>-</u>	<u>-</u>
Payable within one year	<u>620</u>	<u>4,130</u>	<u>-</u>	<u>-</u>

18 Provisions for liabilities

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Dilapidation provision		-	20,000	-	-
Deferred tax liabilities	19	<u>1,649</u>	<u>13,269</u>	<u>-</u>	<u>-</u>
		<u>1,649</u>	<u>33,269</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

Group	Dilapidation provision £
At 1 January 2022	20,000
Reversal of provision	<u>(20,000)</u>
At 31 December 2022	<u>-</u>

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

19 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Accelerated capital allowances	21,452	21,410	-	-
Short term timing differences	(19,803)	(8,141)	-	-
	<u>1,649</u>	<u>13,269</u>	<u>-</u>	<u>-</u>
	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Company				
Accelerated capital allowances	-	-	(425)	(937)
Short term timing differences	-	-	2,106	1,786
	<u>-</u>	<u>-</u>	<u>1,681</u>	<u>849</u>
			Group 2022 £	Company 2022 £
Movements in the year:				
Liability/(Asset) at 1 January 2022			13,269	(849)
Credit to profit or loss			(11,620)	(832)
Liability/(Asset) at 31 December 2022			<u>1,649</u>	<u>(1,681)</u>

20 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>295,540</u>	<u>231,892</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions totalling £97,175 (2021: £78,038) were payable to the fund at the year end and are included in other creditors.

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

21 Share capital

	Group and Company			
	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £0.1p each	90,000	90,000	90	90

The company's ordinary shares have full rights in the company with respect to voting, dividends and distributions. The shares are not redeemable.

22 Reserves

Profit and loss reserves

This reserve represents the cumulative profit and loss net of distribution to owners

23 Cash generated from group operations

	2022	2021
	£	£
Profit for the year after tax	1,601,986	2,080,421
Adjustments for:		
Taxation charged	371,468	507,203
Finance costs	174	-
Investment income	(228)	(18)
Amortisation and impairment of intangible assets	718	1,629
Depreciation and impairment of tangible fixed assets	144,227	110,979
Decrease in provisions	(20,000)	-
Movements in working capital:		
Increase in debtors	(902,128)	(1,579,966)
Increase in creditors	455,758	302,354
Cash generated from operations	1,651,975	1,422,602

24 Analysis of changes in net funds - group

	1 January 2022	Cash flows	Exchange rate movements	31 December 2022
	£	£	£	£
Cash at bank and in hand	1,093,150	(19,439)	107,603	1,181,314
Bank overdrafts	(4,130)	3,510	-	(620)
	1,089,020	(15,929)	107,603	1,180,694

DESIGNSTUDIO GROUP LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

25 Operating lease commitments

Lessee

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	474,271	231,138	-	-
Between one and five years	1,188,861	20,781	-	-
	<u>1,663,132</u>	<u>251,919</u>	<u>-</u>	<u>-</u>

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2022 £	2021 £
Aggregate compensation	<u>656,625</u>	<u>811,425</u>

27 Directors' transactions

One of the directors maintained a director's loan account with the company where a dividend of £525,000 (2021: £660,000) was declared, £375,000 (2021: £660,000) of which was paid. Personal expenses of Nil (2021: £57,231) were paid for by the company and additional expenses of £Nil (2021: £Nil) were paid for on behalf of group companies. The balance at the year end due from the director was £168,991 (2021: £168,905). This amount is interest free and repayable on demand.

Another director maintained a director's loan account with the company where a dividend of £525,000 (2021: £660,000) was declared, £375,000 (2021: £660,000) of which was paid. Personal expenses of £57,196 were paid for by the company, and additional expenses of £Nil (2021: £Nil) were paid for on behalf of group companies. The balance at the year end due from the director was £182,990 (2021: £182,990). This amount is interest free and repayable on demand.

28 Controlling party

The directors do not consider there to be an ultimate controlling party.