

COMPANY REGISTRATION NUMBER: 03279060

Unit 9 (UK) Limited
Formerly known as Unit 9 Limited

Financial Statements

31 December 2020

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Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Financial Statements

Year ended 31 December 2020

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Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Officers and Professional Advisers

The board of directors

G Boisselet
D Y Buckley
N Caderni
P Frescobaldi
M Obeidat
T G Sacchi
M Craig

Registered office

10 Orange Street
Haymarket
London
United Kingdom
WC2H 7DQ

Auditor

Shipleys LLP
Chartered accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Strategic Report

Year ended 31 December 2020

The Directors present their strategic report on the Group for the year ended 31 December 2020.

Business review and future developments

The Group is an international production studio, offering our clients a mixture of creativity and innovation, providing digital, live-action and experiential services.

Against the worldwide Covid 19 pandemic, the Group was adversely affected like most companies in the sector. The initial lock-down in March 2020 significantly reduced new business, especially for live-action and experiential projects. Whilst the latter half of 2020 saw turnover improve, the further lock-downs in late 2020 and through into 2021 have continued to be challenging for the sector. The year saw turnover slightly down at £31.4 million versus £33.9 million in 2019.

The Group's balance sheet remains healthy, with a strong cash position at year end of £7.2 million.

Post 2020 year end, whilst the pandemic still over-shadows the economy, we remain prudent and believe we are better placed than many of our competitors, presenting interesting expansion opportunities. We therefore intend to continue our organic growth, whilst remaining open to select acquisitions that may fit and will help us to grow the Group.

Principal risks and uncertainties

The Group's principal risk lies within the potentially volatile nature of the multimedia industry. The Group operates in a competitive branch of the media industry with only a relatively small proportion of recurring revenue (albeit this is increasing). The Group relies upon the quality of its outputs to maintain a strong brand image within the industry. However, retaining such a reputation cannot be considered a certainty.

Exchange rate risk

As the Group trades across the world, the business is exposed to risks associated with international trade, including foreign currency translation risks. The Group seeks to manage this risk by purchasing supplies in local currencies where possible and through purchasing forward currency contracts to hedge against exchange rate movements.

Credit risk

The Group receives payments in respect of goods and marketing activity. Therefore, there is a risk that amounts owed may not be recovered. The Group manages credit risk by only accepting orders with card payments or authorisation before despatch of goods. The Group also actively manages amounts owed under marketing arrangements through regular review of debtor balances and good relationships with its suppliers.

Political and economic risk

The Board and the Management are aware of the challenges Brexit may bring upon us. The Group undertakes projects within the EU and employs EU nationals as both employees and free-lancers. We fully appreciate that we are still assessing the impact of Brexit and have budgeted appropriately for the additional costs we foresee.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Strategic Report *(continued)*

Year ended 31 December 2020

Financial key performance indicators

The key performance indicators (KPIs) used in the analysis below are the KPIs the Directors judged are most effective in assessing progress against their objectives or strategy, monitoring principal risks or otherwise utilised to measure the development, performance or position of the Group. The Directors consider the KPIs to be turnover, gross profit, EBITDA and net assets. Non-financial indicators include client experience metrics and successful delivery targets.

	2020	2019
	£	£
Turnover	31,391,121	33,913,513
Gross profit	9,905,755	11,395,423
(LBITDA) / EBITDA	(947,936)	627,967
Net assets	1,926,179	3,496,427

This report was approved by the board of directors on 11/11/21 and signed on behalf of the board by:



P Frescobaldi
Director

Date: 11/11/21

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Directors' Report

Year ended 31 December 2020

The directors present their report and the financial statements of the group for the year ended 31 December 2020.

Directors

The directors who served the company during the year were as follows:

G Boisselet
D Y Buckley
N Caderni
P Frescobaldi
M Obeidat
T G Sacchi
M Craig

Dividends

The directors do not recommend the payment of a dividend.

Change of name

On the 21 February 2020, the parent company Unit 9 (UK) Limited changed its name from Unit 9 Limited.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 28 to the financial statements.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, various matters previously dealt with in the Directors' Report are now included in the strategic report, including disclosure of future developments, and principal risks and uncertainties.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Directors' Report *(continued)*

Year ended 31 December 2020

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 the company and 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 judgments 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 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.

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

Under section 487(2) of the Companies Act 2006, Shipleys LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, which is earlier.

This report was approved by the board of directors on 11/11/21 and signed on behalf of the board by:



P Frescobaldi
Director

Registered office:
10 Orange Street
Haymarket
London
England
WC2H 7DQ

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Independent Auditor's Report to the Members of Unit 9 (UK) Limited

Year ended 31 December 2020

Opinion

We have audited the financial statements of Unit 9 (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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's 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.

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 group's or the parent 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.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Independent Auditor's Report to the Members of Unit 9 (UK) Limited *(continued)*

Year ended 31 December 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 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 group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Independent Auditor's Report to the Members of Unit 9 (UK) Limited *(continued)*

Year ended 31 December 2020

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.

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:

- We obtained an understanding of the Company's business and sector, controls, related parties, legal and regulatory frameworks, laws and regulations and assessed the susceptibility of the Company's financial statements to material misstatements from irregularities, including fraud, are instances of non-compliance with laws and regulations.
- Based on this understanding we designed our audit procedures to detect irregularities, including fraud. Testing undertaken included material enquiries on the management, including enquiring management as to any actual and potential litigations, claims, fraud or suspected fraud; review of any correspondence received from regulatory bodies; reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- We addressed the risk of fraud through management override of controls, by 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.

An auditor conducting an audit in accordance with ISAs (UK) is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error and in our audit procedures described above. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Independent Auditor's Report to the Members of Unit 9 (UK) Limited *(continued)*

Year ended 31 December 2020

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.



Terrence Bourne (Senior Statutory Auditor)
For and on behalf of Shipleys LLP
Chartered Accountants & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

Date: 18/11/21

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	31,391,121	33,913,513
Cost of sales		21,485,366	22,518,090
Gross profit		9,905,755	11,395,423
Administrative expenses		11,873,464	11,194,507
Other operating income	5	325,730	72,059
Operating loss	6	(1,641,979)	272,975
Other interest receivable and similar income	10	102	1,547
Interest payable and similar expenses	11	135,565	84,036
Amounts written off investments		1	–
Exceptional expenses		–	448,924
Loss before taxation		(1,777,443)	(258,438)
Tax on loss	12	(235,672)	(356,655)
(Loss)/profit for the financial year		(1,541,771)	98,217
Foreign currency retranslation		(28,477)	375
Total comprehensive income for the year		(1,570,248)	98,592
Loss for the financial year attributable to:			
The owners of the parent company		(1,347,729)	332,538
Non-controlling interests		(194,042)	(234,321)
		(1,541,771)	98,217
Total comprehensive income for the year attributable to:			
The owners of the parent company		(1,376,206)	332,913
Non-controlling interests		(194,042)	(234,321)
		(1,570,248)	98,592

All the activities of the group are from continuing operations.

The notes on pages 16 to 34 form part of these financial statements.

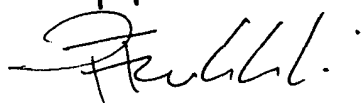
Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Consolidated Statement of Financial Position

31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	1,602,098	2,041,504
Tangible assets	14	346,758	417,550
Investments	15	–	1
		<u>1,948,856</u>	<u>2,459,055</u>
Current assets			
Stocks	16	130,798	131,542
Debtors	17	8,055,662	8,239,118
Cash at bank and in hand		7,182,032	4,242,798
		<u>15,368,492</u>	<u>12,613,458</u>
Creditors: amounts falling due within one year	18	<u>11,559,894</u>	<u>9,418,996</u>
Net current assets		<u>3,808,598</u>	<u>3,194,462</u>
Total assets less current liabilities		<u>5,757,454</u>	<u>5,653,517</u>
Creditors: amounts falling due after more than one year	19	3,823,584	2,135,716
Provisions	21	7,691	21,374
Net assets		<u>1,926,179</u>	<u>3,496,427</u>
Capital and reserves			
Called up share capital	24	3,470	3,470
Share premium account	25	449,678	449,678
Revaluation reserve	25	21,411	49,888
Capital redemption reserve	25	2,852	2,852
Other reserves, including the fair value reserve	25	10,321	10,321
Profit and loss account	25	1,864,960	3,212,689
Equity attributable to the owners of the parent company		<u>2,352,692</u>	<u>3,728,898</u>
Non-controlling interests		<u>(426,513)</u>	<u>(232,471)</u>
		<u>1,926,179</u>	<u>3,496,427</u>

These financial statements were approved by the board of directors and authorised for issue on 11/11/21, and are signed on behalf of the board by:



P Frescobaldi
Director

Company registration number: 03279060

The notes on pages 16 to 34 form part of these financial statements.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)


Company Statement of Financial Position

31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	365,207	274,773
Tangible assets	14	275,393	338,382
Investments	15	2,608,900	2,558,900
		<u>3,249,500</u>	<u>3,172,055</u>
Current assets			
Debtors	17	4,119,994	3,999,700
Cash at bank and in hand		3,041,477	609,965
		<u>7,161,471</u>	<u>4,609,665</u>
Creditors: amounts falling due within one year	18	3,381,626	2,882,886
Net current assets		<u>3,779,845</u>	<u>1,726,779</u>
Total assets less current liabilities		<u>7,029,345</u>	<u>4,898,834</u>
Creditors: amounts falling due after more than one year	19	3,450,348	2,135,716
Provisions	21	–	13,683
Net assets		<u>3,578,997</u>	<u>2,749,435</u>
Capital and reserves			
Called up share capital	24	3,470	3,470
Share premium account	25	449,678	449,678
Capital redemption reserve	25	2,852	2,852
Profit and loss account	25	3,122,997	2,293,435
Shareholders funds		<u>3,578,997</u>	<u>2,749,435</u>

The profit for the financial year of the parent company was £829,562 (2019: £258,978).

These financial statements were approved by the board of directors and authorised for issue on 11/11/21, and are signed on behalf of the board by:



P Frescobaldi
Director

Company registration number: 03279060

The notes on pages 16 to 34 form part of these financial statements.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Consolidated Statement of Changes in Equity (continued)

Year ended 31 December 2020

	Called up share capital £	Share premium account £	Revaluatio n reserve £	Capital redemption reserve £	Other reserves, including the fair value reserve £	Profit and loss account £	Equity attributabl e to the owners of the parent company £	Non-contro lling interests £	Total £
At 1 January 2019	3,541	449,678	49,513	2,781	10,321	2,980,405	3,496,239	(111,649)	3,384,590
Profit for the year						332,538	332,538	(234,321)	98,217
Other comprehensive income for the year:									
Foreign currency retranslation	—	—	375	—	—	—	375	—	375
Total comprehensive income for the year	—	—	375	—	—	332,538	332,913	(234,321)	98,592
Dividends paid and payable	—	—	—	—	—	—	—	(20,000)	(20,000)
Cancellation of subscribed capital	(71)	—	—	71	—	(100,254)	(100,254)	—	(100,254)
Acquisition of subsidiary with minority interest	—	—	—	—	—	—	—	133,499	133,499
Total investments by and distributions to owners	(71)	—	—	71	—	(100,254)	(100,254)	113,499	13,245
At 31 December 2019	3,470	449,678	49,888	2,852	10,321	3,212,689	3,728,898	(232,471)	3,496,427
Loss for the year						(1,347,729)	(1,347,729)	(194,042)	(1,541,771)
Other comprehensive income for the year:									
Foreign currency retranslation	—	—	(28,477)	—	—	—	(28,477)	—	(28,477)
Total comprehensive income for the year	—	—	(28,477)	—	—	(1,347,729)	(1,376,206)	(194,042)	(1,570,248)
At 31 December 2020	3,470	449,678	21,411	2,852	10,321	1,864,960	2,352,692	(426,513)	1,926,179

The notes on pages 16 to 34 form part of these financial statements.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Company Statement of Changes in Equity

Year ended 31 December 2020

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves, including the fair value reserve £	Profit and loss account £	Total £
At 1 January 2019	3,541	449,678	2,781	–	2,134,711	2,590,711
Profit for the year	—	—	—	—	258,978	258,978
Total comprehensive income for the year	–	–	–	–	258,978	258,978
Cancellation of subscribed capital	(71)	–	71	–	(100,254)	(100,254)
Total investments by and distributions to owners	(71)	–	71	–	(100,254)	(100,254)
At 31 December 2019	3,470	449,678	2,852	–	2,293,435	2,749,435
Profit for the year	—	—	—	—	829,562	829,562
Total comprehensive income for the year	–	–	–	–	829,562	829,562
At 31 December 2020	<u>3,470</u>	<u>449,678</u>	<u>2,852</u>	<u>–</u>	<u>3,122,997</u>	<u>3,578,997</u>

The notes on pages 16 to 34 form part of these financial statements.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(1,541,771)	98,217
<i>Adjustments for:</i>		
Depreciation of tangible assets	254,637	204,083
Amortisation of intangible assets	439,406	150,909
Other interest receivable and similar income	(102)	(1,547)
Interest payable and similar expenses	135,565	84,036
Loss/(gains) on disposal of tangible assets	–	23,565
Tax on (loss)/profit	(237,905)	(356,655)
Repurchase of shares	–	(71)
<i>Changes in:</i>		
Stocks	744	67,931
Trade and other debtors	505,043	(4,041,317)
Trade and other creditors	1,890,831	7,181,566
Provisions and employee benefits	(14,334)	(31,407)
Cash generated from operations	1,432,114	3,379,310
Interest paid	(135,565)	(84,036)
Interest received	102	1,547
Tax (paid)/received	(33,525)	(2,841)
Net cash from operating activities	<u>1,263,126</u>	<u>3,243,980</u>
Cash flows from investing activities		
Purchase of tangible assets	(242,464)	(99,710)
Contribution to tangible asset	58,619	100,000
Acquisition of subsidiaries	–	(2,447,574)
Net cash used in investing activities	<u>(183,845)</u>	<u>(2,447,284)</u>
Cash flows from financing activities		
Purchase of own shares	–	(100,254)
Proceeds from borrowings	2,278,959	2,250,000
Repayments of the loans	(225,000)	(112,500)
Payments of finance lease liabilities	(194,006)	(67,667)
Dividends paid	–	(20,000)
Net cash from financing activities	<u>1,859,953</u>	<u>1,949,579</u>
Net increase in cash and cash equivalents	<u>2,939,234</u>	<u>2,796,275</u>
Cash and cash equivalents at beginning of year	<u>4,242,798</u>	<u>1,446,523</u>
Cash and cash equivalents at end of year	<u>7,182,032</u>	<u>4,242,798</u>

The notes on pages 16 to 34 form part of these financial statements.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements

Year ended 31 December 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 10 Orange Street, Haymarket, London, WC2H 7DQ, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

As at the 31st December 2020, the Group had net assets of £1.9 million (2019: £3.5 million) and cash/cash equivalents of £7.2 million (2019: £4.2 million). The parent company, Unit 9 (UK) Limited, entered into a bank loan agreement during 2019 to effect the acquisition of The Outsider Limited ("Outsider Loan") and took a further loan in spring 2020 under the coronavirus business interruption loan scheme ("CBILS Loan") backed by the government to assist businesses' liquidity during the world-wide pandemic. In addition, there are certain HP obligations (collectively with the Outsider Loan and CBILS Loan, the "Loans"). The parent company has met its interest and repayment obligations throughout 2020 and post year end on all these Loans; whilst certain covenant obligations in these periods were waived by the bank, given the effect of the coronavirus pandemic on its business. The bank has been very supportive and understanding due to the extraordinary circumstances, providing a 12-month principal repayment holiday on the Outsider Loan.

Given the Group's strong reputation in the marketplace for producing quality, award winning and innovative content, the Directors have no reason to believe that they will not continue to create added value for a wide variety of brands. The Directors expect to be less affected by current economic conditions compared to other sectors. The Group's projections, taking into account anticipated revenue streams, show that the Group has sufficient funds to operate for at least the next twelve months from the signing of these accounts. In coming to this conclusion, the Directors note that current cash and contracted projects are projected to more than cover budgeted expenses for this period. The Group is expected to continue meeting its financial liabilities as they fall due. The Directors therefore consider it appropriate that these financial statements are prepared on a going concern basis. However, it should be noted that the pandemic is not over and is still having adverse implications world-wide. The full implications for the Group are therefore still unclear at the date of signing these accounts. Whilst it is difficult to evaluate the likely effect on the Group's trade, customers, suppliers, employees and the wider economy, the Directors have assessed sufficient publicly available information to conclude that the Group is a going concern.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Unit 9 (UK) Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Group restructuring

During the year, Unit 9 (UK) Limited group went through a group restructuring, all new business was contracted and delivered by Unit 9 Limited, a subsidiary of Unit 9 (UK) Limited.

Non-controlling interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	20% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Research and development

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long leasehold property	-	20% straight line
Short leasehold property	-	25% straight line
Plant and machinery	-	25% straight line
Fixtures, fittings and equipment	-	25% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Impairment of fixed assets and goodwill

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Work in progress

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. In the current year grant accounting has only been applied to the Job Retention Scheme launched as part of HM Government's response to the COVID-19 pandemic. Government grants have been included with Other Operating Income.

4. Turnover

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2020	2019
	£	£
United Kingdom	15,267,664	15,474,168
Overseas	16,123,457	18,439,345
	<u>31,391,121</u>	<u>33,913,513</u>

5. Other operating income

	2020	2019
	£	£
Other operating income	<u>325,730</u>	<u>72,059</u>

Other operating income in the prior year relates to insurance claims.

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020	2019
	£	£
Amortisation of intangible assets	439,406	150,909
Depreciation of tangible assets	254,637	204,081
Loss on disposal of tangible assets	—	55,601
Impairment of trade debtors	123,659	—
Foreign exchange differences	88,567	(65,031)

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	56,950	51,000

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2020	2019
	No.	No.
Production staff	120	83

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£	£
Wages and salaries	6,778,605	5,924,563
Social security costs	583,141	510,750
Other pension costs	103,789	89,455
	7,465,535	6,524,768

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	788,458	634,396
Company contributions to defined contribution pension plans	6,182	5,732
	796,640	640,128

Remuneration of the highest paid director in respect of qualifying services:

	2020	2018
	£	£
Aggregate remuneration	204,077	235,012

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

10. Other interest receivable and similar income

	2020	2019
	£	£
Interest on cash and cash equivalents	102	1,547
	<u>102</u>	<u>1,547</u>

11. Interest payable and similar expenses

	2020	2019
	£	£
Interest on banks loans and overdrafts	87,440	23,486
Interest on obligations under finance leases and hire purchase contracts	48,125	59,946
Other interest payable and similar charges	–	604
	<u>135,565</u>	<u>84,036</u>

12. Tax on profit

Major components of tax expense/(income)

	2020	2019
	£	£
Current tax:		
UK current tax income	(271,432)	(366,501)
Adjustments in respect of prior periods	–	8,368
Total UK current tax	(271,432)	(358,133)
Foreign current tax income	33,528	1,478
Total current tax	(237,904)	(356,655)
Tax on profit	<u>(237,904)</u>	<u>(356,655)</u>

Reconciliation of tax expense/(income)

The tax assessed on the (loss)/profit on ordinary activities for the year is similar to the prior period of the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£	£
(Loss)/profit on ordinary activities before taxation	(1,777,443)	(258,438)
(Loss)/profit on ordinary activities by rate of tax	(337,714)	(49,103)
Adjustment to tax charge in respect of prior periods	–	17,126
Effect of expenses not deductible for tax purposes	429,410	108,801
Effect of capital allowances and depreciation	(13,953)	(14,781)
Group relief	(44,187)	(53,910)
Foreign tax	33,528	130,239
Non-taxable dividends received	(33,557)	(41,468)
Tax credits receivable	(271,432)	(453,559)
Tax on (loss)/profit	<u>(237,904)</u>	<u>(356,655)</u>

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

13. Intangible assets

Group	Goodwill £
Cost	
At 1 January 2020 and 31 December 2020	<u>2,197,028</u>
Amortisation	
At 1 January 2020	155,524
Charge for the year	439,406
At 31 December 2020	<u>594,930</u>
Carrying amount	
At 31 December 2020	<u>1,602,098</u>
At 31 December 2019	<u>2,041,504</u>
 Company	 Development costs £
Cost	
At 1 January 2020	1,091,286
Additions from internal developments	760,625
At 31 December 2020	<u>1,851,911</u>
Amortisation	
At 1 January 2020	816,513
Charge for the year	670,191
At 31 December 2020	<u>1,486,704</u>
Carrying amount	
At 31 December 2020	<u>365,207</u>
At 31 December 2019	<u>274,773</u>

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

14. Tangible assets

Group	Long leasehold property £	Short leasehold property £	Plant and machinery £	Fixtures, Fittings and Equipment £	Total £
Cost					
At 1 Jan 2020	19,972	408,505	40,990	910,396	1,379,863
Additions	—	158,619	—	83,845	242,464
Landlord contribution	—	(58,619)	—	—	(58,619)
At 31 Dec 2020	<u>19,972</u>	<u>508,505</u>	<u>40,990</u>	<u>994,241</u>	<u>1,563,708</u>
Depreciation					
At 1 Jan 2020	4,161	150,590	40,990	766,572	962,313
Charge for the year	4,993	165,319	—	84,325	254,637
At 31 Dec 2020	<u>9,154</u>	<u>315,909</u>	<u>40,990</u>	<u>850,897</u>	<u>1,216,950</u>
Carrying amount					
At 31 Dec 2020	<u>10,818</u>	<u>192,596</u>	<u>—</u>	<u>143,344</u>	<u>346,758</u>
At 31 Dec 2019	<u>15,811</u>	<u>257,915</u>	<u>—</u>	<u>143,824</u>	<u>417,550</u>

Company	Short leasehold property £	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
Cost					
At 1 January 2020	408,505	40,991	149,367	533,712	1,132,575
Additions	158,619	—	35,531	10,348	204,498
Landlord contribution	(58,619)	—	—	—	(58,619)
At 31 December 2020	<u>508,505</u>	<u>40,991</u>	<u>184,898</u>	<u>544,060</u>	<u>1,278,454</u>
Depreciation					
At 1 January 2020	150,590	40,991	148,654	453,958	794,193
Charge for the year	165,319	—	14,769	28,780	208,868
At 31 December 2020	<u>315,909</u>	<u>40,991</u>	<u>163,423</u>	<u>482,738</u>	<u>1,003,061</u>
Carrying amount					
At 31 December 2020	<u>192,596</u>	<u>—</u>	<u>21,475</u>	<u>61,322</u>	<u>275,393</u>
At 31 December 2019	<u>257,915</u>	<u>—</u>	<u>713</u>	<u>79,754</u>	<u>338,382</u>

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

15. Investments

Group	Interests in associates £
Share of net assets/cost	
At 1 January 2020	1
Disposals	(1)
At 31 December 2020	<u><u>-</u></u>
Impairment	
At 1 January 2020 and 31 December 2020	<u><u>-</u></u>
Carrying amount	
At 31 December 2020	<u><u>-</u></u>
At 31 December 2019	<u><u>1</u></u>
Company	Shares in group undertakings £
Cost	
At 1 January 2020	2,558,900
Additions	50,000
At 31 December 2020	<u><u>2,608,900</u></u>
Impairment	
At 1 January 2020 and 31 December 2020	<u><u>-</u></u>
Carrying amount	
At 31 December 2020	<u><u>2,608,900</u></u>
At 31 December 2019	<u><u>2,558,900</u></u>

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

Subsidiary undertakings of Unit 9 (UK) Limited	Registered office	Class of share	Percentage of shares held
Unit9 Films Ltd	10 Orange Street Haymarket London WC2H 7DQ	Ordinary A	100

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

15. Investments *(continued)*

Subsidiary undertakings of Unit 9 (UK) Limited	Registered office	Class of share	Percentage
			of shares held
Unit9 Apps Ltd	10 Orange Street Haymarket London WC2H 7DQ	Ordinary	100
Unit 9 Ltd	10 Orange Street Haymarket London WC2H 7DQ	Ordinary	100
Unit9 New York, Inc	175 Varick Street New York 10014	Ordinary	100
Nucco Brain Studio Ltd	10 Orange Street Haymarket London WC2H 7DQ	Ordinary	80
Le Polish Bureau Spółka Z Ograniczona Odpowiedzialnoscia	ul. Prezydenta Franklina Delano Roosevelta, nr 10B, lok. ---, miejsc. ŁÓDŹ, kod 90-056, poczta ŁÓDŹ, kraj Polska	Ordinary	80
The Outsider Limited	10 Orange Street Haymarket London WC2H 7DQ	Ordinary	75
Subsidiary undertakings of Unit9 Films Limited	Registered office	Class of share	Percentage
			of shares held
Unit9 Films Inc	6525 Sunset Boulevard Hollywood CA 90028	Ordinary	100
Nowhere Contents Inc	5625 Sunset Boulevard Hollywood CA 90028	Ordinary	50

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

15. Investments *(continued)*

Associates of Nucco Brain Studio Limited

Nucco Brane LLP	17-18 Clere Street Unit 3 London EC2A 4LJ	Ordinary	30
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Nucco Brane LLP was dissolved on the 6 July 2021.

16. Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Work in progress	<u>130,798</u>	<u>131,542</u>	<u>—</u>	<u>—</u>

17. Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	5,452,994	3,862,972	984,586	926,029
Amounts owed by group undertakings	—	—	2,273,679	1,769,383
Prepayments and accrued income	1,387,000	2,884,551	283,909	725,301
Directors loan account	66,708	42,324	8,000	—
Other debtors	<u>1,148,960</u>	<u>1,449,271</u>	<u>569,820</u>	<u>578,987</u>
	<u>8,055,662</u>	<u>8,239,118</u>	<u>4,119,994</u>	<u>3,999,700</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Other debtors	<u>304,381</u>	<u>304,381</u>	<u>270,743</u>	<u>270,743</u>

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements (continued)

Year ended 31 December 2020

18. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	710,000	450,000	710,000	450,000
Trade creditors	2,430,930	2,464,789	134,549	528,257
Amounts owed to group undertakings	—	—	747,237	295,831
Unit 9 (Holdings) Limited	176,700	—	176,700	—
Accruals and deferred income	5,942,323	5,275,489	612,512	1,051,493
Corporation tax	84,130	94,063	—	—
Social security and other taxes	1,417,261	828,766	585,729	326,652
Obligations under finance leases and hire purchase contracts	182,231	148,966	182,231	148,966
Director loan accounts	—	—	—	25,064
Other creditors	616,319	156,923	232,668	56,623
	<u>11,559,894</u>	<u>9,418,996</u>	<u>3,381,626</u>	<u>2,882,886</u>

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

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Debenture loans	44,277	—	—	—
Bank loans and overdrafts	3,481,459	1,687,500	3,152,500	1,687,500
Obligations under finance leases and hire purchase contracts	297,848	448,216	297,848	448,216
	<u>3,823,584</u>	<u>2,135,716</u>	<u>3,450,348</u>	<u>2,135,716</u>

20. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	182,231	148,966	182,231	148,966
Later than 1 year and not later than 5 years	297,848	448,216	297,848	448,216
	<u>480,079</u>	<u>597,182</u>	<u>480,079</u>	<u>597,182</u>

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

21. Provisions

Group	Deferred tax (note 22) £	Dilapidation provision £	Total £
At 1 January 2020	7,691	13,683	21,374
Dilapidation provision	–	12,000	12,000
Charge against provision	–	(25,683)	(25,683)
At 31 December 2020	7,691	–	7,691

Company	Dilapidation provision £
At 1 January 2020	13,683
Dilapidation provision	12,000
Charge against provision	(25,683)
At 31 December 2020	–

22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Included in provisions (note 21)	7,691	7,691	–	–

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £103,789 (2019: £89,455).

24. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	3,470	3,470	3,470	3,470

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

25. Reserves

The share premium reserve records the amount above the nominal value received for shares sold, less transaction costs.

The revaluation reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

The capital redemption reserve records the nominal value of shares repurchased by the company.

The profit and loss account reserve records retained earnings and accumulated losses.

The other non-distributable reserve records measurement differences recognised on change in the degree of control of subsidiaries, measured as the difference between the change in the non-controlling interest and the consideration paid.

26. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets that are debt instruments measured at amortised cost

	Group	
	2020	2019
	£	£
Financial assets that are debt instruments measured at amortised cost	7,838,877	7,946,881

Financial liabilities measured at amortised cost

	Group	
	2020	2019
	£	£
Financial liabilities measured at amortised cost	12,143,834	8,827,398

Financial assets that are debt instruments measured at amortised cost

	Company	
	2020	2019
	£	£
Financial assets that are debt instruments measured at amortised cost	3,982,321	3,783,166

Financial liabilities measured at amortised cost

	Company	
	2020	2019
	£	£
Financial liabilities measured at amortised cost	6,086,082	4,233,571

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

27. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	348,904	625,444	174,698	451,238
Later than 1 year and not later than 5 years	757,735	1,778,841	337,501	1,353,713
	<u>1,106,639</u>	<u>2,404,285</u>	<u>512,199</u>	<u>1,804,951</u>

28. Events after the end of the reporting period

On the 2 March 2021, Unit 9 (UK) Limited acquired the remaining 25% of the shareholding of The Outsider Limited.

29. Directors' advances, credits and guarantees

2019

Name	Brought forward	Advances / (Credits)	Due on Share repurchase	Amounts repaid	Personal expenses	Carried forward
	£	£	£	£	£	£
G Boisselet	-	-	-	-	-	-
P Frescobaldi	9,144	(5,622)	-	-	-	3,522
T Sacchi	-	-	(100,254)	75,190	-	(25,064)
M Craig	7,539	-	-	-	528	8,067
S Marrone	450	(42,502)	-	56,000	1,718	15,666
N Caderni	-	(18,489)	-	16,500	-	(1,989)
R Campbell	-	(252,862)	-	294,781	-	41,919
Total	17,133	(319,475)	(100,254)	442,471	2,246	42,121

2020

Name	Brought forward	Advances / (Credits)	Due on Share repurchase	Amounts repaid	Personal expenses	Carried forward
	£	£	£	£	£	£
G Boisselet	-	-	-	-	11,873	11,873
P Frescobaldi	3,522	(3,238)	-	-	-	284
T Sacchi	(25,064)	-	-	25,064	-	-
Y Duenyas	-	-	-	-	44,185	44,185
M Craig	8,067	(7,417)	-	-	10,245	10,895
S Marrone	15,666	(17,480)	-	-	3,803	1,989
N Caderni	(1,989)	(6,250)	-	-	-	(8,239)
R Campbell	41,919	(79,006)	-	-	42,808	5,721
Total	42,121	(113,391)	-	25,064	68,729	66,708

Unit 9 (UK) Limited (formerly known as Unit 9 Limited)

Notes to the Group Detailed Income Statement *(continued)*

Year ended 31 December 2020

30. Related party transactions

The following transactions were undertaken with related parties during the year:

Directors' advances, credits and guarantees

Directors, advances, credits and guarantees have been disclosed in note 29 to the financial statements.

Other related party transactions

During the year, a director and shareholder of the parent company provided services to Nucco Brain Studio Limited with a value amounting to £Nil (2019: £28,546)

During the year, Unit 9 (UK) Limited charged The Outsider £450,000 (2019: £180,000) in relation to management charges, as at the year end £37,500 (2019: £45,000) is due from The Outsider to Unit 9 (UK) Limited.

Key management personnel compensation

Key management personnel are considered to relate solely to the directors. Disclosure of directors' remuneration is presented in note 9.

31. Contingent liabilities

Coutts & Co hold a fixed and floating charge secured over the groups' assets as security against the loans taken out by the parent company, Unit 9 (UK) Limited.

32. Controlling party

The ultimate controlling party is Unit 9 (Holdings) Limited, a company incorporated in England and Wales. The address of the registered office of Unit 9 (Holdings) Ltd is 10 Orange Street, Haymarket, London, WC2H 7DQ.

33. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £829,562 (2019: £258,978).