Company Registration No. 03169594

CSC Digital Brand Services (UK) Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

CSC Digital Brand Services (UK) Limited

Annual report and financial statements for the year ended 31 December 2021

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Officers and professional advisers

Directors

P Ashworth
J Stoltzfus

Registered Office

5 Churchill Place
10th Floor
London
England
E14 5HU

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

JP Morgan Chase Bank N.A. London
25 Bank Street
London
E14 5JP

CSC Digital Brand Services (UK) Limited

Strategic report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Results and dividends

In January 2021, the Retail operation was sold resulting in a gain on sale of £134,000. In the current year, the profit before tax relating to the Retail operation was £51,000 and has not been separately identified as a discontinued operation in the Income Statement. This part of the business has been reclassified as a discontinued operation in the Income Statement for the prior year due to its more significant value in 2020.

The profit for the financial year after taxation was £1,342,000 (2020: £871,000).

The Directors do not recommend the payment of a dividend (2020: £nil).

At the end of the financial year, the Company has net assets of £20,510,000 (2020: £19,168,000).

Principal activities

The principal activity of the Company is performing sales and customer support operation on behalf of CSC Corporate Domains, Inc., a US parent company of which the company is an indirectly wholly owned subsidiary.

Key performance indicators

The Directors measure the performance of the company based on EBITDA. In addition to revenue, this metric is considered to be the Key Performance Indicator of the business. EBITDA, which is defined as operating profit before depreciation and amortisation, for the year ending 31 December 2021 was £1,613,000 (2020: £873,000).

Business review and future developments

The Directors consider the results for the year to be satisfactory. The Directors have considered the impact of Brexit on the Group and do not expect there to be any significant impact on future trading.

The Company is deemed an agent of the US parent company performing a sales and customer support operation on its behalf.

Following the implementation of the transfer pricing policy on 1 January 2020, the Directors do not foresee any further material change in the activities of the Company.

The impact of Covid-19 has changed the working patterns for the employees of the group. Business continuity and resilient technology has enabled employees to work from home effectively and as such, the group has not used any schemes offered by governments in the different jurisdictions. The business has continued to perform with no significant issues identified to date. Management is continually assessing the impact that Covid-19 is likely to have.

Post balance sheet events

On 10 February 2022, the share capital of the company was transferred to Netnames Holdings Limited, a company incorporated in the United Kingdom, and a wholly owned group company. There was no change in ultimate parent company.

Business risks

The Directors of the Group consider business and financial risks on a wider group basis.
The wider group is the Consolidated Group of which WMB Holdings Inc. is the parent.

The Directors believe that the principal business risks faced by the wider group arise in the areas of the services provided, the technology platforms used and the staff employed.

Strategic report (continued)

Business risks (continued)

The wider group's services are primarily delivered over the internet through a complex technical infrastructure, the availability and security of which are critical in delivering the services.

Processes, plans and safeguards are in place to the extent it is reasonable or feasible to deliver those services. The internet and related technologies continue to develop fast. Given this operating environment, there may be rapid changes in the market, technology and operational methodologies. The wider group has an ongoing programme of market and competitive review, service development and infrastructure enhancement.

The wider group operates in growing markets with varying degrees of competition in the different sectors served. In the corporate domain name management market, the wider group holds the leading position in Europe, primarily through its high market share in a number of countries.

The wider group's subsidiaries' services and infrastructure are supported by skilled staff; from account management and fulfilment through to technical support. The wider group is therefore reliant upon its ability to attract, train and retain the right mix of staff.

Financial risks

The Company complies with the wider group's objectives, policies and processes for managing financial risks and the methods used to measure them as described in the financial statements of Corporation Service Company (Europe) Limited. The overall objective of these policies is to reduce risk as far as possible, without unduly affecting the wider group's competitiveness and flexibility.

The financial statements of Corporation Service Company (Europe) Limited, include detailed analysis of these risks. There have been no substantial changes to the Company's objectives, policies, processes and methods used to measure these risks.

The financial instruments of the Company at 31 December 2021 comprised: trade and other receivables; cash and cash equivalents; trade and other payables. All these financial instruments are carried at amortised cost and the Directors believe that there is no material difference between the book and fair value of its financial instruments due to the instruments bearing interest at floating rates or being of a short-term nature.

Directors' section 172 statement

The directors, together with management from the ultimate parent company, make long term decisions for the Group. These range from changes in internal systems to external acquisitions. The Group's employees are either consulted or communicated to when there are decision likely to affect them. There are regular updates provided by management to the entire organisation and employees are encouraged to ask questions and suggest process involvement.

Business relationships with customers and suppliers are key to the Group's success so maintaining a good reputation and high standards of business conduct is extremely important. Whenever there are key changes to process or services, customers and suppliers are consulted or communicated in advance of any such changes.

The Group recognises the importance of its environmental responsibilities and designs and implements policies to reduce any damage that might be caused by the Group's activities. Initiatives designed to minimise the Company's impact on the environment include improving our energy use, efficiency, paper use and recycling.

CSC Digital Brand Services (UK) Limited

Strategic report (continued)

Going concern

The Company has obtained a letter of support from its ultimate parent company, WMB Holdings Inc., which guarantees the company any future funds required to continue as a going concern for no less than 12 months from the date these financial statements are approved. Therefore, the Company will have adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2021.

Approved by the Board of Directors and signed on its behalf by:

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paul ashworth
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Paul Ashworth
Director
7 November 2022

CSC Digital Brand Services (UK) Limited

Directors' report

The Directors present their annual report together with the audited financial statements and independent auditors' report for the year ended 31 December 2021.

Details relating to going concern, principal activities, business and financial risks, dividends, events after the balance sheet date and future developments have been included in the strategic report, which forms part of this report by cross reference.

Directors

The Directors of the Company who served during the year and up to the date of this report are shown below;

P Ashworth
J Stoltzfus

The Group has purchased insurance which covers the Company's Directors and officers against any costs arising from defending themselves in legal proceedings taken against them as a direct result of duties carried out on behalf of the Company.

Qualifying third-party and pension scheme indemnity provisions

The Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

A directors' and officers' liability insurance policy was maintained by the WMB Holdings Inc. Group throughout the financial year at the date of approval of the financial statements and is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law.

Employees

The Group offers a wide range of services to companies and relies on the knowledge and expertise of its staff. The Group endeavours to ensure that it consistently improves the Group's performance by attracting and retaining the right people and by developing the skills of its staff through training and development programs.

Performance is rewarded on merit without regard to gender, age, race, colour, religion, sexual orientation or marital status. The Group encourages the involvement and participation of staff in building a successful business. Communication plays a key part in creating an environment in which all staff can contribute and develop to their full potential.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or alternative position and to provide appropriate training to achieve this aim.

Future developments

Details can be found in the Strategic Report, which forms part of this report by cross reference.

CSC Digital Brand Services (UK) Limited

Directors' report (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Approved by the Board of Directors and signed on its behalf by:

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Paul Ashworth
Director
7 November 2022

Independent auditors' report to the members of CSC Digital Brand Services (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, CSC Digital Brand Services (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Income statement and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Independent auditors' report to the members of CSC Digital Brand Services (UK) Limited

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax compliance and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of any known or suspected instances of non-compliance with laws and regulations and fraud
- Performing procedures over any unusual journal entries
- Challenging assumptions made by management in determining their judgements and accounting estimates; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations

Independent auditors' report to the members of CSC Digital Brand Services (UK) Limited

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

Jennifer Dickie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 November 2022

CSC Digital Brand Services (UK) Limited

Income statement for the year ended 31 December 2021

Continuing operations	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Revenue	4	2,692	2,518
Gain on sale of Retail operation		134	-
Administrative expenses		(1,212)	(1,830)
Profit before taxation	5	1,614	688
Taxation	7	(272)	(3)
Profit from continuing operations for the financial year		1,342	685
Profit from discontinued operations for the financial year attributable to equity holders	15	-	186
Profit and total comprehensive income for the financial year		1,342	871

All amounts, other than those specifically disclosed above as discontinued, relate to continuing activities.

There are no other sources of comprehensive income, therefore no separate 'Statement of Comprehensive Income' has been prepared.

CSC Digital Brand Services (UK) Limited

Balance sheet
As at 31 December 2021

	Note	31 December 2021 £'000	31 December 2020 £'000
Non-current assets			
Deferred tax asset	8	38	35
Current assets			
Trade and other receivables	9	28,281	28,738
Cash at bank and in hand		1,337	2,692
Assets classified as held for sale	14	-	13
		29,618	31,443
Current liabilities			
Trade and other payables: amounts falling due within one year	10	(9,146)	(12,265)
Liabilities classified as held for sale	14	-	(45)
		(9,146)	(12,310)
Net current assets		20,472	19,133
Net assets		20,510	19,168
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account		20,510	19,168
Total equity		20,510	19,168

The financial statements of CSC Digital Brand Services (UK) Limited, registered number 03169594, on pages 10 to 21 were approved by the Board of Directors and authorised for issue on 7 November 2022.

Signed on behalf of the Board of Directors

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Paul Ashworth
Director

CSC Digital Brand Services (UK) Limited

Statement of changes in equity for year ended 31 December 2021

	Share capital £'000	Profit and loss £'000	Total £'000
Year ended 31 December 2021			
Balance at 1 January 2021	-	19,168	19,168
Total comprehensive income for the year	-	1,342	1,342
Balance at 31 December 2021	-	20,510	20,510
Year ended 31 December 2020			
Balance at 1 January 2020	-	18,297	18,297
Total comprehensive income for the year	-	871	871
Balance at 31 December 2020	-	19,168	19,168

CSC Digital Brand Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2021

1. General information

CSC Digital Brand Services (UK) Limited is a private company limited by shares, it is incorporated in the United Kingdom and it is registered and domiciled in England and Wales. The address of its registered office is 5 Churchill Place, 10th Floor, London, E14 5HU. The registered number of the Company is 03169594.

The principal activity of the Company is of a sales and customer support operation on behalf of CSC Corporate Domains, Inc., a wholly owned US parent company.

2. Accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with FRS 101.

The financial statements have been prepared for the year ended 31 December 2021. The comparative period is the year ended 31 December 2020.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to certain disclosures for revenue, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group financial statements of Corporation Service Company (Europe) Limited, which can be obtained from Companies House.

The financial statements have been prepared under the historical cost convention, as modified for the fair value of certain assets and liabilities, and in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

The principal accounting policies adopted are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Going concern

The Company has obtained a letter of support from its ultimate parent company, WMB Holdings Inc., which guarantees the company any future funds required to continue as a going concern for no less than 12 months from the date these financial statements are approved. Therefore, the Company will have adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the financial statements for the year ended.

Revenue

Under IFRS 15, the Company is deemed to be an agent, acting on behalf of its parent company, and therefore recognises its revenue for satisfying performance obligations in relation to the provision of group services, including sales, customer support and administrative services, in relation to continuing operations during the year. Revenue is recognised in line with the recognition of costs to perform the services, and is calculated monthly in arrears. Revenue for continuing operations is calculated in accordance with the transfer pricing agreements effective 1 January 2020 and is based upon operating margins in relation to end customer billings.

CSC Digital Brand Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2021

2. Accounting policies (continued)

Taxation

The tax expense represents the aggregate of the tax currently payable and movement in deferred tax. The tax currently payable is based on taxable profit for the year. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

However, deferred tax is not provided for temporary differences that arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or loss; and on the initial recognition of goodwill.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Investments and other financial assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the group commits to purchase or sell the asset). Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

2. Accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

The Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. The translation differences are dealt with in the income statement.

Pensions

The Company does not operate and nor is it a member of any defined benefit pension plans. The pension charge represents the amounts incurred by the Company in respect of the period's payments to defined contribution schemes for the benefit of its staff, including the Company's personal pension scheme. Any difference between the amounts payable and actual payments are included in accruals or prepayments.

CSC Digital Brand Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2021

2. Accounting policies (continued)

Adoption of new and revised IFRSs

No Standard or Interpretations have been issued that have had or are expected to have an impact on the financial statements of the Company.

The International Accounting Standards Board and IFRS Interpretations Committee have issued a number of new accounting standards, interpretations, and amendments to existing standards and interpretations. There are no interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. Critical accounting estimates and judgements

In preparing the Financial Statements, the Directors have to make judgements on how to apply the Company's accounting policies and make estimates about the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Agent v principal

Management have considered the indicators in IFRS 15 and have made a judgement that the Company acts as an agent to external customers in relation to continuing operations. The key judgements are that subsidiaries within the group are not primarily responsible for fulfilling the promise to external customers, they do not have inventory risk and they do not have control as they do not have discretion in establishing prices. Management has concluded that the Company is an agent.

4. Revenue

Revenue is attributable to intercompany transfer pricing for sales and customer support services performed on behalf of the parent company and originates in the USA. The company acts as an agent in these transactions and therefore has accounted only for its own share of the income in its revenue.

CSC Digital Brand Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2021

5. Profit before taxation

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit before taxation is stated after charging / (crediting):		
Foreign exchange loss	95	70
Bad debt expense on intercompany	-	116
Bad debt credit	(67)	-
Release of previously deferred commissions	-	710

Fees payable to the Company's auditors		
For the audit of the Company's financial statements	26	25
For other services to the company:		
Taxation advice and compliance services	5	5

6. Staff costs

Staff costs incurred in the year were as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	855	580
Social security costs	83	43
Other pension costs	24	9
	962	632

The average monthly number of employees during the year was:

	Year ended 31 December 2021 Number	Year ended 31 December 2020 Number
Operational	11	4

Staff costs and the average number of employees during the year reflect the appropriate recharges from other group companies. No Directors received any emoluments in respect of services to the company (2020: nil). The Directors are employed and remunerated by other group companies; CSC Administrative Services Limited and Corporation Service Company. It is not possible to allocate their remuneration and therefore no recharge occurs.

CSC Digital Brand Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2021

7. Taxation

(a) Tax charge

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current tax		
UK corporation tax charge on profit for the year	275	-
Adjustment in respect of previous periods	-	-
Total current tax	275	-
Deferred tax		
Origination and reversal of timing differences	6	3
Change in tax rates	(9)	-
Total deferred tax	(3)	3
Total tax on profit	272	3

(b) Tax reconciliation

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit before taxation	1,614	688
Profit before taxation at the standard rate of corporation tax in the UK of 19% (2020: 19%)	307	131
Effects of:		
Non-taxable income	(32)	-
Capital allowances in excess of depreciation	6	(5)
Group relief utilised	-	(126)
Origination and reversal of timing differences	-	3
Change in tax rates	(9)	-
Tax charge for the year	272	3

The Finance Act 2020 maintained the main rate of corporation tax at 19%. The Finance Bill 2021, which was introduced to Parliament in March 2021, will increase the main rate of corporation tax to 25%, with effect from 1 April 2023.

CSC Digital Brand Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2021

8. Deferred tax asset

	31 December 2021 £'000	31 December 2020 £'000
Deferred tax asset	38	35
	38	35

Deferred tax asset	31 December 2021 £'000	31 December 2020 £'000
At 1 January	35	38
Origination and reversal of timing differences	(6)	(3)
Change in tax rates	9	-
At 31 December	38	35

9. Trade and other receivables

	31 December 2021 £'000	31 December 2020 £'000
Trade receivables	5,850	5,284
Other receivables	42	-
Amounts owed by Group undertakings	22,368	23,454
Prepayments and accrued income	21	-
	28,281	28,738

Amounts owed by Group undertakings include a provision of £116,000 (2020: £116,000). All amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10. Trade and other payables: amounts falling due within one year

	31 December 2021 £'000	31 December 2020 £'000
Trade payables	86	53
Amounts due to Group undertakings	8,174	10,095
Corporation tax	-	314
Other taxation and social security	495	1,269
Accruals and deferred income	33	60
Other payables	358	474
	9,146	12,265

Amounts due to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11. Called up share capital

	31 December 2021 £'000	31 December 2020 £'000
Authorised		
1,000 (2020: 1,000) ordinary shares of £1 each	1	1
Issued and fully paid		
2 (2020: 2) ordinary shares of £1 each	-	-

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

12. Immediate and ultimate controlling party

At 31 December 2021, the Company's immediate parent company was Netnames International Limited, a company incorporated in the United Kingdom and the ultimate parent company and controlling party was WMB Holdings Inc., a privately held corporation in Wilmington, Delaware, USA.

At the date of approval of the financial statements, the Company's immediate parent company was Netnames Holdings Limited, a company incorporated in the United Kingdom. There has been no change in ultimate parent company.

The smallest consolidation which includes the Company's financial information is the consolidation of Corporation Service Company (Europe) Limited, a company incorporated in the United Kingdom, which can be obtained from the registered office of the company; 5 Churchill Place, 10th Floor, Canary Wharf, London, E14 5HU. The largest consolidation which includes the Company's financial information is the consolidation of WMB Holdings Inc., a privately held corporation in Wilmington, Delaware, USA, which is not publicly available.

CSC Digital Brand Services (UK) Limited

Notes to the financial statements for the year ended 31 December 2021

13. Post balance sheet events

On 10 February 2022, the share capital of the company was transferred to Netnames Holdings Limited, a company incorporated in the United Kingdom, and a wholly owned group company. There was no change in ultimate parent company.

14. Assets/Liabilities classified as held for sale

As at 31 December 2020, the Company classified net liabilities totalling £32,000 as held for sale. This consisted of balances relating to the Retail operation, which was sold in January 2021.

	Year ended 31 December 2020 £'000
Current assets	
Prepayments and accrued income	13
Total assets classified as held for sale	13
Current liabilities	
Deferred revenue	(45)
Total liabilities classified as held for sale	(45)
Net liabilities classified as held for sale	(32)

15. Profit from discontinued operations for the financial year attributable to equity holders

The Company has reclassified the Retail operation, which was sold in January 2021, to discontinued operations in the Income Statement for 2020.

	Year ended 31 December 2020 £'000
Revenue	353
Cost of sales	(154)
Administrative expenses	(13)
Profit from discontinued operations	186