

Registered number: 06925648

CUBIQUITY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

TUESDAY



AB473XCZ

A06

17/05/2022

#5

COMPANIES HOUSE

CUBIQUITY LIMITED

COMPANY INFORMATION

Directors	M D Allum E A Graham S T Inger P A Inman K J Rowland G H Williams
Registered number	06925648
Registered office	51-53 Queen Street Wolverhampton England WV1 1ES
Independent auditors	Cooper Parry Group Limited Chartered Accountants & Statutory Auditor Sky View Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA

CUBIQUITY LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 8
Profit and loss account	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12 - 26

CUBIQUITY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Strategic report together with the audited financial statements for the year ended 31 December 2021.

Business model

Throughout the year, the principal activities of the Company continued to be that of a media procurement agency, delivering integrated print, marketing, creative and digital solutions.

Business review

The company implemented strong cost management, diversified in to new products, and developed business opportunities to deliver a notable upturn in operating profit during 2021. Investment in sales resource and infrastructure has taken place throughout the year to ensure the company is well placed to deliver a high level of new business sales and continue growing its existing customer base. The company finished 2021 having successfully acquired new client contracts and with a strong sales pipeline in place. This provides the directors with full confidence there will be further improvements to trading performance in 2022.

Principal risks and uncertainties

The company is performing well and investment in people, infrastructure, and systems as well as the good management of a substantial supplier network is enabling the delivery of exceptional customer service levels, competitive pricing and state of the art communication tools.

The company acknowledge there are risks and uncertainties around the industry from increasing inflationary pressures. These primarily include delivery charges affected by rising fuel costs and key consumable price increases such as paper and ink. However, the directors consider it unlikely that these factors will materially affect performance and the company is planning ahead for all contingencies and mitigating any effects with collaborative communication to customers, strategic planning with suppliers and offering alternative solutions to customers where possible.

Financial key performance indicators

Key performance indicators include revenue and operating profit:

	2021 £	2020 £
Revenue	10,832,984	10,839,948
Operating profit	564,134	278,093

Outlook

The first six months of 2021 focused on closely managing costs as sales continued to be adversely impacted by the Covid-19 pandemic. In contrast, the half of the year saw the removal of most Covid-19 related restrictions, which resulted in a substantial sales boost from all customer sectors.

In 2022 the company will look to further capitalise on the return to 'normal trading' with turnover continuing to increase throughout Quarter 1, delivering EBITDA of £475k, which was £295k ahead of budget. The directors anticipate this upturn to continue in the lead up to summer and the company to fully return to pre-covid levels of trade for 2022.

This will be achieved through focussing on delivering customer excellence, organic growth and maximising every sales opportunity. The company finished 2021 with a strong new business pipeline and has successfully begun diversifying risk by winning contracts in different sectors.

CUBIQUITY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

The company is continuing to develop systems to further automate processes and allow better control and management of costs. The company is also investing further in people, products, the office environment, and the senior management team to ensure it is well placed to maximise the growth potential from a very healthy sales pipeline.

Margin

Gross margin percentage has improved for the second consecutive year despite increases in key consumables (paper and ink). This has been achieved through good management of suppliers, proactive sourcing, increased automation and diversification of higher margin products. The business will continue to focus on driving costs down through improved procurement, strategic planning of resources and further automation.

Operating expenses

Operating expenses continued to be vigilantly managed by directors and therefore reduced in 2021, despite the considerably lower claims through the Government's Coronavirus Job Retention Scheme.

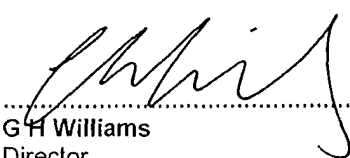
The company has significantly invested in making the working environment more flexible, including supplying all staff with laptops and implementing various cloud-based software solutions. This will help to mitigate the risks caused by potential periods of employees continuing to work from home should there be any further national lockdowns.

Environmental matters

The company continues to have a dedicated focus on Corporate Social and Environmental factors and is a Carbon Net Zero business. The company has been proactive in delivering its own industry leading campaign called RISE (Respect / Innovate / Sustain and Empower). RISE is an initiative which brings customers, colleagues, and suppliers together to address the collective impact on the environment and communities that they operate in.

The company takes its environmental responsibilities seriously and recognises that business activities inevitably have an impact on the natural environment. It is committed to conducting business in a manner that is fiscally, environmentally, and socially responsible, whilst delivering sustainable value and strong financial performance. Every endeavour is made to ensure that all business activities undertaken by or on behalf of the company are aligned with its sustainable procurement policy. It aspires to be recognised as a company that does what is right for the long-term, rather than maximising short-term financial gain.

This report was approved by the board on *27 April 2022* and signed on its behalf.


G H Williams
Director

CUBIQUITY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

Results and dividends

The profit for the year, after taxation, amounted to £558,092 (2020: £284,208).

No dividends have been paid during the year (2020: £Nil). The directors do not propose the payment of a final dividend.

Directors

The directors who served during the period were:

M D Allum
E A Graham
S T Inger
P A Inman
K J Rowland
G H Williams

CUBIQUITY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Financial instruments

As highlighted in note 19 to the financial statements, the company is party to group banking facilities. These facilities are made available to the company to meet its day to day working capital requirements. The £1.5m overdraft facility with Lloyds Bank was renewed in October 2021. In September 2018, the group repaid its previous fixed term loan and entered into a new 5 year fixed term loan of £7.25m with Lloyds Bank until September 2023.

The group also has a receivables finance agreement with Lloyds Bank plc to provide additional working capital facilities of up to £4.5m, which was renewed in May 2019.

The group's forecasts and projections, taking account of changes in trading performance, show that the group should be able to continue operating well within the level of its current facilities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

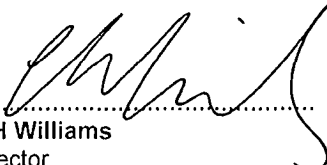
Coronavirus

The directors have considered the effect of the Coronavirus pandemic on the company with the information available to it and do not believe that it will affect its ability to continue as a going concern for the foreseeable future. As with most businesses there will be short term practical difficulties which the directors are managing closely. Further details of the potential impacts have been discussed in note 2.3 to these financial statements.

Likely future developments in the business of the company

Information on the likely future developments in the business of the company has been included in the Strategic report on page 1.

This report was approved by the board on 27 April 2022 and signed on its behalf.


.....
G H Williams
Director

CUBIQUITY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUBIQUITY LIMITED

Opinion

We have audited the financial statements of Cubiquity Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and loss account, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

CUBIQUITY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUBIQUITY LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

CUBIQUITY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUBIQUITY LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

Our assessment focussed on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the industry;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable;
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.
- We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
 - o making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
 - o considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- To address the risk of fraud through management bias and override of controls, we:
 - o tested journal entries to identify unusual transactions;
 - o assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias, in particular the director's assessment of the bad debt provision; and
 - o investigated the rationale behind significant or unusual transactions.
- In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
 - o agreeing financial statement disclosures to underlying supporting documentation;
 - o reading the minutes of meetings of those charged with governance;
 - o enquiring of management as to actual and potential litigation and claims; and
 - o reviewing correspondence with HMRC and associated parties.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

CUBIQUITY LIMITED

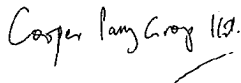
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUBIQUITY LIMITED (CONTINUED)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Rowley (Senior statutory auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 12 May 2022

CUBIQUITY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	10,832,984	10,839,948
Net operating expenses	5	(10,268,850)	(10,561,855)
Operating profit		<u>564,134</u>	<u>278,093</u>
Interest payable and expenses	10	(7,774)	(2,215)
Profit before tax		<u>556,360</u>	<u>275,878</u>
Tax on profit	11	1,732	8,330
Profit for the financial year		<u><u>558,092</u></u>	<u><u>284,208</u></u>
 Total comprehensive income for the year		 <u><u>558,092</u></u>	 <u><u>284,208</u></u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the Profit and loss account.

The notes on pages 12 to 26 form part of these financial statements.


CUBIQUITY LIMITED
REGISTERED NUMBER: 06925648

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	1,999	18,012
Tangible assets	13	37,515	51,993
		<u>39,514</u>	<u>70,005</u>
Current assets			
Stocks	15	317,104	224,545
Debtors: amounts falling due within one year	16	3,503,069	2,572,066
Cash at bank and in hand		3,706,511	3,520,633
		<u>7,526,684</u>	<u>6,317,244</u>
Trade creditors		(2,104,701)	(1,585,075)
Amounts owed to group companies		(5,147)	(5,456)
Other creditors		(175)	-
Other taxation and social security		(289,775)	(473,990)
Accruals and deferred income		(1,256,643)	(969,331)
		<u>3,870,243</u>	<u>3,283,392</u>
Net current assets		<u>3,870,243</u>	<u>3,283,392</u>
Total assets less current liabilities		<u>3,909,757</u>	<u>3,353,397</u>
Provisions for liabilities			
Deferred tax	17	(8,042)	(9,774)
		<u>3,901,715</u>	<u>3,343,623</u>
Net assets		<u>3,901,715</u>	<u>3,343,623</u>
Capital and reserves			
Called up share capital	18	5,530	5,530
Share premium account		277,338	277,338
Profit and loss account		3,618,847	3,060,755
		<u>3,901,715</u>	<u>3,343,623</u>

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

27 April 2022.


.....
G H Williams
Director

The notes on pages 12 to 26 form part of these financial statements.

CUBIQUITY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	5,530	277,338	2,776,547	3,059,415
Profit for the year	-	-	284,208	284,208
At 1 January 2021	5,530	277,338	3,060,755	3,343,623
Profit for the year	-	-	558,092	558,092
At 31 December 2021	5,530	277,338	3,618,847	3,901,715

The notes on pages 12 to 26 form part of these financial statements.

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Cubiquity Limited is a private limited company incorporated in England and Wales, the registered office is shown on the company information page. The company's principal activity is shown in the Strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The financial statements are prepared in pounds sterling (£) which is the functional currency of the company.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Claverley Holdings Limited as at 1 January 2022 and these financial statements may be obtained from Companies House.

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.3 Going concern

During 2021 the Directors have managed the Company through the continued disruption arising from the COVID-19 pandemic. The business has remained open and has been carefully managed ensuring suitable safety measures are in place.

The directors are pleased with the way in which the stakeholders of the business have responded to the situation, employees, supply chain and customers have positively engaged with the Company.

The Company is part of a group wide banking facility which include a net £1.5m overdraft and receivables finance agreements of up to £4.5m. The Group facilities have been renewed from October 2021 on the same terms. Given the nature of the Group facilities and the security pledged by the Company in relation to the Group facilities, the directors of the Company have carried out the going concern assessment of the Company by reference to the assessment carried out on the wider Group.

The Group prepared a comprehensive three year business plan in November 2021 which was based on prudent assumptions, given the risks associated increasing inflationary pressures on costs. The business plan showed the Group delivering an EBITDA profit of £3.7m in 2022 with newly acquired businesses driving significant profitability growth in 2023 and 2024. The Group's existing facilities and trading cashflows provide the necessary liquidity for substantial investment across the Group and for future acquisitions. Trading across the group is currently ahead of the business plan, with trading in the final quarter of 2021 exceeding forecasted EBITDA by £0.3m and it is anticipated that the first quarter of 2022 will achieve an EBITDA of £2.0m which is £1.2m ahead of budget.

The directors are also aware that £3m of the Group's net facilities are ring fenced for the remainder of 2022 to provide liquidity in the event of unexpected economic conditions.

The directors are satisfied therefore that it is appropriate to prepare the financial statements on a going concern basis and the financial statements do not include any adjustments that would be necessary if the company was unable to continue as a going concern.

2.4 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.5 Turnover

Turnover represents fee income in respect of the procurement and outsourcing of physical printing, and digital and studio design work.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, Value Added Tax and other sales taxes.

Turnover is recognised when the company obtains the right to consideration in exchange for its performance as the contract progresses.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. All software development assets are considered to have a three year useful life.

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Tangible fixed assets

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Profit and loss account during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Computer equipment	-	33%	per annum
--------------------	---	-----	-----------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Profit and loss account.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Financial instruments

Financial assets comprise cash at bank and in hand, trade debtors, other debtors, accrued income, and amounts owed by group undertakings; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method. The company considers evidence of impairment for all individual trade and other debtors and amounts owed by company undertakings, and any subsequent impairment is recognised in the Profit and loss account.

Impairment provisions are recognised when there is objective evidence that a financial asset or company of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

Financial liabilities comprise trade creditors, other creditors, accruals and deferred income; these are initially recorded at cost on the date they originate, and are subsequently carried at amortised cost under the effective interest method.

2.13 Creditors

Short term creditors are measured at the transaction price.

2.14 Foreign currency translation

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

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

2.15 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.17 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are not discounted.

2.19 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants relating to the Coronavirus Job Retention Scheme are recognised in the Profit and loss account when the relevant requirements are met.

2.20 Related party transactions

The company was a wholly owned subsidiary of Claverley Holdings Limited and has taken advantage of the exemption conferred by Section 33 of FRS 102 not to disclose transactions with Claverley Holdings Limited or other wholly owned subsidiaries within the group.

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Bad debt provisions

The company has not recognised any provision for bad debts. Management have performed an assessment based on the ageing and due date of receivables and other risk factors, and have not identified any debtors which are not considered to be recoverable in full.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	10,814,607	10,821,009
Rest of Europe	15,137	16,769
Rest of the world	3,240	2,170
	<u>10,832,984</u>	<u>10,839,948</u>

CUBIQUITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Net operating expenses

	2021 £	2020 £
Staff costs (Note 8)	2,457,189	2,411,315
Depreciation of tangible fixed assets	32,281	38,491
Amortisation of intangible fixed assets	16,013	27,881
Raw materials and consumables	6,849,708	7,195,681
Other operating charges	1,042,929	1,008,191
Exceptional costs	-	43,645
Other operating income	(129,270)	(330,824)
	<u>10,268,850</u>	<u>10,394,380</u>

Other operating income of £129,270 (2020: £330,824) relates to government grants receivable in respect of employees placed on "furlough" during the year, as part of the UK Government's Coronavirus Job Retention Scheme.

Exceptional costs of £Nil (2020: £43,645) were incurred during the year. Prior year costs were in relation to severance pay.

6. Investment income

	2021 £	2020 £
Dividends received from group undertakings	<u>-</u>	<u>65,758</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>12,200</u>	<u>10,500</u>

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	2,171,705	2,133,700
Social security costs	231,915	218,437
Cost of defined contribution scheme	53,569	59,178
	<u>2,457,189</u>	<u>2,411,315</u>

The average monthly number of employees, including directors, during the year was 44 (2020: 47).

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	338,592	336,405
Company contributions to defined contribution pension schemes	16,198	38,944
	<u>354,790</u>	<u>375,349</u>

The total amount payable to the highest paid director in respect of emoluments was £109,200 (2020: £119,397). Company pension contributions of £5,000 (2020: £5,000) were made to a money purchase scheme on their behalf.

10. Interest payable and expenses

	2021 £	2020 £
Service charges on invoice discounting facility	<u>7,774</u>	<u>2,215</u>

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

11. Taxation

	2021 £	2020 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(5,100)	(7,007)
Changes to tax rates	3,154	1,767
Adjustments in respect of previous period	214	(3,090)
Total deferred tax	(1,732)	(8,330)
Taxation on loss on ordinary activities	(1,732)	(8,330)

Factors affecting tax charge for the year

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

	2021 £	2020 £
Profit on ordinary activities before tax	556,360	275,878
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	105,708	52,417
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,528	2,011
Adjustment to deferred tax in respect of previous period	214	(3,090)
Group relief claimed	(112,253)	(53,532)
Fixed asset differences	141	188
Other tax adjustments, reliefs and transfers	-	(8,090)
Remeasurement of deferred tax for changes in tax rates	1,930	1,766
Total tax charge for the year	(1,732)	(8,330)

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. 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, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at 31 December 2021. As such, the deferred tax rate applicable at 31 December 2021 is 25% and deferred tax has been re-measured at this rate.

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Intangible assets

	Computer software £
Cost	
At 1 January 2021	86,357
At 31 December 2021	<u>86,357</u>
Amortisation	
At 1 January 2021	68,345
Charge for the year	<u>16,013</u>
At 31 December 2021	<u>84,358</u>
Net book value	
At 31 December 2021	<u>1,999</u>
At 31 December 2020	<u>18,012</u>

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Tangible fixed assets

	Computer equipment £
Cost or valuation	
At 1 January 2021	217,801
Additions	17,803
Disposals	(86,775)
At 31 December 2021	<u>148,829</u>
Depreciation	
At 1 January 2021	165,808
Charge for the year	32,281
Disposals	(86,775)
At 31 December 2021	<u>111,314</u>
Net book value	
At 31 December 2021	<u><u>37,515</u></u>
At 31 December 2020	<u><u>51,993</u></u>

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	5,000
At 31 December 2021	<u>5,000</u>
Impairment	
At 1 January 2021	5,000
At 31 December 2021	<u>5,000</u>
Net book value	
At 31 December 2021	<u>-</u>
At 31 December 2020	<u>-</u>

BigKid Agency Limited is a dormant company and so the investment is fully impaired.

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Principal activity	Class of shares	Holding
BigKid Agency Limited	Dormant	Ordinary	100%

The address of the registered office of BigKid Agency Limited is 51-53 Queen Street, Wolverhampton, England, WV1 1ES.

15. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>317,104</u>	<u>224,545</u>

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

No impairment losses relating to damaged or obsolete inventories were recognised in the current or prior periods.

CUBIQUITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Debtors

	2021 £	2020 £
Trade debtors	2,977,374	2,211,252
Amounts owed by group undertakings	1,523	-
Other debtors	15,600	15,700
Prepayments and accrued income	508,572	345,114
	<u>3,503,069</u>	<u>2,572,066</u>

The impairment loss recognised in the company profit or loss for the period in respect of bad and doubtful trade debtors was: £Nil (31 December 2020: £Nil).

17. Deferred taxation

	2021 £	2020 £
At beginning of year	(9,774)	(15,014)
Credited to the Profit and loss account	1,732	8,330
Arising on transfers intra group	-	(3,090)
At end of year	<u>(8,042)</u>	<u>(9,774)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(8,042)	(11,127)
Tax losses carried forward	-	1,353
	<u>(8,042)</u>	<u>(9,774)</u>

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18. Share capital and reserves

Called up share capital

The nominal value of allotted and fully paid up Ordinary share capital.

Profit and loss account

Cumulative net gains and losses recognised in the Profit and loss account.

	2021 £	2020 £
Allotted, called up and fully paid		
5,530 Ordinary shares of £1 each	5,530	5,530

19. Contingent liabilities

During the period the company was party to cross guarantees in respect of group banking facilities. These facilities were made available to the company to meet its day to day working capital requirements. The facilities are secured by a fixed and floating charge over the assets of the group.

As at 31 December 2021, the group recorded a net debt position under the above facilities of £1.8m (2 January 2021 – £5.4m net cash).

20. Pension commitments

The company operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £53,569 (2020: £59,178). Contributions were payable to the fund at the year end of £Nil (2020: £5,995).

21. Commitments under operating leases

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

	2021 £	2020 £
Not later than 1 year	213,591	185,431
Later than 1 year and not later than 5 years	235,164	281,313
	448,755	466,744

22. Related party transactions

The company has taken advantage of the exemption conferred by FRS102 section 33, "Related party disclosure" not to disclose transactions with members of the group headed by Claverley Holdings Limited provided that any subsidiary undertaking which is party to the transaction is a wholly owned member of that group.

CUBIQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

23. Controlling party

The ultimate parent undertaking is Claverley Holdings Limited, registered in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by Claverley Group Limited. The consolidated accounts are available to the public and may be obtained from the registered office.

The largest group in which the results of the company are consolidated is that headed by Claverley Holdings Limited. The consolidated accounts are available to the public and may be obtained from the registered office.

The registered office of both Claverley Group Limited and Claverley Holdings Limited is the same as that of Cubiquity Limited.