

Company Registration No. 07630238 (England and Wales)

Prezola Limited

**Financial statements
for the year ended 31 December 2020**

Pages for filing with the Registrar

Prezola Limited

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Prezola Limited

**Statement of financial position
As at 31 December 2020**

		2020	2019
	Notes	£	£
Fixed assets			
Intangible assets	4	347,133	661,534
Tangible assets	5	36,534	52,561
		<u>383,667</u>	<u>714,095</u>
Current assets			
Stocks		132,200	161,756
Debtors - deferred tax		876,909	730,605
Debtors - other	6	64,110	191,248
Cash at bank and in hand		708,275	1,005,515
		<u>1,781,494</u>	<u>2,089,124</u>
Creditors: amounts falling due within one year	7	<u>(6,340,884)</u>	<u>(5,186,312)</u>
Net current liabilities		<u>(4,559,390)</u>	<u>(3,097,188)</u>
Total assets less current liabilities		<u>(4,175,723)</u>	<u>(2,383,093)</u>
Creditors: amounts falling due after more than one year	8	<u>(1,610)</u>	<u>(9,315)</u>
Net liabilities		<u><u>(4,177,333)</u></u>	<u><u>(2,392,408)</u></u>
Capital and reserves			
Called up share capital		313	313
Share premium account		3,144,878	3,144,878
Profit and loss reserves		<u>(7,322,524)</u>	<u>(5,537,599)</u>
Total equity		<u><u>(4,177,333)</u></u>	<u><u>(2,392,408)</u></u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

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

Prezola Limited

Statement of financial position (continued)

As at 31 December 2020

The financial statements were approved by the board of directors and authorised for issue on 17 August 2021 and are signed on its behalf by:

Pru Leary

Director

Company Registration No. 07630238

Prezola Limited

**Statement of changes in equity
For the year ended 31 December 2020**

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2019	308	3,144,878	(3,005,623)	139,563
Period ended 31 December 2019:				
Loss and total comprehensive income for the period	-	-	(2,531,976)	(2,531,976)
Issue of share capital	5	-	-	5
Balance at 31 December 2019	313	3,144,878	(5,537,599)	(2,392,408)
Period ended 31 December 2020:				
Loss and total comprehensive income for the period	-	-	(1,784,925)	(1,784,925)
Balance at 31 December 2020	313	3,144,878	(7,322,524)	(4,177,333)

Prezola Limited

Notes to the financial statements For the year ended 31 December 2020

1 Accounting policies

Company information

Prezola Limited is a private company limited by shares incorporated in England and Wales. The registered office is 80-82 Glentham Road, Barnes, London, SW13 9JJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

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

1.2 Going concern

The company has been significantly impacted by the Coronavirus pandemic as UK restrictions throughout much of the year have meant that weddings have not been able to take place which has had a detrimental impact on income.

At the time of approving the financial statements, the directors have a reasonable expectation that the company's income pipeline, coupled with continued support from the parent company, means that the company has adequate resources to continue in operational existence for the foreseeable future. The company, which made a loss in the year of £1,784,925, remains heavily reliant on this support from the parent throughout this particularly turbulent time as there are still many uncertainties surrounding the future impact of the Coronavirus pandemic. So far, post year end trade has been encouraging now that UK restrictions have eased, allowing weddings to resume. We expect the pent up demand of postponed weddings to flow through to substantially increased profitability in the entity over the next two years and beyond.

The directors would like to draw the reader's attention to the consolidated financial statements for The Cambium Group UK Holdings Limited which show the position of the group as a whole. The group has made use of a number of the Government measures available including the furlough scheme and has taken all other steps considered reasonably necessary in order to mitigate the impact of the pandemic on the business and manage its cash flows throughout the year.

1 Accounting policies (continued)

Furthermore, Prezola Limited is a business operating in a growth market. In common with many businesses that are scaling rapidly, its costs exceed its income. This is because a scaling business needs to build infrastructure and invest in both growing the market and growing its market share. This is the first full year of the group's existence which was formed in order to consolidate market share and benefit from synergies achieved from one central cost base. As the first year has been heavily impacted by the Coronavirus pandemic, we expect to see the benefits of the group structure take hold throughout 2021 and 2022 when we anticipate that the UK will return to a level of normality.

Consequently the directors continue to adopt the going concern basis of account in preparing the financial statements and believe there is sufficient liquidity and support available in the Group to continue to grow the business into profitability.

1.3 Turnover

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

Sales of goods and services are recognised as revenue at the point that the sales order has been finalised and ownership passes to the recipient. Subscription income is recognised in full immediately at the point of sale.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

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

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

Website	3 years straight line
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1.6 Tangible fixed assets

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

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

Fixtures, fittings & equipment	3 - 6 years straight line
Motor vehicles	6 years straight line

1 Accounting policies (continued)

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

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Stocks

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

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

Notes to the financial statements (continued)
For the year ended 31 December 2020

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

1.11 Equity instruments

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

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies (continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the asset's fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

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Notes to the financial statements (continued)
For the year ended 31 December 2020

2 Employees

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

	2020	2019
	Number	Number
Total	38	54

3 Directors' remuneration

	2020	2019
	£	£
Remuneration paid to directors	-	269,764

Directors are now remunerated through other group companies.

4 Intangible fixed assets

	Website
	£
Cost	
At 1 January 2020	1,422,031
Additions	131,882
At 31 December 2020	1,553,913
Amortisation and impairment	
At 1 January 2020	760,497
Amortisation charged for the year	446,283
At 31 December 2020	1,206,780
Carrying amount	
At 31 December 2020	347,133
At 31 December 2019	661,534

Prezola Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

5 Tangible fixed assets

	Fixtures, fittings & equipment
	£
Cost	
At 1 January 2020	132,884
Additions	8,846
Disposals	(37,231)
	<hr/>
At 31 December 2020	104,499
	<hr/>
Depreciation and impairment	
At 1 January 2020	80,323
Depreciation charged in the year	20,130
Eliminated in respect of disposals	(32,488)
	<hr/>
At 31 December 2020	67,965
	<hr/>
Carrying amount	
At 31 December 2020	36,534
	<hr/> <hr/>
At 31 December 2019	52,561
	<hr/> <hr/>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020	2019
	£	£
Plant, machinery & motor vehicles	15,986	24,092
	<hr/> <hr/>	<hr/> <hr/>
Depreciation charge for the year in respect of leased assets	8,106	8,106
	<hr/> <hr/>	<hr/> <hr/>

Prezola Limited

Notes to the financial statements (continued)
For the year ended 31 December 2020

6 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Other debtors	64,110	191,248
Deferred tax asset	876,909	730,605
	<u>941,019</u>	<u>921,853</u>

7 Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans	600,000	800,000
Trade creditors	139,459	296,251
Amounts owed to group undertakings	4,147,427	2,165,000
Taxation and social security	46,219	120,940
Other creditors	1,407,779	1,804,121
	<u>6,340,884</u>	<u>5,186,312</u>

Included in other creditors are hire purchase liabilities of £7,705 (2019: £10,378) which are secured on the assets to which they relate.

The bank loan is secured by way of a fixed and floating charge over the assets owned by the company.

8 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Other creditors	<u>1,610</u>	<u>9,315</u>

Included in other creditors are hire purchase liabilities of £1,610 (2019: £9,315) which are secured on the assets to which they relate.

Notes to the financial statements (continued)
For the year ended 31 December 2020

9 Share-based payment transactions

Share options in place throughout the year were as follows:

	Number of share options		Weighted average exercise price	
	2020 Number	2019 Number	2020 £	2019 £
Outstanding at 1 January 2020	-	35,604	-	1.12
Expired	-	(35,604)	-	1.12
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding at 31 December 2020	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Exercisable at 31 December 2020	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

During the prior year the company ownership changed and at that point, all existing options lapsed.

Prezola Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified with attention drawn to the material uncertainty over going concern as stated in note 1.2.

The senior statutory auditor was Neil Davies.

The auditor was Saffery Champness LLP.

11 Operating lease commitments

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

	2020	2019
	£	£
Total	3,571	490,189
	<u> </u>	<u> </u>

12 Events after the reporting date

Post year end a dispute with a former supplier was resolved in the supplier's favour. As such, settlement related costs of £169,193 have been provided for in the financial statements and are shown within exceptional costs.

13 Related party transactions

Remuneration of key management personnel

	2020	2019
	£	£
Aggregate compensation	-	269,764
	<u> </u>	<u> </u>

During the year management fees of £nil (2019: £36,621) were paid to BGF Investments LP, a significant shareholder for part of the prior year. Also during the prior year BGF Investments LP provided a loan to the entity of £1,100,000 with an interest rate of 8%. This was fully repaid on 2 August 2019.

Prezola Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

13 Related party transactions (continued)

Transactions with related parties

The company has taken advantage of the exemption under paragraph 33.1a of FRS 102 from disclosing transactions entered into between two or more members of a group, where any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

The company has also taken advantage of the exemption under paragraph 1AC.35 of FRS 102 from disclosing transactions with related parties that have been carried out on an arm's length basis.

14 Parent company

The parent company of Prezola Limited is The Cambium Group UK Holdings Limited (formerly WLS Holdings Limited) and its registered office is 80-82 Glentham Road, London, United Kingdom, SW13 9JJ. Consolidated accounts are produced by the parent company which are available from Companies House.

The ultimate parent company is WLS International Limited, a company registered in Cayman Islands.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.