

Disciple Media Limited

Report and Unaudited Financial Statements

Year Ended

31 December 2018

Company Number 08075740



Disciple Media Limited

**Report and unaudited financial statements
for the year ended 31 December 2018**

Directors

B Vaughan
J Thomas
S Brittan

Company Number

08075740

Registered Office

Colonial Building
59-61 Hatton Garden
London
EC1N 8LS

Disciple Media Limited

Report and unaudited financial statements for the year ended 31 December 2018

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Disciple Media Limited

Directors' Report for the year ended 31 December 2018

The directors present their report and the unaudited financial statements of the Company for the year ended 31 December 2018.

Results and dividends

The statement of comprehensive income is set out on page 5 and shows the loss for the year.

The directors do not recommend the payment of a dividend (2017: Nil).

Principal activities

The principal activity of the Company is to carry on the business of developing, supporting and monetising a technology platform that supports interaction between content publishers and communities.

Research and Development

The Company continues to dedicate extensive resources to the improvement and enhancement of our technology platform.

Events since the balance sheet date

Since the balance sheet date there has been a significant round of funding.

Directors

The directors of the Company during the year and up to the date of signing of the financial statements were:

B Vaughan
S Brittan
J Thomas
J Smith (resigned on 28th September 2018)

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Disciple Media Limited

Directors' Report for the year ended 31 December 2018 *(continued)*

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the Company financial statements (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 prepared 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 (FRS 102).

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 the company and of the profit or loss of the Company and company for that period. In preparing these financial statements, the directors are required to:

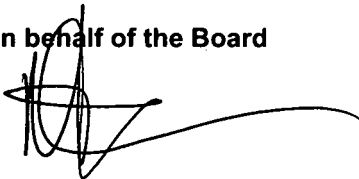
- select suitable account policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- notify its shareholder in writing about the use of disclosure exemptions, if any of FRS 102 used in the preparation of financial statements; and

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 the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the Board



B Vaughan

Director

Date 23 September 2019

Disciple Media Limited

Statement of comprehensive income for the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Turnover	4	259,197	305,256
Cost of sales		(292,583)	(351,623)
Gross Profit		(33,386)	(46,367)
Administrative expenses		(2,239,725)	(1,690,908)
Operating loss	7	(2,239,725)	(1,737,275)
Interest receivable and similar income	9	-	-
Loss on ordinary activities before taxation		(2,273,111)	(1,737,275)
Taxation on loss from ordinary activities	10	-	-
Loss on ordinary activities after taxation		(2,273,111)	(1,737,275)

All amounts relate to continuing activities.

The Company has no recognised gains or losses other than those presented above.

The notes on pages 7 to 17 form part of these financial statements.

Disciple Media Limited

Balance sheet at 31 December 2018

Company number 08075740	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible Assets	11		-		3,525
Tangible assets	12		16,639		8,410
Current assets					
Debtors	14	68,986		66,194	
Cash at bank and in hand		864,272		481,011	
		933,258		547,204	
Creditors: amounts falling due within one year	15	(591,520)		(452,236)	
Net current assets			341,738		94,968
Net assets			358,377		106,904
Capital and reserves					
Called up share capital	16		661		504
Share premium account	17		11,562,770		9,038,341
Profit and loss account	17		(11,205,054)		(8,931,941)
Shareholders' equity			358,377		106,904

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 31 December 2018

The members have not required the company to obtain an audit of its financial statements for the period ended 31 December 2018 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006.
- Preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'

The financial statements were approved by the Board of Directors and authorised for issue on 23 September 2019.


B Vaughan
Director

The notes form part of these financial statements.

Disciple Media Limited

Notes forming part of the financial statements for the year ended 31 December 2018

1 General Information

Disciple Media Limited ('the Company') is a private company limited by shares and is incorporated in England. The address of its registered office is Colonia Building, 59-61 Hatton Garden, London, EC1N 8LS.

2 Statement of compliance

The individual financial statements of Disciple Media Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, with the exception of Share Based Payments as discussed in Note 8.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years/periods presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical costs convention.

Foreign Currency

Functional and presentation currency

The Company financial statements are presented in pound sterling and rounded to whole pounds.

The Company's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchanges 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 costs 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 value was determined.

Disciple Media Limited

Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)*

3 Summary of significant accounting policies *(continued)*

Foreign currency (continued)

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

All foreign exchange gains and losses are presented in the profit and loss account within 'Administrative expenses'.

Translation

The trading results of Company undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the end user has purchased a subscription to one of the Company's products.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Disciple Media Limited

Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)*

3 Summary of significant accounting policies *(continued)*

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software – 3 years

Amortisation is charged to 'Administrative expenses' in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Tangible assets and depreciation

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to the residual values over their estimated useful lives, as follows:

Fixtures, fitting and equipment – over 3 years

Leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Disciple Media Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

3 Summary of significant accounting policies (continued)

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same Company. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Company financial statements.

4 Turnover

Turnover is wholly attributable to the principal activity of the Company.

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
United Kingdom	19,774	13,162
Rest of Europe	1,851	2,447
Rest of World	237,572	289,647
	<hr/>	<hr/>
	259,197	305,256
	<hr/>	<hr/>

5 Employees

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Staff costs, included in Administrative expenses, consist of:		
Wages and salaries	1,019,677	641,343
Social security costs	121,051	71,011
	<hr/>	<hr/>
	1,140,728	712,354
	<hr/>	<hr/>

The monthly average number of employees during the year was 17 (2017 was 15).

Disciple Media Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

6 Directors

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Directors' remuneration, included in Administrative Expenses, consists of:		
Wages and salaries	136,989	235,000
Social security costs	17,472	30,191
	<u>154,461</u>	<u>265,191</u>

The total amount payable to the highest paid director in respect of emoluments was £124,028 (2017 £141,040). The Company made pension contributions of £654.96 (2017 £358.60) on their behalf. The executive directors are the key management of the Company.

7 Operating loss

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
This has been arrived at after charging:		
Depreciation and Amortisation	11,403	203,415
Hire of other assets - operating leases	142,554	117,711
Auditors' remuneration		
- Audit	0	0
- Taxation	31,003	8,000
Exchange loss/(gain)	6,750	(4,660)
	<u></u>	<u></u>

Disciple Media Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

8 Share-based payments

Certain employees and advisors participate in the Company's share option scheme which provides additional remuneration for those people who are key to the operations of the Company.

The options are granted with an exercise price equalling the market value of the shares, and vest over four years from the date of grant and expire ten years after the date of grant.

Employees are not entitled to dividends until the shares are exercised.

A reconciliation of share option movements over the year to 31 December 2018 is shown below:

	2018 Number	2018 Price	2017 Number	2017 Price
Outstanding on 1 January	5,047	£147.06	2,451	£822.24
Granted	2,914	£10.95	4604	£90.56
Forfeited	(3,455)	(£15.18)	(2,008)	(£834.03)
Exercised	0	-	0	-
Expired	0	-	0	-
Outstanding at 31 December	4,506	£160.05	5,047	£147.06
Exercisable at 31 December	-	-	-	-

The Company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes similar to the key- employee schemes.

The Company has not recorded a charge to profit and loss account in relation to these share based payments during the year.

9 Net interest and tax expense

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Bank interest received		
R&D relief	139,499	156,627
	<u>139,499</u>	<u>156,627</u>

Disciple Media Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

10 Tax on loss on ordinary activities

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
<i>Current tax</i>		
UK corporation tax on loss for the year/period	-	-
Overseas taxation	-	-
	<hr/>	<hr/>
Taxation on loss on ordinary activities	-	-
	<hr/>	<hr/>

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

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Loss on ordinary activities before tax	(2,273,111)	(1,737,275)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017 - 20%)	(431,891)	(347,455)
Effects of:		
Expenses not deductible for tax purposes	3,533	3,912
Depreciation and Amortisation	2,167	40,683
Unrelieved tax losses carried forward	426,192	302,861
Timing differences		
	<hr/>	<hr/>
Current tax charge for year/period	-	-
	<hr/>	<hr/>

A deferred tax asset has not been recognised in respect of trading losses, fixed assets and other short-term timing differences as there is insufficient evidence that the asset will be recovered through taxable profits in the foreseeable future.

Disciple Media Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 *(continued)*

11 Intangible assets

	Software development £
<i>Cost</i>	
At 1 January 2018	666,549
Increase	-
	<hr/>
At 31 December 2018	666,549
	<hr/>
<i>Amortisation</i>	
At 1 January 2018	(663,023)
Provided for the year	(3,525)
	<hr/>
At 31 December 2018	(666,549)
	<hr/>
<i>Net book value</i>	
At 31 December 2018	-
	<hr/>
At 31 December 2017	3,525
	<hr/>

12 Tangible assets

	Fixtures, fittings and equipment £
<i>Cost</i>	
At 1 January 2018	46,974
Additions	16,107
	<hr/>
At 31 December 2018	63,081
	<hr/>
<i>Depreciation</i>	
At 1 January 2018	(38,564)
Provided for the year	(7,878)
	<hr/>
At 31 December 2018	(46,442)
	<hr/>
<i>Net book value</i>	
At 31 December 2018	16,639
	<hr/>
At 31 December 2017	8,410
	<hr/>

Disciple Media Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

13 Investments

	2018 £	2017 £
Investments in subsidiaries	-	-
	-	-

The Company holds 100% of the issued ordinary share capital of Disciple Media Inc, 100 shares with a par value of \$0.001.

Disciple Media Inc is incorporated in Delaware, United States and operates the New York based business development office of the Company.

14 Debtors

	2018 £	2017 £
Trade debtors	21,716	31,375
Recoverable VAT	25,583	24,318
Prepayments	21,687	10,501
	68,986	66,194

15 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	161,812	127,822
Intercompany with Disciple Media Inc.	5,741	3,409
Accruals	348,589	269,362
Deferred revenue	75,378	51,643
	591,520	452,236

Disciple Media Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

16 Called up share capital

	Ordinary shares of £0.01 each			
	2018 Number	2017 Number	2018 £	2017 £
Allotted, called up and paid	60,167	46,282	601.87	462.82
Fully paid but not yet issued	5,894	4,113	58.94	41.13
	<u>50,395</u>	<u>50,395</u>	<u>661</u>	<u>504</u>

There are two classes of ordinary shares, founders and ordinary. Both have the same voting rights and there are no restrictions on the distribution of dividends and the repayment of capital. As part of the Company's seventh round of funding the consideration for 5,894 Ordinary Shares was received before the year end, but the share certificates will not be issued until the round is fully closed. However, as the Company believes that the shareholders were legally entitled to the shares at 31 December 2018, they have been credited to share capital and the share premium reserve.

17 Reserves

	Share premium £	Profit and loss account £
At 1 January 2018	9,038,341	(8,931,942)
Loss for the year	-	(2,273,111)
Shares issued	2,524,429	-
	<u>11,562,770</u>	<u>(11,205,054)</u>
At 31 December 2018		

Disciple Media Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

18 Commitments under operating leases

As at 31 December 2018, the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2018 £	Land and buildings 2017 £
Operating leases which expire:		
In two to five years		
In less than one year	13,861	10,580
	<hr/>	<hr/>
	13,861	10,580
	<hr/>	<hr/>

19 Pension: Defined Contribution Scheme

	2018 Employers	2017 Employers	2018 Employees	2017 Employees
Normal Contributions	£9,854	£3,472	£11,814	£3,243
Deficit Funding	-	-	-	-
Other Contributions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	£9,854	£3,472	£11,814	£3,243
	<hr/>	<hr/>	<hr/>	<hr/>

The summary is prepared solely for the purpose of reconciling the contributions reconciled in the financial statements.

20 Related party transactions

The Company's only related party transactions were with wholly owned subsidiaries and so have not been disclosed.