

## **Disciple Media Limited**

**Report and Unaudited Financial Statements**

**Year Ended**

**31 December 2022**

**Company Number 08075740**

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## **Disciple Media Limited**

### **Report and unaudited financial statements for the year ended 31 December 2022**

#### **Directors**

B Vaughan  
N Luckock  
M Downey (resigned 31.10.2022)  
A Beard  
E Svendsen

#### **Company Number**

08075740

#### **Registered Office**

Disciple Media Limited  
86-90 Paul Street  
London  
EC2A 4NE

# **Disciple Media Limited**

## **Report and unaudited financial statements for the year ended 31 December 2022**

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**Disciple Media Limited**  
**Directors' Report**  
**for the year ended 31 December 2022**

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The directors present their report and the unaudited financial statements of the Company for the year ended 31 December 2022.

**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 (2021: Nil).

**Principal activities**

The principal activity of the Company is to carry out 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.

**Directors**

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

B Vaughan  
M Downey (resigned 31.10.2022)  
A Beard  
N Luckock  
E Svendsen

**Small Company Provisions**

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

# **Disciple Media Limited**

## **Directors' Report for the year ended 31 December 2022 (continued)**

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### **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 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 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 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.

### **Small Company Provisions**

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

### **On behalf of the Board**



E Svendsen

**Director**

Date: 08.02.2023

# Disciple Media Limited

## Statement of comprehensive income for the year ended 31 December 2022

	Note	Year ended 31 December 2022 £	Year ended 31 December 2021 £
<b>Turnover</b>	4	3,050,155	2,267,219
<b>Cost of sales</b>		(450,555)	(489,018)
<b>Gross Profit</b>		2,599,600	1,778,201
<b>Administrative expenses</b>		(5,429,626)	(4,645,044)
<b>Operating loss</b>	7	(2,830,026)	(2,866,843)
<b>Interest receivable and similar income</b>	9	-	-
<b>Loss on ordinary activities before taxation</b>		(2,830,026)	(2,866,843)
<b>Taxation on loss from ordinary activities</b>	10	-	-
<b>Loss on ordinary activities after taxation</b>		(2,830,026)	(2,866,843)

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 19 form part of these financial statements.

# Disciple Media Limited

## Balance sheet at 31 December 2022

<b>Company number 08075740</b>	<b>Note</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Intangible Assets	11		-		-
Tangible assets	12		27,206		26,785
<b>Current assets</b>					
Debtors	14	203,893		202,479	
Cash at bank and in hand		1,075,682		1,016,275	
		1,279,575		1,218,754	
<b>Creditors: amounts falling due within one year</b>	15	(3,248,736)		(1,981,838)	
<b>Creditors: amounts falling due more than one year</b>	15	(1,624,369)			
<b>Net assets</b>			(3,566,324)		(736,298)
<b>Capital and reserves</b>					
Called up share capital	16		2,159		2,159
Share premium account	17		20,039,695		20,039,695
Profit and loss account	17		(23,608,178)		(20,778,152)
			)		
<b>Shareholders' equity</b>			(3,566,324)		(736,298)

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 31 December 2022. The members have not required the company to obtain an audit of its financial statements for the period ended 31 December 2022 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 08.02.2023 E Svendsen.

Director

E Svendsen



## **Disciple Media Limited**

### **Notes forming part of the financial statements for the year ended 31 December 2022**

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#### **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 86-90 Paul Street, London, EC2A 4NE.

#### **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 cost 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 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 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.

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.



# Disciple Media Limited

Notes forming part of the financial statements  
for the year ended 31 December 2022 (continued)

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## 3 Summary of significant accounting policies (continued)

### *Foreign currency (continued)*

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 2022 (continued)**

### **3 Summary of significant accounting policies (continued)**

#### *Holiday pay accrual*

In line with FRS 102, Disciple Media has recognised a liability in respect of any unused holiday pay entitlement at year end. The impact of coronavirus on regulations now allows employees in the UK who have not taken all of their statutory annual leave entitlement to carry it over into the next two leave years.

#### *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 include 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 2022 (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 2022 £	Year ended 31 December 2021 £
United Kingdom	550,467	689,830
Rest of Europe	170,646	93,264
Rest of World	2,329,042	1,484,125
	<hr/>	<hr/>
	3,050,155	2,267,219
	<hr/>	<hr/>

### 5 Employees

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Staff costs, included in administrative expenses, consist of:		
Wages and salaries	1,962,016	1,623,186
Social security costs	246,054	194,229
	<hr/>	<hr/>
	1,715,962	1,817,415
	<hr/>	<hr/>

The monthly average number of employees during the year was 29 (2021 was 26).

# Disciple Media Limited

## Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

### 6 Directors

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Directors' remuneration, included in Administrative Expenses, consists of:		
Wages and salaries	311,611	282,100
Social security costs	39,873	36,506
	<u>351,484</u>	<u>318,606</u>

The total amount payable to the highest paid director in respect of emoluments was £176,610 (2021 £136,800). The Company made pension contributions of £3,228.72 (2021 £1,100.70) on their behalf. The executive directors are the key management of the Company.

### 7 Profit/(loss) on ordinary activities before taxation

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
This has been arrived at after charging:		
Depreciation and Amortisation	12,215	17,318
Hire of other assets - operating leases	64,654	85,269
Auditors' remuneration		
- Audit	0	0
- Taxation	47,909	58,350
Exchange loss/(gain)	(3,933)	13,106
	<u>120,845</u>	<u>174,043</u>

# Disciple Media Limited

## Notes forming part of the financial statements for the year ended 31 December 2022 (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.

		2022 Number	2022 Price	2021 Number	2021 Price
Outstanding on 1 January	1	14,505	£136	8,809	£206
Granted at		2884	£47	6,226	£22
Forfeited		-	-	(530)	(£46)
Exercised		-	-	-	-
Expired		(2,778)	(£22)	-	-
Outstanding at 31 December	31	14,611	£137	14,505	£136
Excerciseable at 31 December	31	-	-	-	-

A reconciliation of share option movements over the year to 31 December 2022 is shown below:

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 the profit and loss account in relation to these share-based payments during the year.

### 9 Net interest and tax expense

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Bank interest received	-	-
R&D relief	308,347	310,214
	<u>308,347</u>	<u>310,214</u>

# Disciple Media Limited

Notes forming part of the financial statements  
for the year ended 31 December 2022 (continued)

## 10 Tax on loss on ordinary activities

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
<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 2022 £	Year ended 31 December 2021 £
Loss on ordinary activities before tax	(2,830,026)	(2,866,843)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(537,705)	(544,700)
Effects of:		
Expenses not deductible for tax purposes	8,657	7,716
Depreciation and Amortisation	2,321	3,290
Unrelieved tax losses carried forward	526,727	536,659
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 2022 (continued)

### 11 Intangible assets

	Software development £
<b>Cost</b>	
At 1 January 2022	666,549
Increase	-
	<hr/>
At 31 December 2022	666,549
<b>Amortisation</b>	
At 1 January 2022	(663,549)
Provided for the year	-
	<hr/>
At 31 December 2022	(666,549)
	<hr/>
<b>Net book value</b>	
At 31 December 2022	-
	<hr/>
At 31 December 2021	-
	<hr/>

## Disciple Media Limited

Notes forming part of the financial statements  
for the year ended 31 December 2022 (*continued*)

### 12 Tangible assets

	Fixtures, fittings and equipment £
<i>Cost</i>	
At 1 January 2022	119,847
Additions	12,637
	<hr/>
At 31 December 2022	132,484
 <i>Depreciation</i>	
At 1 January 2022	(93,062)
Provided for the year	(12,215)
	<hr/>
At 31 December 2022	(105,277)
	<hr/>
<i>Net book value</i>	
At 31 December 2022	27,206
	<hr/>
At 31 December 2021	26,785
	<hr/>



## Disciple Media Limited

Notes forming part of the financial statements  
for the year ended 31 December 2022 (continued)

### 13 Investments

	2022 £	2021 £
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

	2022 £	2021 £
Trade debtors	98,199	80,703
Recoverable VAT	25,429	20,183
Prepayments	80,265	101,592
	203,893	202,478

### 15 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	(369,201)	(466,043)
Intercompany with Disciple Media Inc.	(11,702)	(10,025)
Accruals	(717,385)	(727,189)
Payable VAT		
Deferred revenue	(950,448)	(778,581)
Loan Payable (shawbrook Loan)	(1,200,000)	-
	(3,248,736)	(1,981,838)

# Disciple Media Limited

Notes forming part of the financial statements  
for the year ended 31 December 2022 (continued)

## Creditors: amounts falling more than one year

	2022 £	2021 £
Loan Payable (Shawbrook Bank)	(1,800,000)	-
Shawbrook Loan - Costs	175,630	-
	<u>(1,624,369)</u>	

16. Bank Loan	2022 £	2021 £
<b>Amounts falling within one year</b>		
Loan Payable (Shawbrook Bank)	(1,200,000)	-
<b>Amounts falling over more than one year</b>		
Loan Payable (Shawbrook Bank)	(1,800,000)	-
	<u>(3,000,000)</u>	

Disciple Media entered an agreement with Shawbrook Bank for a £3,000,000 loan at interest rate of 10% + SONIA payable on 13th of each month. Interest payments due from 13th July recognised through the P&L and principal payments due from 13th January 2023 over a 30 month period. Disciple Media will recognise the bank loan at amortised cost.

## 17 Called up share capital

### Ordinary shares of £0.01 each

	2022 Number	2021 Number	2022 £	2021 £
Allotted, called up and paid	215,920	215,920	2,159.20	2,159.20
Fully paid but not yet issued	-	-	-	-
	<u>215,920</u>	<u>215,920</u>	<u>2,159.20</u>	<u>2,159.20</u>

There are two classes of Ordinary shares, Ordinary A and Ordinary B Non-Voting. There are no restrictions on the distribution of dividends and the repayment of capital to both share classes, however there are no voting rights attached to Ordinary B Non-Voting shares.

# Disciple Media Limited

## Notes forming part of the financial statements for the year ended 31 December 2022 (continued)

### 18 Reserves

	Share premium £	Profit and loss account £
At 1 January 2022	20,039,695	16,042,892
Loss for the year	-	-
Shares issued	0	3,996,803
At 31 December 2022	20,039,695	20,039,695

### 19 Commitments under operating leases

As at 31 December 2022, the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2022 £	Land and buildings 2021 £
Operating leases which expire:		
In two to five years	-	-
In less than one year	-	-
	-	-

### 20 Pension: Defined Contribution Scheme

	2022 Employers	2021 Employers	2022 Employees	2021 Employees
Normal Contributions	£29,042	£30,141	£38,722	£40,224
Deficit Funding	-	-	-	-
Other Contributions	-	-	-	-
Total	£29,042	£30,141	£38,722	£40,224

## **Disciple Media Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2022 (continued)**

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

### **21 Related party transactions**

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