

URBAN MASSAGE LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

URBAN MESSAGE LIMITED
REGISTERED NUMBER: 08771289

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets		1,729	22,626
Tangible assets		54,852	120,565
		<u>56,581</u>	<u>143,191</u>
Current assets			
Stocks		8,058	27,100
Debtors: amounts falling due within one year	6	264,198	283,994
Cash at bank and in hand		267,236	168,628
		<u>539,492</u>	<u>479,722</u>
Creditors: amounts falling due within one year	7	(10,944,981)	(9,429,104)
Net current liabilities		<u>(10,405,489)</u>	<u>(8,949,382)</u>
Total assets less current liabilities		<u>(10,348,908)</u>	<u>(8,806,191)</u>
Net liabilities		<u>(10,348,908)</u>	<u>(8,806,191)</u>
Capital and reserves			
Called up share capital	8	19,130	19,130
Share premium account		5,022,489	5,022,489
Other reserves		3,477,977	1,577,586
Profit and loss account		(18,868,504)	(15,425,396)
		<u>(10,348,908)</u>	<u>(8,806,191)</u>

URBAN MESSAGE LIMITED
REGISTERED NUMBER: 08771289

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

Mr C Tang
Director

Date: 22 July 2022

The notes on pages 5 to 14 form part of these financial statements.

URBAN MESSAGE LIMITED

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

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	19,130	5,022,489	1,577,586	(15,425,396)	(8,806,191)
Comprehensive income for the year					
Loss for the year	-	-	-	(3,443,108)	(3,443,108)
Total comprehensive income for the year	-	-	-	(3,443,108)	(3,443,108)
Share based payment	-	-	1,900,391	-	1,900,391
Total transactions with owners	-	-	1,900,391	-	1,900,391
At 31 December 2021	<u>19,130</u>	<u>5,022,489</u>	<u>3,477,977</u>	<u>(18,868,504)</u>	<u>(10,348,908)</u>

The notes on pages 5 to 14 form part of these financial statements.

URBAN MESSAGE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	19,130	5,022,489	738,368	(12,326,572)	(6,546,585)
Comprehensive income for the year					
Loss for the year	-	-	-	(3,098,824)	(3,098,824)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,098,824)</u>	<u>(3,098,824)</u>
Share based payment	-	-	839,218	-	839,218
At 31 December 2020	<u>19,130</u>	<u>5,022,489</u>	<u>1,577,586</u>	<u>(15,425,396)</u>	<u>(8,806,191)</u>

The notes on pages 5 to 14 form part of these financial statements.

URBAN MESSAGE LIMITED

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

1. General information

Urban Message Holdings Limited is a private Company limited by shares incorporated in England and Wales within the United Kingdom. The address of the registered and trading office is Ground Floor Left, Dorset house, 27-45 Stamford Street, London, W1S 4AP.

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 Section 1A of 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 judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

At the year end the company had net liabilities of £10,348,908 and net current liabilities of £10,944,981 of which £9,901,143 related to amounts due to the parent company. The company is reliant on the parent company to provide funds to ensure that it is able to pay its other liabilities as they fall due. The amount due to the parent company is repayable on demand, however the directors have received assurances from the parent company that this amount will not be demanded and that the parent company will continue to provide sufficient funds to the company to allow it to continue its operations. The directors current projections are that the company will break even in 2023 and will move into profit beyond this.

The parent company has indicated that it has sufficient resources to support the company in the short term and that in order to provide further resources it intends to raise further funds from venture capital partners in autumn in order to be able to support the company in the longer term. The directors have therefore concluded that the company is a going concern.

However, whilst the directors and the parent company expect sufficient venture capital finance to be available until profitability is reached projections of the amount that will be required and the availability of this amount of venture capital finance are not certain. Consequently a material uncertainty exists which may cast significant doubt on the entity's ability to continue as a going concern. The financial statements do not contain any adjustments that would be required were the company to cease to be a going concern.

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

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 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 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

Revenue 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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

2. Accounting policies (continued)

2.5 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 profit or loss 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 of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Taxation

Tax is recognised in profit or loss 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 corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

2. Accounting policies (continued)

2.10 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of Comprehensive Income over its useful economic life.

Other 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 intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

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

2. Accounting policies (continued)

2.11 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.

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:

Fixtures and fittings	-	33%
Office equipment	-	20%
Computer equipment	-	33%

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 profit or loss.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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

2. Accounting policies (continued)

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

3. Employees

The average monthly number of employees, including directors, during the year was 43 (2020 - 62).

4. Intangible assets

	Goodwill £
Cost	
At 1 January 2021	50,500
At 31 December 2021	50,500
Amortisation	
At 1 January 2021	27,874
Charge for the year on owned assets	20,897
At 31 December 2021	48,771
Net book value	
At 31 December 2021	1,729
At 31 December 2020	22,626

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

5. Tangible fixed assets

	Other fixed assets £
Cost or valuation	
At 1 January 2021	367,557
Additions	7,626
Disposals	(7,508)
At 31 December 2021	367,675
Depreciation	
At 1 January 2021	246,992
Charge for the year on owned assets	73,339
Disposals	(7,508)
At 31 December 2021	312,823
Net book value	
At 31 December 2021	54,852
At 31 December 2020	120,565

6. Debtors

	2021 £	2020 £
Trade debtors	103,038	96,894
Amounts owed by group undertakings	253	13,247
Other debtors	62,619	58,962
Prepayments and accrued income	98,288	114,891
	264,198	283,994

URBAN MESSAGE LIMITED

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

7. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	23	25
Trade creditors	322,314	242,812
Amounts owed to group undertakings	10,124,502	8,041,725
Other taxation and social security	171,669	866,198
Other creditors	165,467	78,582
Accruals and deferred income	161,006	199,762
	<u>10,944,981</u>	<u>9,429,104</u>

8. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
19,130,193 (2020 - 19,130,193) Ordinary shares of £0.001 each	<u>19,130</u>	<u>19,130</u>

URBAN MESSAGE LIMITED

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

9. Share based payments

In the prior year, the parent company of Urban Massage Ltd, Urban Massage Holding Limited, operated a Company Share Option Plan under which directors and employees of the company were granted share options. In the absence of observable market prices and market data, share options granted were valued at fair value on the grant date using the Black Scholes valuation model. The inputs to these models have been detailed below. Where numerous share option issues were made in the year, an average of the inputs has been provided.

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the beginning of the year	44.8	3,388,969	44.9	3,434,642
Granted during the year	0.001	3,478,805	40.5	87,168
Forfeited during the year	44.8	(3,388,969)	45.3	(132,841)
Outstanding at the end of the year	0.001	3,478,805	44.8	3,388,969
			2021	2020
Weighted average share price (pence)			109.8	109.8
Exercise price (pence)			0.001	40.5
Expected life of options in years			4	5
Expected volatility			99	95
Risk-free interest rate			0.95	0.4%
			2021 £	2020 £
Equity-settled schemes			238,401	138,519

10. Pension commitments

The Company operates a defined contributions 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 £38,482 (2020 - £41,715). Contributions totalling £6,854 (2020 - £7,742) are payable to the fund at the balance sheet date and are included in creditors.

URBAN MESSAGE LIMITED

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

11. 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	185,395	185,395
Later than 1 year and not later than 5 years	30,899	216,294
	<u>216,294</u>	<u>401,689</u>

12. Related party transactions

During the year the company operated a loan with it's parent company. The balance owed by the company to it's parent at the year end was £9,901,143 (2020 - £7,859,460). This loan is interest free and repayable on demand.

The company also operated loans with companies that share common directorship. The amount due by the company to these related parties at the year end was £223,106 (2020 - £169,018). These loans are interest free and repayable on demand.

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.