Bidstack Limited

Annual Report and Accounts

Registered number 09835625

For the year ended 31 December 2021

COMPANY INFORMATION

DIRECTORS	J Draper F Petruzzelli D A Garvey
REGISTERED NUMBER	09835625
REGISTERED OFFICE	Plexal Here East 14 Easy Bay Lane London E15 2GW
INDEPENDENT AUDITORS	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

Contents

Directors' report

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

Principal activity

The principal activity of the company is the provision of native in-game advertising.

Strategic report

For the year ended 31 December 2021 the Company was exempt from preparing a strategic report under section 414B of the Companies Act 2006 relating to small companies.

A full copy of the Annual Report and Accounts including strategic report, of the ultimate parent company (Bidstack Group Plc) can be found at www.bidstackgroup.com/financial-reports.

Results and dividends

The results of the Company for the year ended 31 December 2021 are set out on page 7 and show a loss for the year of £5,635,648 (2020: loss of £5,268,134). The directors do not recommend the payment of a dividend (2020: £nil).

Directors

The directors who held office during the year were as follows:

		Appointed	Resigned
J Draper	Executive		
F Petruzzelli	Executive		
D Garvey	Executive	30 September 2021	
J McIntosh	Executive		30 September 2021

Going concern

The Board continues to adopt the going concern basis to the preparation of the financial statements. The Company is reliant on further support from its parent company in order to continue trading for at least the twelve months from the date of approval of the financial statements. The parent company has pledged this support, which is contingent on successful fundraising activities of the parent company in the future.

The Company's parent company is dependent on further equity fundraising in order to operate as a going concern for at least twelve months from the date of approval of the financial statements. Although the parent Group has had past success in fundraising and continues to attract interest from investors, making the Board confident that such fundraising will be available to provide the Company with the required capital, there can be no guarantee that such fundraising will be available. Accordingly, this constitutes a material uncertainty over going concern.

In the current business climate, the Directors acknowledge the COVID-19 pandemic and has implemented logistical and organisational changes to underpin the Company's resilience to COVID-19,

In respect to these uncertainties and the impact of the pandemic on Going Concern the approaches being taken enable the Company to manage and mitigate such additional operational and financial risk the environment presents.

Directors' report (continued)

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information.

The directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Board

James Draper
Director

Date: 14 June 2022

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare an annual report and accounts for each financial year. Under that law the directors have prepared the annual report and accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under company law the directors must not approve the annual report and accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the statement of comprehensive income of the company for that period. In preparing these annual report and accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

Independent auditor's report to the members of Bidstack Limited

Opinion

We have audited the financial statements of Bidstack Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, 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 101 Reduced Disclosure Framework (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 loss 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 Auditor's 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 UK, including the FRC'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.

Material Uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the company generated a loss for the year of £5,635,648 (2020: loss £5,268,134). The Company is reliant on further support from its parent company in order to continue trading for at least twelve months from the date of approval of the financial statements. The parent company has pledged its support, which is contingent upon successful fundraising activities by the parent company in the future. The parent company is dependent on further equity fundraising in order to operate as a going concern for at least twelve months from the date of approval of the financial statements. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Independent auditor's report to the members of Bidstack Limited (continued)

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

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.

Auditor's 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 auditor's 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:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have

Independent auditor's report to the members of Bidstack Limited (continued)

a direct impact on the preparation of the financial statements such as the Companies Act2006, corporation tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to revenue and also management bias in accounting estimates. Audit procedures performed by the engagement team included:

– Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
– Identifying and testing journals, in particular unusual journal entries posted by management to revenue; and
– Challenging assumptions and judgements made by management in their critical accounting estimates.

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 auditor's 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 Auditor's 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.

Haysmacintyre LLP

Ian Cliffe (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 15 June 2022

Statement of comprehensive income
for the year ended 31 December 2021

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 As restated £
Revenue		**2,623,409**	1,680,327
Cost of sales		**(1,674,279)**	(1,427,357)
Gross profit		**949,131**	252,970
Administrative expenses	5	**(8,245,754)**	(6,067,646)
Operating (loss)		**(7,296,623)**	(5,814,676)
Finance costs		**-**	-
(Loss) before taxation		**(7,296,623)**	(5,814,676)
Taxation	7	**1,660,975**	546,542
(Loss) for the year		**(5,635,648)**	(5,268,134)
Other comprehensive income			
Total other comprehensive income		**-**	-
Total comprehensive (loss) for the year		**(5,635,648)**	(5,268,134)

The results reflected above relate to continuing activities.

The notes on pages 10 to 22 form part of these financial statements.

Statement of financial position
as at 31 December 2021

	Note	31 December 2021	31 December 2020 As restated
ASSETS		£	£
Non-current assets			
Investments	13	**2,614**	2,614
Intangible assets	8	**15,624**	25,107
Property, plant and equipment	9	**41,077**	28,388
Total non-current assets		**59,315**	56,109
Current assets			
Trade and other receivables	10	**2,681,390**	2,347,985
Cash and cash equivalents	11	**337,687**	49,942
Total current assets		**3,019,077**	2,397,927
Total assets		**3,078,392**	2,454,036
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**169**	169
Share premium account	14	**1,515,629**	1,515,629
Capital contribution reserve	14	**824,034**	663,645
Capital redemption reserve	14	**23**	23
Retained losses	14	**(16,820,963)**	(11,185,315)
Total equity		**(14,481,108)**	(9,005,849)
Current liabilities			
Trade and other payables	12	**17,559,500**	11,459,885
Total current liabilities		**17,559,500**	11,459,885
Total equity and liabilities		**3,078,392**	2,454,036

These annual report and accounts were approved by the directors on 14 June 2022 and are signed on their behalf by:

James Draper
Director

The notes on pages 10 to 22 form part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2021

	Share capital £	Share premium £	Capital Contribution reserve £	Capital redemption reserve £	Retained losses £	Total equity £
Balance as at 01 January 2020	169	1,515,629	17,435	23	(5,701,653)	(4,168,397)
Prior year adjustment* (net of tax)	-	-	215,528	-	(215,528)	-
Restated total equity at the beginning of the financial year	169	1,515,629	232,963	23	(5,917,181)	(4,168,397)
Loss and total comprehensive income for the year (as restated*)	-	-	430,682	-	(5,268,134)	(4,837,452)
Balance as at 31 December 2020 (as restated)	169	1,515,629	663,645	23	(11,185,315)	(9,005,849)
Share-based payment	-	-	160,389	-	-	160,389
Loss and total comprehensive loss for the year	-	-	-	-	(5,635,648)	(5,635,648)
Balance as at 31 December 2021	**169**	**1,515,629**	**824,034**	**23**	**(16,820,963)**	**(14,481,108)**

*See note 19 for details of the prior year adjustment.

The notes on pages 10 to 22 form part of these financial statements.

Notes to the financial statements

1 General information

The company is a private company limited by shares and is incorporated in England. The address of its registered office is Plexal Here East, 14 East Bay Lane, London, E15 2GW.

The registered number of the company is 09835625.

The principal activity of the company is the provision of native in-game advertising.

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard FRS 101 Reduced disclosure framework. The principal accounting policies adopted in the preparation of financial statements are set out below.

The financial statements have been prepared on a historical cost basis. The presentation currency used is Sterling (£).

The principal accounting policies outlined below have been applied:

Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows
- the requirement of IFRS 2 Share Based Payments
- the requirement of IAS 8 requiring the listing of new and revised standards that have not been adopted
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: share capital, PP&E, intangible assets, investment property and biological assets.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member. Exemption from disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity.
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Impact of new international reporting standards, amendments and interpretations

New standards, amendments to standards or interpretations adopted by the Group and Company

The accounting policies adopted are consistent with those of the previous financial year.
The following standards became effective on 1 January 2020, and in the opinion of the Directors will not have a material impact on the Company's financial statements:

- IAS 1 Presentation of Financial Statements
- IAS 12 Income Taxes

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue, but not yet effective (and in some cases had not been adopted by the EU):

- Amendment to IFRS 3 Business Combinations – Reference to the Conceptual Framework – effective 1 January 2022*
- Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – effective 1 January 2022*
- Annual Improvements to IFRS Standards 2018-2020 Cycle – effective 1 January 2022*
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023*
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies – effective 1 January 2023*
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors –Definition of Accounting Estimates – effective 1 January 2023*

*Not yet endorsed in the UK

Going concern

The Board continues to adopt the going concern basis to the preparation of the financial statements as it is confident of the Company continuing operations into the foreseeable future. The Board's forecasts for the Company include due consideration of future capital in-flows, continued operating losses, projected increase in revenues and cash-burn of the Company (and taking account of reasonably possible changes in trading performance and also changes outside of expected trading performance) for a minimum period of at least twelve months from the date of approval of these financial statements.

The financial statements for the year to 31 December 2021 show that the Company generated an operating loss of £5,635,648 (2020: Loss £5,268,134). The Company is reliant on further support from its parent company in order to continue trading for at least the twelve months from the date of approval of the financial statements. The parent company has pledged this support, which is contingent on successful fundraising activities of the parent company in the future.

The Company's parent company is dependent on further equity fundraising in order to operate as a going concern for at least twelve months from the date of approval of the financial statements. Although the parent Group has had past success in fundraising and continues to attract interest from investors, making the Board confident that such fundraising will be available to provide the Company with the required advances, there can be no guarantee that such fundraising will be available.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Going concern (continued)

The Directors have also assessed the principal risks and uncertainties in respect of the impact of the Coronavirus pandemic on Going Concern and have taken actions to mitigate those risks. Therefore, the Directors consider the going concern basis appropriate. This assessment has been arrived at after the Board has considered various alternative operating strategies should these be necessary in the light of actual trading performance not matching the Group's forecasts given the current macro-economic conditions, and is satisfied that such revised operating strategies could be adopted, if and when necessary.

Investments

Investment in subsidiary undertakings are accounted for at cost less impairment. Advances to subsidiaries are initially recorded at fair value based on a market rate of interest and subsequently at amortised cost.

Revenue recognition

Under IFRS 15, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The underlying principle is a five-step approach to identify a contract, determine performance obligations, the consideration and the allocation thereof, and timing of revenue recognition. IFRS 15 also includes guidance on the presentation of assets and liabilities arising from contracts with customers, which depends on the relationship between Company's performance and the customers' payment.
Revenue from contracts with customers is recognised when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service.

The Company assesses the contract with the customer to identify the separate performance obligations which would consist of an 'access rights' and the 'provision of in-game advertising inventory'. The Company transfer of the in-game advertising inventory sold usually coincides with the delivery of that inventory and the customer being able to utilise it. The Company principally satisfies its performance obligations at that point in time and recognises revenue on delivery.

Revenue represents amounts receivable for goods and services provided in the normal course of business, and excludes intragroup sales, Value Added Tax and trade discounts. Revenue comprises of:

- Sales and development of advertising space and content which is recognised on delivery accepted by the customer.
- Sponsorship income which is recognised at the point of delivery of the service.

Net finance costs

Finance costs comprise interest on bank loans and other interest payable. Interest on bank loans and other interest is charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Finance income comprises interest receivable on loans to related parties. Interest income is recognised in the Statement of Comprehensive Income as it accrues using the effective interest method.

Notes to the financial statements (continued)

2 Accounting policies (continued)

Taxation

Current tax is recognised for the amount of corporation tax payable in respect of taxable profit for the current or past reporting periods using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only 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. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on initial recognition of a business combination, the tax expense/(income) is presented either in the income statement, other comprehensive income or equity depending on the transaction that resulted in the tax expense/(income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to corporation tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.
- Research and Development Tax Credits are recognised as receivables when an inflow of economic benefit is certain, until then a contingent asset in respect of probable Corporation Tax is disclosed.

Intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Company and that its cost can be measured reliably, the asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Amortisation is charged on a straight-line basis through the profit or loss. The rates applicable, which represent the directors' best estimate of the useful economic life, are:

- Website costs – 20% straight line
- Trademarks – straight line over the life of the trademark

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Depreciation is provided on all items of property, plant and equipment, so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

- Computer equipment – 33.33% straight line
- Office equipment – 20% straight line

Notes to the financial statements (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets

The Company classifies all of its financial assets as loans and other receivables. Financial assets do not comprise of prepayments. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are initially recognised at fair value and are subsequently stated at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the Statement of Financial Position.

Trade and other payables

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest method.

Share Capital

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

Share-based payments

Where share options are award to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted.

As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. Where equity instruments are granted to persons other than employees, the income statement is charged with fair value of goods and services received.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Notes to the financial statements (continued)

3 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

4 Segmental information

During the year ended 31 December 2021 and the year ended 31 December 2020, the Group operated one business segment, that of the provision of native in-game advertising across the US and in EMEA.

The revenue has been segmented based on geographical regions US and EMEA. This is used by the chief operating decision makers to perform their role.

	31 December 2021	31 December 2020
	£	£
Revenue by Geographical Region		
US	**863,691**	399,874
EMEA	**1,759,718**	1,280,453
	2,623,409	1,680,327

5 Loss for the year

	31 December 2021	31 December 2020
	£	£
The loss for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	**20,896**	12,341
Amortisation of intangible assets	**9,483**	9,862
Premises rental costs	**298,560**	326,386
Auditors' remuneration	**20,000**	14,000

6 Employees and directors

Staff costs, including directors, comprise:

	31 December 2021	31 December 2020 As restated
	£	£
Wages and salaries	**2,935,479**	2,137,822
Redundancy costs	**50,000**	67,500
Social security costs	**407,939**	258,751
Share-based payments	**160,389**	430,682
Other benefits	**43,985**	44,088
	3,597,792	2,938,843

Notes to the financial statements (continued)

6 Employees and directors (continued)

Directors' remuneration is as follows:

	31 December 2021 £	31 December 2020 £
Wages and salaries	**390,000**	420,000
Social security costs	**106,951**	54,339
Post-retirement benefits	**1,751**	3,284
	498,702	477,623

	2021	2020
Average number of employees in the year, including directors	**71**	29

Joint highest paid Directors

Each director was paid the following:

	31 December 2021 £	31 December 2020 £
Salaries and fees	**150,000**	150,000
Pension	**879**	1,751
Total	**150,879**	151,751

7 Taxation

Reconciliation of effective tax rate

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

	31 December 2021 £	31 December 2020 As restated £
Loss before tax	**(7,296,623)**	(5,383,993)
Tax using the UK corporation tax rate of 19% (2020: 19%)	**(1,386,358)**	(1,022,959)
Unrelieved tax losses and other deductions in the period	**-**	-
Surrender of tax losses for R&D tax credit refund	**1,200,632**	-
Expenses not deductible for tax purposes other than goodwill amortisation and impairment	**34,558**	1,782
Additional deduction for R&D expenditure	**(678,618)**	-
Fixes asset differences	**(1,405)**	-
Adjustment for prior period	**(744,704)**	(546,542)
Remeasurement of deferred tax for changes in tax rates	**(656,026)**	(77,236)
Deferred tax not recognised	**1,487,218**	1,098,413
R&D Tax Credits 2021	**(916,272)**	-
Total tax charge / (credit)	**(1,660,975)**	(546,542)

Notes to the financial statements (continued)

7 Taxation (continued)

The Company has tax losses of approximately £16,990,963 (2020: £9,854,729) to carry forward against future taxable profits.

No deferred tax asset has been recognised in relation to the trading losses available for offset against future taxable profits.

The Company has not recognised deferred tax asset due to there being insufficient evidence of short-term recoverability.

Research and Development Tax Credits are recognised as receivables when an inflow of economic benefit is certain, until then a contingent asset in respect of probable Corporation Tax is disclosed.

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 (on 2 February 2022). This included the maintaining of the current corporation tax rate of 19%.

The budget also announced an increase in rate from 19% to 25% from April 2023. Therefore, any deferred taxes at the balance sheet date will be measured at the enacted tax rate of 25%.

8 Intangible assets

	Website costs £	Trademarks £	Total £
Cost			
At 1 January 2020	48,618	890	49,508
Additions	-	570	570
At 31 December 2020	48,618	1,460	50,078
Amortisation			
At 1 January 2020	14,915	194	15,109
Charge	9,659	203	9,862
At 31 December 2020	24,574	397	24,971
Cost			
At 1 January 2021	48,618	1,460	50,078
Additions	-	-	-
At 31 December 2021	48,618	1,460	50,078
Amortisation			
At 1 January 2021	24,574	397	24,971
Charge	9,337	146	9,483
At 31 December 2021	33,911	543	34,454
Net book value			
At 31 December 2021	**14,707**	**917**	**15,624**
At 31 December 2020	24,044	1,063	25,107

Notes to the financial statements (continued)

9 Property, plant and equipment

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 January 2020	7,723	28,977	36,700
Additions	2,480	16,554	19,034
At 31 December 2020	10,203	45,531	55,734
Depreciation			
At 1 January 2020	1,216	13,789	15,005
Charge	2,303	10,038	12,341
At 31 December 2020	3,519	23,827	27,346
Cost			
At 1 January 2021	10,203	45,531	55,734
Additions	247	33,338	33,585
At 31 December 2021	10,450	78,869	89,319
Depreciation			
At 1 January 2021	3,519	23,827	27,346
Charge	2,069	18,827	20,896
At 31 December 2021	5,588	42,654	48,242
Net book value			
At 31 December 2021	**4,862**	**36,215**	**41,077**
At 31 December 2020	6,684	21,704	28,388

10 Trade and other receivables

	31 December 2021 £	31 December 2020 £
Trade receivables	**1,348,499**	1,200,922
Amounts due from Group undertakings	**59,920**	-
Prepayments and accrued income	**133,788**	337,142
Other receivables	**222,912**	263,379
Corporation tax	**916,271**	546,542
	2,681,390	2,347,985

Trade receivables disclosed above are measured at amortised cost. In the current and prior year they fall due within one year. No provision for impairment of trade receivables is deemed necessary in the current and prior year. The directors consider the carrying amount of trade and other receivables approximates to their fair value due to their short-term nature.

Notes to the financial statements (continued)

11 Cash and cash equivalents

	31 December 2021	31 December 2020
	£	£
Cash and cash equivalents	**337,687**	49,942

12 Trade and other payables

	31 December 2021	31 December 2020
	£	£
Trade payables	**381,559**	255,228
Taxation and social security	**180,262**	164,438
Other payables	**121,632**	17,941
Accruals and deferred income	**3,581,734**	992,048
Amounts due to Group undertakings	**13,294,313**	10,030,230
	17,559,500	11,459,885

Trade receivables disclosed above are measured at amortised cost. In the current and prior year they fall due within one year. No provision for impairment of trade receivables is deemed necessary in the current and prior year. Amounts owed by group undertakings are unsecured, interest free and repayable on demand. The directors consider the carrying amount of trade and other receivables approximates to their fair value due to their short-term nature.

13 Investments

	31 December 2021	31 December 2020
	£	£
Cost		
At 1 January	**2,614**	-
Additions	**-**	2,614
At 31 December	**2,614**	2,614

Subsidiary undertakings

The subsidiaries of the company at the year-end are as follows:

Name	**Registered office**	**Proportion of voting rights and ordinary share capital held**	**Nature of business**
Bidstack SIA	Ieriky Iela 35-14, Riga, LV-1084	100%	Technology development

Notes to the financial statements (continued)

14 Share capital and reserves

Allotted, called up and fully paid

	No. of Shares	Share capital £	Share premium £
At 1 January 2021	16,914,580	169	1,515,629
As at 31 December 2021	**16,914,580**	**169**	**1,515,629**

All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent equal votes at meetings of shareholders.

Reserves	Retained earnings	Capital contribution reserve £	Capital redemption £
At 1 January 2021	(10,539,105)	17,435	23
Prior year adjustment	(646,209)	646,209	-
Share based payment	-	160,389	-
Loss for the year	(5,635,648)	-	-
As at 31 December 2021	**(16,820,962)**	**824,034**	**23**

The following describes the nature and purpose of each reserve within owner's equity:

Share capital: Amount subscribed for shares at nominal value.

Share premium: Amount subscribed for share capital in excess of nominal value, less costs of share issue.

Capital contribution reserve: The capital contribution reserve comprises the cumulative expense representing the extent to which the vesting period of share options granted by Bidstack PLC to Bidstack Limited employees has passed and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest.

Capital redemption reserve: The nominal value of shares that have been repurchased by the Company.

Subscription reserve: Represents cash received as a subscription for a specific and imminent share issue but where those shares have not been issued at the period end.

Retained losses: Cumulative realised profits less cumulative realised losses and distributions made, attributable to the equity shareholders of the Company.

Notes to the financial statements (continued)

15 Financial Instruments

Credit risk and impairment

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. In order to minimise the risk, the endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the carrying value of its, trade and other receivables and cash and cash equivalents as disclosed in the notes.

The Company does not consider that there is any concentration of risk within either trade or other receivables. The Company seeks to obtain charging orders over the property of trade receivables, where appropriate. The receivables' age analysis is also evaluated on a regular basis for potential doubtful debts, considering historic, current and forward-looking information.

Liquidity risk

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. However, the Company continues to absorb cash in its operations for the time being and management recognises the risk of insufficient cash and capital to carry on its activities and safeguard the Company's ability to continue as a going concern.

The Directors receives cash flow projections on a regular basis, which are monitored regularly. The Board will not commit to material expenditure in respect of its ongoing development programme prior to being satisfied that sufficient funding is available to the Company to finance the planned programmes. Regular reviews will ensure that further steps will be taken to cut additional overheads if necessary.

15 Premises cost commitments

	31 December 2021	31 December 2020
	£	£
Within one year	**333,680**	352,800
	333,680	352,800

16 Transactions with other related parties

John McIntosh, the former Finance Director invoiced £3,631 (2020: £1,902) to the Company for reimbursement of expenses for the year. As at 31 December 2021, £1,307 (2020: £Nil) was owing to Mr McIntosh.

Francesco Petruzzelli, Director, invoiced £16,237 (2020: £14,457) to the Company for reimbursement of expenses for the year. As at 31 December 2021, £Nil (2020: £656 due to) was owed to Mr Petruzzelli.

James Draper, Director and Chief Executive Officer, invoiced £791 to the Company for reimbursement of expenses for the year (2020: £1,610). As at 31 December 2021, £Nil (2020: £Nil) was owing to Mr Draper.

Notes to the financial statements (continued)

17 Ultimate Controlling Party

The Company is wholly owned by Bidstack Group Plc a company incorporated in England and Wales. Bidstack Group Plc is the ultimate parent entity and is listed on the Alternative Investment Market (AIM) of the London stock exchange.

18 Capital commitments

The Company had no capital commitments at the end of the year. (2020: £Nil).

19 Prior Year Adjustment

Given the complexity surrounding IFRS 2, the Company often undertakes periodic checks to ensure to the accounting. As a result of a current year review, the Company has made a prior year adjustment to reflect a share option charge and capital contribution reserve relating to options that were issued by Bidstack Plc to employees of Bidstack Limited which had been omitted in error. This adjustment ensures the Company's treatment is in line with IFRS 2 guidance where a parent grants rights to its equity instruments to the employees of its subsidiary.

As a result, the company's retained earnings in the prior year have reduced by £646,209 as at 31.12.2020 and £215,527 as at 31.12.2019 and the share based payment reserve increased by the same amount at each of the respective date. Staff costs within administrative expenses in the statement of comprehensive income have increased by £430,682 in the year ended on 31.12.2020.