REGISTERED NUMBER: 05433076 (England and Wales)

CUBO COMMUNICATIONS GROUP LIMITED

Group Strategic Report,

Directors' Report and

Consolidated Financial Statements

for the Year Ended 31 December 2021

Contents of the Consolidated Financial Statements
for the year ended 31 December 2021

CUBO COMMUNICATIONS GROUP LIMITED

Company Information
for the year ended 31 December 2021

Directors:	K M H Ross A J Harris A A McCulloch W Parkinson C Walmsley
Registered office:	New Derwent House 69-73 Theobalds Road London WC1X 8TA
Registered number:	05433076 (England and Wales)
Auditors:	Haines Watts Chartered Accountants and Statutory Auditor New Derwent House 69-73 Theobalds Road London WC1X 8TA

Group Strategic Report
for the year ended 31 December 2021

The directors present the Group Strategic Report and financial statements for the year ended 31 December 2021.

The purpose of the Group Strategic Report is to inform shareholders and help them to assess how the directors have performed their duties to promote the success of the Cubo Communications Group. The report, together with the further information in the Directors' Report provides:

A fair and balanced review of the group's business including
i) The development and performance of the business during the year
ii) The position of the group at the end of the year

and a description of the principal risks and uncertainties facing the group.

Business review
2021 saw a positive return to growth for the Group, achieving a 43.1% turnover growth on 2020, as we began to exit the worst economic impacts of Covid-19. Core drivers of this growth was eight&four (creative social agency), Cubo SeaWorld (SeaWorld Marketing team arm) and Feed (video production arm) who saw strong client wins across the automotive, travel and pharmaceutical sectors. Inkling delivered improved margins for the year after a very difficult 2020. Cubo's drinks focused business struggled to attract new clients in the period, and this continues, as the hospitality industry's bounce back is more sluggish than expected. Performance in 2022 has continued on a positive trend.

Group consolidated profits have been adjusted for the below one-off items;

	2021	2020
	£'000	£'000
Group operating profit	1,800	21
Consolidation adjustments:		
Customer relationships amortisation	(185)	(185)
Goodwill amortisation	(228)	-
Write-off intercompany balance	(451)	-
Consolidated operating profit	**936**	**(164)**

Principal risks and uncertainties
The group is governed by its directors ('the Board') who determine its business strategy and risk management and appetite. They are also responsible for establishing and maintaining the group's governance arrangements along with designing and implementing a risk management framework that recognises and manages the risks that the business faces. The Board and the group's management team meet on a regular basis and discuss profitability, cash flow, business and operations planning and risk management. The Board and the group's management team manage the group's risks through a framework of policies and procedures having regard to relevant laws,standards, principles and rules with the aim to operate a defined and transparent risk management framework.

The Board has identified reputational and operational risks as the main areas of risk to which the group may be exposed. At least annually, the Board formally reviews the risks, controls and other risk mitigation arrangements and assesses their effectiveness. Where the Board identifies material risks it considers the financial and reputational impact of these risks as part of business planning and capital management. The general objective is to develop systems and controls to mitigate risk.

Section 172(1) statement

The directors of the company, as those of all UK companies, must act in accordance with a set of general duties which are detailed in section 172 of the Companies Act 2006. The following paragraphs below summarise how the board of directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and in doing so have regard (amongst other matters) to

- Risk management - consideration of risks is an integral part of our operations which includes providing services to our clients in often highly regulated environment. See below for details of our principal risks and uncertainties
- Interests of our employees - being a small employer of staff committing to being a responsible business in which our behaviour is aligned with the expectations of our people, clients, investors and society as a whole.
- Fostering business relationships - the strategy is to prioritise organic growth driven by providing services to both other group entities and our clients
- Impact of the company's operations on the community and environment - our approach is to create a positive approach to the clients and communities in which we interact with
- Maintaining a reputation for high standards of business conduct - consideration of risks is an integral part of how the company and group operates on a daily basis which are reviewed and issued at Group level under its Corporate Governance Policy's including whistleblowing.

Key performance indicators

Group management monitors three primary KPls - (i) operating margin; (ii) staff costs as a percentage of gross profit; and (iii) gross profit per head. Each of these KPls can vary significantly from business to business.

Operating margin is calculated as operating profit divided by gross profit. Achieving a margin of 15% is considered a good performance in our sector. In 2021 we achieved 12.3% with this figure being adversely affected by market conditions. 2020 was a 2.9% negative margin.

Staff costs as a percentage of gross profit is a key marker in the marketing services industry, where people are the main cost to the business, and therefore one of the main factors in determining operating margin. We target a figure of 60% for this KPI. This continues to be a challenging target within the current market.

Year on year income growth returned strongly at 43.1% from a negative in 2020 of 36.2% .

2021 has produced a strong bounce back from 2020 and a positive business growth trend has continued in to 2022.

Financial instruments

The Group's financial instruments principally comprise cash at bank and various items such as trade debtors and creditors that arise directly from operations. The main purpose of these financial instruments is to raise money for the Group's operations. The Group's policy is to ensure that adequate cash is available and the Group does not trade in financial instruments and has not entered into any derivative transactions.

All the material activities of the Group take place in the United Kingdom and consequently there is minimal exchange risk. As at 31 December 2020, the Group had no material foreign currency exposures.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Directors monitor the cash flows of the Group to ensure that there is sufficient liquidity to meet foreseeable needs. The operations of the Group generate cash and the planned growth activities are cash generative.

The Group has taken advantage of the exemption in respect of the disclosure of short-term debtors and creditors.

The fair values of the Group's financial assets and liabilities are not considered to be materially different from their book values.

Employment policy
It is the Group's policy to employ individuals with the necessary qualifications and experience without regard to sex, sexual orientation, marital status, race, belief, colour, age, nationality or religion. Full and fair consideration is given to applications for employment made by disabled persons.

The Group recognises the great importance of the contributions made by all employees and aims to keep them informed on matters affecting them as employees and on developments within the Group. Communication and consultation are achieved by a variety of means, both within individual operating companies and on a group- wide basis.

Creditor payment policy
The Group makes purchases from suppliers according to the terms and conditions agreed in advance between the two parties. Payments are made to suppliers when the goods or services have been received and the terms and conditions of the agreement have been met.

Environmental policy
The Group takes its environmental responsibilities seriously with policies and initiatives in place covering recycling and the minimisation of its carbon footprint.

On behalf of the board:

Kate Ross
Kate Ross (Jan 30, 2023 10:43 GMT)

....
K M H Ross - Director

Date: Jan 30, 2023
....

Directors' Report
for the year ended 31 December 2021

The Directors present their report and financial statements of Cubo Communications Group Limited (the "Company") and its subsidiary undertakings (the "Group") for the year ended 31 December 2021.

The Group in 2021 achieved an operating profit of £936,213 (2020 - loss £163,589). At 31 December 2021 the Group had net current assets of £6.02m (2020 - £4.98m) and net assets of £10.53m (2020 - £10.08m).

Principal activity
The principal activity of the Group during the year was the provision of marketing services; comprising advertising, promotional marketing, digital marketing, public relations, experiential marketing and video production.

The principal activities of the Company are that of a holding company and the provision of advertising and promotional marketing.

Dividends
No dividends will be distributed for the year ended 31 December 2021.

Future developments
The Directors expect the business to be well positioned for the forthcoming year. With view of the prevailing economic conditions, the Directors are satisfied that there is no material uncertainty leading to a significant doubt regarding the future operations of the Group.

Directors
K M H Ross has held office during the whole of the period from 1 January 2021 to the date of this report.

Other changes in directors holding office are as follows:

A J Harris - resigned 30 April 2021
I Mansel-Thomas - resigned 15 June 2021

A J Harris was appointed director on 26 July 2022.
A A McCulloch was appointed director on 31 March 2022.
W Parkinson was appointed director on 31 March 2022.
C Walmsley was appointed director on 31 March 2022.

D K Simpson ceased to be a director on 31 March 2022.

Directors - continued
Board of Directors during the year

Kate Ross
Kate is the Joint Managing Director of Eight & Four Limited, a subsidiary of the Group, which she founded with Amy McCulloch in 2008. Eight and Four Limited has grown more than five-fold since its acquisition and Kate has been instrumental in keeping the agency's service offering at the leading edge of digital and communication services: She and Amy have greatly expanded the agency's client base, which now includes Melia, Marie Curie, King.com, Photobox and Pernod Ricard.
On 31 March 2022, following Kerry Simpson ceasing to be the Chief Executive Officer of the Group , Kate, together with Amy McCulloch, were promoted to the positions of Joint Managing Directors of the Group.

Kerry Simpson - Chief Executive Officer
Kerry joined the Group as Managing Director of Cubo Brand Communications Limited when it was acquired by the Company on 13 February 2006 and was appointed to the board of the Company on 2 July 2008. He ceased to be a director on 31 March 2022
Kerry has been involved in the marketing communications industry for 30 years and, with Chris Walmsley, was a co-founder of Cubo. Kerry's career has included positions at CPM Field Marketing, Cerca Marketing (the promotional marketing division of Ted Bates) and LGM Marketing, working on integrated campaigns for major international brands. Kerry holds 31,806,742 ordinary shares in the Company, comprising, at the balance sheet date, 16.2% of its issued share capital.

Andrew Harris - Non-Executive Chairman
Andrew was appointed to the board of the Company on 11 September 2009 and resigned as a director on 30 April 2021. On 26th July 2022 Andrew rejoined as a non-executive director.

Andrew has more than 30 years' experience in the marketing industry. He qualified as a Chartered Accountant, and subsequently worked in the oil, publishing and software industries. Andrew joined Evans Hunt Scott in its formative years, an agency of some 40 people, as its first finance director. He left 17 years later in 2005 as Chief Executive of a top 5 UK marketing services group with turnover in excess of £100m and over 350 staff. In this period Andrew gained experience in acquisitions, mergers, divestments, restructures, rationalisations and operational initiatives to improve market position and profitability. Andrew is now an independent consultant providing commercial and management advice.

Political donations and expenditure
None of the donations in the year of £5,300 (2020 - £3,833) are of a political nature.

Disclosure in the strategic report
As permitted by paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 3 to 5. These matters relate to financial instruments, future developments and engagement with suppliers, customers and others, which otherwise would be required to be shown in the directors' report.

Directors' responsibilities statement
The directors are responsible for preparing the Group Strategic Report, the Directors' Report and 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board:

Kate Ross
Kate Ross (Jan 30, 2023 10:43 GMT)

....
K M H Ross - Director

Date: Jan 30, 2023 ....

Opinion

We have audited the financial statements of Cubo Communications Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2021 and of the group's profit 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Directors' Report, but does not include the financial statements and our Auditors' Report thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the Directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 Auditors' 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 Auditors' 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.

Chris Evans
Chris Evans (Jan 30, 2023 10:59 GMT)

Chris Evans BSc FCA (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

Date: Jan 30, 2023

Consolidated
Income Statement
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	4	13,196,305	9,218,175
Cost of sales		(5,593,957)	(3,640,812)
Gross profit		7,602,348	5,577,363
Administrative expenses		(6,744,774)	(6,126,388)
		857,574	(549,025)
Other operating income		78,639	385,436
Operating profit/(loss)		936,213	(163,589)
Interest receivable and similar income		-	74
		936,213	(163,515)
Amounts written off investments	7	(102)	-
Gain/loss on revaluation of investments		(199,086)	-
		737,025	(163,515)
Interest payable and similar expenses	8	(5,676)	-
Profit/(loss) before taxation	9	731,349	(163,515)
Tax on profit/(loss)	10	(292,037)	1,642
Profit/(loss) for the financial year		439,312	(161,873)
Profit/(loss) attributable to:			
Owners of the parent		439,312	(161,873)

The notes form part of these financial statements

Consolidated
Other Comprehensive Income
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Profit/(loss) for the year		439,312	(161,873)
Other comprehensive income		-	-
Total comprehensive income for the year		439,312	(161,873)
Total comprehensive income attributable to:			
Owners of the parent		439,312	(161,873)

The notes form part of these financial statements

Consolidated Balance Sheet
31 December 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Intangible assets	12		4,457,968		5,070,000
Tangible assets	13		140,941		115,278
Investments	14		-		-
			4,598,909		5,185,278
Current assets					
Debtors	15	5,449,053		4,774,770	
Cash at bank and in hand		6,119,439		2,857,254	
		11,568,492		7,632,024	
Creditors					
Amounts falling due within one year	16	5,551,654		2,651,308	
Net current assets			6,016,838		4,980,716
Total assets less current liabilities			10,615,747		10,165,994
Provisions for liabilities	18		86,699		85,742
Net assets			10,529,048		10,080,252
Capital and reserves					
Called up share capital	19		2,318,430		2,318,430
Share premium	20		1,009,279		1,009,279
Capital redemption reserve	20		437,534		437,534
Share Option reserves	20		187,647		187,647
Treasury reserves	20		(96,060)		(96,060)
Merger reserve	20		-		(150,000)
Retained earnings	20		6,672,218		6,373,422
Shareholders' funds			10,529,048		10,080,252

The financial statements were approved by the Board of Directors and authorised for issue on ......Jan 30, 2023............... and were signed on its behalf by:

Kate Ross
Kate Ross (Jan 30, 2023 10:43 GMT)

....
K M H Ross - Director

The notes form part of these financial statements

CUBO COMMUNICATIONS GROUP LIMITED (REGISTERED NUMBER: 05433076)

Company Balance Sheet
31 December 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Intangible assets	12		-		-
Tangible assets	13		4,935		63,265
Investments	14		5,547,063		5,746,149
			5,551,998		5,809,414
Current assets					
Debtors	15	2,009,332		2,714,825	
Cash at bank and in hand		1,621,446		789,625	
		3,630,778		3,504,450	
Creditors					
Amounts falling due within one year	16	1,803,216		1,482,263	
Net current assets			1,827,562		2,022,187
Total assets less current liabilities			7,379,560		7,831,601
Provisions for liabilities	18		84,575		84,575
Net assets			7,294,985		7,747,026
Capital and reserves					
Called up share capital	19		2,318,430		2,318,430
Share premium			1,009,279		1,009,279
Capital redemption reserve			437,534		437,534
Share Option reserves			187,647		187,647
Treasury reserves			(96,060)		(96,060)
Retained earnings			3,438,155		3,890,196
Shareholders' funds			7,294,985		7,747,026
Company's loss for the financial year			(452,041)		(87,804)

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

The financial statements were approved by the Board of Directors and authorised for issue on ......Jan 30, 2023................. and were signed on its behalf by:

Kate Ross
Kate Ross (Jan 30, 2023 10:43 GMT)

....
K M H Ross - Director

The notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the year ended 31 December 2021

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £
Balance at 1 January 2020	1,976,485	6,535,295	1,009,279	437,534
Changes in equity				
Issue of share capital	341,945	-	-	-
Total comprehensive income	-	(161,873)	-	-
Balance at 31 December 2020	2,318,430	6,373,422	1,009,279	437,534
Changes in equity				
Prior year adjustment	-	9,484	-	-
Transfer	-	(150,000)	-	-
Total comprehensive income	-	439,312	-	-
Balance at 31 December 2021	2,318,430	6,672,218	1,009,279	437,534

	Share Option reserves £	Treasury reserves £	Merger reserve £	Total equity £
Balance at 1 January 2020	187,647	(96,060)	(150,000)	9,900,180
Changes in equity				
Issue of share capital	-	-	-	341,945
Total comprehensive income	-	-	-	(161,873)
Balance at 31 December 2020	187,647	(96,060)	(150,000)	10,080,252
Changes in equity				
Prior year adjustment	-	-	-	9,484
Transfer	-	-	150,000	-
Total comprehensive income	-	-	-	439,312
Balance at 31 December 2021	187,647	(96,060)	-	10,529,048

The notes form part of these financial statements

Company Statement of Changes in Equity
for the year ended 31 December 2021

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2020	1,976,485	3,978,000	1,009,279
Changes in equity			
Issue of share capital	341,945	-	-
Total comprehensive income	-	(87,804)	-
Balance at 31 December 2020	2,318,430	3,890,196	1,009,279
Changes in equity			
Total comprehensive income	-	(452,041)	-
Balance at 31 December 2021	2,318,430	3,438,155	1,009,279

	Capital redemption reserve £	Share Option reserves £	Treasury reserves £	Total equity £
Balance at 1 January 2020	437,534	187,647	(96,060)	7,492,885
Changes in equity				
Issue of share capital	-	-	-	341,945
Total comprehensive income	-	-	-	(87,804)
Balance at 31 December 2020	437,534	187,647	(96,060)	7,747,026
Changes in equity				
Total comprehensive income	-	-	-	(452,041)
Balance at 31 December 2021	437,534	187,647	(96,060)	7,294,985

Consolidated Cash Flow Statement
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	22	3,573,040	(2,277,686)
Interest paid		(5,676)	-
Government grants received		78,639	385,436
Tax paid		(273,959)	(111,627)
Net cash from operating activities		3,372,044	(2,003,877)
Cash flows from investing activities			
Purchase of tangible fixed assets		(119,343)	(35,500)
Interest received		-	74
Net cash from investing activities		(119,343)	(35,426)
Cash flows from financing activities			
Share issue		-	341,945
prior year adjustment		9,484	-
Net cash from financing activities		9,484	341,945
Increase/(decrease) in cash and cash equivalents		3,262,185	(1,697,358)
Cash and cash equivalents at beginning of year	23	2,857,254	4,554,612
Cash and cash equivalents at end of year	23	6,119,439	2,857,254

The notes form part of these financial statements

1. Introduction

A summary of the principle accounting policies, all of which have been applied consistently throughout the year and the preceding year except where stated otherwise, is set out below.

2. Statutory information

Cubo Communications Group Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

3. Accounting policies

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The presentation currency of the financial statements is the British Pound Sterling (£), rounded to the nearest pound.

Basis of consolidation
The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2021. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Significant judgements and estimates
In applying the firm's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and o outcomes may differ.

3. **Accounting policies - continued**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies
The critical judgement that the directors have made in the process of applying the group's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

(i) Assessing indicators and impairment
In assessing whether there have been any indicators or impairment of assets, the directors have considered both external and internal sources of information such as market conditions, and experience or recoverability. There have been no indicators or impairments identified during the current financial year.

Key accounting estimates and assumptions
The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Recoverability of receivables
The group establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience and recoverability, and the credit profile of customers.

(ii) Determining residual values and useful economic lives of property, plant and equipment
The group depreciates tangible assets over their estimated useful lives. The estimation of the useful lives is based on historical performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

3. **Accounting policies - continued**

Turnover recognition
Sales comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities for its clients are met.

Goodwill
Goodwill arising from the purchase of subsidiary undertakings represents the difference between the purchase consideration and the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary acquired, and is capitalised.

Goodwill is written off in equal instalments over its estimated useful economic life which in the directors opinion is 20 years.

Goodwill impairment is assessed and an impairment provision is provided if the carrying amount of an asset is greater than its 'recoverable amount'.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Tangible fixed assets
Plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on a straight-line basis over the estimated useful economic lives of assets at 25% - 33% per annum. Leasehold improvements are depreciated over the lease term.

Any gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Impairment of assets
At each reporting date the group reviews the carrying value of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply. Impairment losses are charged to profit or loss in administration expenses.

3. **Accounting policies - continued**

Financial instruments
Financial assets and liabilities are recognised when the group and company becomes party to the contractual provisions of the financial instruments. The group holds basic financial instruments which comprise cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings. The group has chosen to apply the provisions of Section 11 Basic Financial Instruments in full.

(i) Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(ii) Trade and other receivables
Trade and other receivables are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost including the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the company assesses whether there is objective evidence that a receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised immediately in profit or loss.

(iii) Financial liabilities
Basic financial liabilities, including trade and other payables, loans and other borrowings are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at the undiscounted amount.

Equity
Equity instruments are classified in accordance with the substance of contractual agreement. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Equity instruments issued by the group are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

3. **Accounting policies - continued**

Taxation

Tax expense for the period comprise current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future gives rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date that are expenses to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at that date the transaction took place. Where this is not possible to determine, income and expense items are translated using an average exchange rate for the period.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions

Pension costs and other post-retirement benefits

The group contributes to individual employees' personal pension plans held separately from the group. Contributions payable are charged to the profit and loss account in the year they are payable.

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probably that the obligation will be required to be settled, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted when the time value of money is material.

3. Accounting policies - continued

Going concern
The financial statements have been prepared on a going concern basis.

The directors regularly review the group's liquidity and have prepared budgets and detailed forecasts covering a period to 31 December 2022 to manage liquidity. These forecasts show that the Group is expecting to be able to continue to meet its liabilities as they fall due for the foreseeable future and meet any relevant requirements of lending agreements.

The Group has taken a proactive approach to managing its liquidity, creating stability for the group. With cash balances of £4.5m at 31 October 2021 the group has sufficient cash to cover its debts as they fall due.

Based on the strong balance sheet that the Group has built, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. Furthermore, the directors do not judge that there is material uncertainty that would cast doubt on the Group's ability to act as a going concern in the foreseeable future.

4. Turnover

The turnover and profit (2020 - loss) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2021	2020
	£	£
Creative services	1,510,158	4,066,505
Public relations & marketing	2,184,890	1,420,483
Video production	1,659,296	629,400
Digital marketing	7,841,961	3,101,787
	13,196,305	9,218,175

5. Employees and directors

	2021	2020
	£	£
Wages and salaries	4,590,274	4,196,680
Social security costs	514,677	434,228
Other pension costs	55,600	67,846
	5,160,551	4,698,754

The average number of employees during the year was as follows:

	2021	2020
Directors	4	4
Creative services	29	25
Public relations and experimental market	14	14
Video production	5	4
Digital marketing	30	25
	82	72

5. **Employees and directors - continued**

Key management personal includes directors who together have authority and responsibility for planning, directing and controlling activities of the group.

Total compensation paid to key management for employee services provided to the group was as follows:
Salaries, fees, termination payment and short term benefits - £572,850 (2020 - £525,950)
Post-employment benefits £nil (2020 - £3,504).

6. **Directors' emoluments**

	2021	2020
	£	£
Directors' remuneration	550,465	445,950
Directors' pension contributions to money purchase schemes	-	3,504
Compensation to director for loss of office	-	80,000

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	106,750	155,000
Pension contributions to money purchase schemes	-	1,314

7. **Amounts written off investments**

	2021	2020
	£	£
Amounts written off investment	102	-

8. **Interest payable and similar expenses**

	2021	2020
	£	£
Interest payable	5,676	-

9. **Profit/(loss) before taxation**

The profit (2020 - loss) is stated after charging:

	2021	2020
	£	£
Other operating leases	205,428	159,143
Depreciation - owned assets	91,776	112,619
Goodwill amortisation	227,946	-
Customer relationships amortisation	185,000	185,000
Foreign exchange differences	34,377	151

Total for 2021 is £744,527 (2020: £456,913).

10. Taxation

Analysis of the tax charge/(credit)
The tax charge/(credit) on the profit for the year was as follows:

	2021 £	2020 £
Current tax:		
UK corporation tax	291,080	(436)
Deferred tax	957	(1,206)
Tax on profit/(loss)	292,037	(1,642)

11. Individual income statement

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

12. Intangible fixed assets

Group

	Goodwill £	Customer relationships £	Totals £
Cost			
At 1 January 2021	4,758,000	925,000	5,683,000
Impairments	(199,086)	-	(199,086)
At 31 December 2021	4,558,914	925,000	5,483,914
Amortisation			
At 1 January 2021	-	613,000	613,000
Amortisation for year	227,946	185,000	412,946
At 31 December 2021	227,946	798,000	1,025,946
Net book value			
At 31 December 2021	4,330,968	127,000	4,457,968
At 31 December 2020	4,758,000	312,000	5,070,000

12. Intangible fixed assets - continued

Group

Impairment reviews have been undertaken in respect of goodwill in accordance with the policy set out in Note 4.

Following an impairment review by the Directors, an impairment of £199,086 has been applied to the value of goodwill.

Goodwill at the end of the year is as follows:

	2021	2020
	£	£
At 1 January 2021	**4,758,000**	4,758,000
Impairment	**(199,086)**	-
Amortisation	**(227,946)**	-
At 31 December 2021	**4,330,968**	4,758,000

13. Tangible fixed assets

Group

	Improvements to property	Plant and machinery	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£	£
Cost					
At 1 January 2021	275,955	68,089	92,400	347,596	784,040
Additions	-	8,527	560	110,256	119,343
Disposals	(275,955)	(1,004)	(50,529)	-	(327,488)
At 31 December 2021	-	75,612	42,431	457,852	575,895
Depreciation					
At 1 January 2021	246,064	40,516	90,457	291,725	668,762
Charge for year	29,891	26,924	1,121	33,840	91,776
Eliminated on disposal	(275,955)	-	(49,629)	-	(325,584)
At 31 December 2021	-	67,440	41,949	325,565	434,954
Net book value					
At 31 December 2021	-	8,172	482	132,287	140,941
At 31 December 2020	29,891	27,573	1,943	55,871	115,278

13. **Tangible fixed assets - continued**

Company

	Improvements to property	Plant and machinery	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£	£
Cost					
At 1 January 2021	275,955	60,643	50,529	134,660	521,787
Additions	-	-	-	34	34
Disposals	(275,955)	(1,004)	(50,529)	-	(327,488)
At 31 December 2021	-	59,639	-	134,694	194,333
Depreciation					
At 1 January 2021	246,064	33,070	49,629	129,759	458,522
Charge for year	29,891	26,569	-	-	56,460
Eliminated on disposal	(275,955)	-	(49,629)	-	(325,584)
At 31 December 2021	-	59,639	-	129,759	189,398
Net book value					
At 31 December 2021	-	-	-	4,935	4,935
At 31 December 2020	29,891	27,573	900	4,901	63,265

14. **Fixed asset investments**

Company

	Shares in group undertakings
	£
Cost	
At 1 January 2021	5,746,149
Impairments	(199,086)
At 31 December 2021	5,547,063
Net book value	
At 31 December 2021	5,547,063
At 31 December 2020	5,746,149

14. **Fixed asset investments - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Eight and Four Limited
Registered office: UK
Nature of business: Digital marketing

Class of shares:	% holding
Ordinary	100.00

Inkling Communications Limited
Registered office: UK
Nature of business: Public relations & experiential marketing

Class of shares:	% holding
Ordinary	100.00

Feed Films Limited
Registered office: UK
Nature of business: Video production

Class of shares:	% holding
Ordinary	100.00

Cubo Brand Communications Limited
Registered office: UK
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

The Earned Agency Limited
Registered office: UK
Nature of business: Dormant

Class of shares:	% holding
Ordinary	100.00

The Media Foundry International Limited
Registered office: UK
Nature of business: Non-trading

Class of shares:	% holding
Ordinary	100.00

During the year, Exedra Consultancy Limited and Paul Simons and Partners Limited were dissolved.

15. Debtors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	2,469,236	2,661,392	606,822	1,260,146
Amounts owed by group undertakings	-	-	75,861	174,982
Other debtors	341,054	659,135	145,747	45,468
Staff advances & loans	243	-	243	-
Employee Benefit loan	1,033,296	1,033,296	1,033,296	1,033,296
VAT	-	-	9,047	25,003
Prepayments and accrued income	1,605,224	420,947	138,316	175,930
	5,449,053	4,774,770	2,009,332	2,714,825

16. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	-	-	13	13
Trade creditors	570,140	543,447	229,238	434,888
Amounts owed to group undertakings	-	-	649,593	640,806
Tax	62,992	45,871	(272,899)	37,145
Social security and other taxes	132,027	84,000	21,541	15,897
VAT	35,375	146,573	-	-
Other creditors	99,560	377,038	84,546	4,569
Accruals and deferred income	4,651,560	1,454,379	1,091,184	348,945
	5,551,654	2,651,308	1,803,216	1,482,263

17. Financial instruments

Group

Financial assets	**2021**	**2020**
	£	**£**
Financial assets measured at amortised cost	11,568,249	7,632,024

Financial liabilities	**2021**	**2020**
	£	**£**
Financial liabilities measured at amortised cost	5,321,260	2,374,864

Company

Financial assets	**2021**	**2020**
	£	**£**
Financial assets measured at amortised cost	3,621,488	3,479,447

Financial liabilities	**2021**	**2020**
	£	**£**
Financial liabilities measured at amortised cost	2,054,574	1,429,221

Financial assets measured at amortised cost comprise bank and cash, trade debtors, other debtors, group undertaking, employee benefit loan, prepayments and accrued income.

Financial liabilities measured at amortised cost comprise bank loans and overdraft, trade creditors, other creditors, group undertakings, accruals and deferred income.

Information regarding the company's exposure to risks are included in the strategic report.

18. Provisions for liabilities

	Group		**Company**	
	2021	**2020**	**2021**	**2020**
	£	**£**	**£**	**£**
Deferred tax				
Accelerated capital allowances	86,699	85,742	84,575	84,575

Group

	Deferred tax
	£
Balance at 1 January 2021	85,742
Provided during year	957
Balance at 31 December 2021	86,699

18. Provisions for liabilities - continued

Company

	Deferred tax £
Balance at 1 January 2021	84,575
Balance at 31 December 2021	84,575

19. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
231,842,974	Ordinary shares	0.01	2,318,430	2,318,430

20. Reserves

Group

	Retained earnings £	Share premium £	Capital redemption reserve £
At 1 January 2021	6,373,422	1,009,279	437,534
Profit for the year	439,312		
Prior year adjustment	9,484	-	-
Transfer	(150,000)	-	-
At 31 December 2021	6,672,218	1,009,279	437,534

Group

	Share Option reserves £	Treasury reserves £	Merger reserve £	Totals £
At 1 January 2021	187,647	(96,060)	(150,000)	7,761,822
Profit for the year				439,312
Prior year adjustment	-	-	-	9,484
Transfer	-	-	150,000	-
At 31 December 2021	187,647	(96,060)	-	8,210,618

20. **Reserves - continued**

The merger reserve arose from the merger of the Company with Paul Simons & Partners Limited in 2006. Merger relief under Section 612 of the Companies Act 2006 was taken and the premium arising on the issue of these shares was disregarded as required by Sections 615 and 616 of the Companies Act 2006. This has now been transferred to retained earnings as Paul Simons & Partners Limited has dissolved.

The capital redemption reserve arose from the repurchase and cancellation of shares prior to 2015.

The share premium account arose with the issue of Group shares as part of the consideration for the purchase of the Group's subsidiaries Eight and Four Limited, Inkling Communications Limited and Feed Films Limited.

The Treasury Shares are those shares which have been issued and subsequently repurchased by the Company. Treasury Shares are not considered when earnings per share.

21. **Share-based payment transactions**

The Company grants options from time to time to certain directors and employees under its 2007 Enterprise Management Incentive Plan. The value of these share-based payments is measured at the date of grant using the Black-Scholes option pricing model and is expensed on a straight-line basis over the vesting period. The options may be exercised through an Employee Benefit Trust. The fair value of shares and options granted is recognised as an employee expense with a corresponding increase in equity spread over the period in which the vesting conditions are fulfilled ending on the relevant vesting date. The cumulative amount recognised as an expense reflects the extent to which the vesting period has expired, adjusted for the estimated number of shares and options that are ultimately expected to vest. The periodic charge or credit is the movement in the cumulative position from beginning to end of that period.

Further details of the share option plan is as follows:

	Number of options 2021	**Weighted average exercise price 2021**	**Number of options 2020**	**Weighted average exercise price 2020**
		p		p
At 1 January 2021	6,000,000	0.45	61,333,332	0.45
Granted	37,450,000	1.14	-	-
Forfeited/lapsed	-	-	-	-
Exercised	-	-	(55,333,332)	0.45
Outstanding at 31 December 2021	43,450,000	1.045	6,000,000	0.45

No share options were exercised in the year, share options were granted and none lapsed in the year. There were 43,450,000 options outstanding as at 31 December 2021. 6 million of the share options as at 31 December 2021 were all issued between December 2010 and February 2016 at an exercise price of 0.45p and have an exercise period of 10 years from date of issue. The remaining share options were granted in 2021 at an exercise price of 1.14p.

The Group recognised a charge of £nil (2020 - £nil) in relation to share-based payment transactions in the year. The value of the options is measured by the use of the Black-Scholes option pricing model, assuming volatility of 50%, an expected life of 3-5 years based on the contractual life of the options, and a risk-free rate of 0.59%. Expected volatility is based on historic volatility of the Group's share price.

22. **Reconciliation of profit/(loss) before taxation to cash generated from operations**

	2021	2020
	£	£
Profit/(loss) before taxation	731,349	(163,515)
Depreciation charges	504,722	297,619
Loss on disposal of fixed assets	1,904	-
Loss on revaluation of fixed assets	199,086	-
Government grants	(78,639)	(385,436)
Finance costs	5,676	-
Finance income	-	(74)
	1,364,098	(251,406)
Increase in trade and other debtors	(674,283)	(2,437,360)
Increase in trade and other creditors	2,883,225	411,080
Cash generated from operations	3,573,040	(2,277,686)

23. **Cash and cash equivalents**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2021

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	6,119,439	2,857,254

Year ended 31 December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	2,857,254	4,554,612

24. **Analysis of changes in net funds**

	At 1/1/21	Cash flow	At 31/12/21
	£	£	£
Net cash			
Cash at bank and in hand	2,857,254	3,262,185	6,119,439
	2,857,254	3,262,185	6,119,439
Total	2,857,254	3,262,185	6,119,439

25. Employee benefit trust

The Group operates an Employee Benefit Trust. The purpose of the Trust is to encourage and facilitate employees of the group to hold shares in the parent company. Contributions to the Trust are not charged to the Group Statement of Comprehensive Income until the shares vest in employees of the company.

Cubo Communications Group Limited made a loan of £1,033,296 to the fund in the year ended 31 December 2020 to enable it to acquire share options sold by directors and employees in the year. No contributions were made in the year (2020 - £nil).