Company Registration No. 06021170 (England and Wales)

OPIA LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

OPIA LIMITED

COMPANY INFORMATION

Directors
C M Aubrey
S J Gales
P F Garner
A W Marwick
S T Phillipson

Company number
06021170

Secretary
J E Raffe

Auditor
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered office
Priory House
Pilgrims Court
Sydenham Road
Guildford
Surrey
GU1 3RX

OPIA LIMITED

CONTENTS

OPIA LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2020

The directors present the strategic report and audited financial statements for Opia Limited (the "Company") for the year ended 30 June 2020.

Principal activity and review of the business
The Company's principal activities are sales optimisation through sales promotion and pricing mechanics and the financial risk management of redemption based sales promotion activity. There have been no significant changes to the Company's business model during the year under review.

On 29 December 2020, VRG Holdco Pty. Ltd., an entity controlled by funds managed by BGH Capital Pty. Ltd. ("BGH"), acquired indirect ownership of 100% of the shares in the Village Roadshow Limited group by way of a scheme of arrangement. VRG Holdco Pty. Ltd. has become the Company's ultimate parent entity.

Turnover in the year ended 30 June 2020 was £25,841,994 (2019: £22,559,740). The Company generated a net profit after tax for the year of £661,221 (2019: £476,205).

The Company's net assets decreased from £3,459,492 to £3,077,923 as at 30 June 2020 resulting from the dividend paid during the year of £1,000,000 offset by the profit for the year. The Company also adopted the new lease accounting standard, IFRS16, *Leases,* which resulted in a decrease to retained earnings by £42,790 on 1 July 2019, being the date of initial application. Due to the transition method adopted, the Company has not restated comparative information and therefore may not be directly comparable.

The year ended 30 June 2020 was a year of developing client relationships globally and implementing recommendations and structural changes arising from the business review that was completed at the end of the previous financial year. In Opia Risk, a specialist promotional risk business servicing agencies and FMCG brands was moved into a wholly owned subsidiary in July 2019 following its first full year of operation. In the prior year the business generated £0.6m of revenue and an operating loss before tax of £0.1m. The net assets of the business were minimal and comprised just the working capital, none of which was transferred.

The 2020 results were adversely impacted by the impact of coronavirus ("COVID-19") in the last four months of the year as the impact of lockdown created uncertainty within the market and activity volumes reduced. The Odeon cinema ticket agency business was particularly impacted with country wide closures. Prior to the onset of the pandemic Opia had been tracking to budget.

The underlying strength of the business remains strong with great success maintaining close client relationships during this period and working towards building a pipeline of activity once confidence returned to the market. This has proven successful in the new financial year.

During the year the business onboarded a number of significant new clients in the USA and Mainland Europe. The breadth of clients continues to grow and includes new sectors and territories as the business continues to expand leveraging both its existing relationships and the investment in local sales teams.

The growth of the business continues to be founded on a mixture of sustained organic growth, new client acquisition and successful expansion into new territories and sectors, reflecting its industry-wide reputation for reliability and quality of delivery. Opia's high-performance, data-driven sales campaigns are used by most of the best-known global consumer electronics brands, including Samsung, Microsoft, LG, HP, ASUS, Lenovo and Google, as well as retailers such as Dixons Carphone, Euronics and Lumber Liquidators.

Operational highlights for the year include:
- Delivery of first promotions on the new IT architecture
- Implementation of additional technology to support delivery and promotions in market
- Investment in developing the business' product set
- Introduction of new roles and skill sets into the business
- Refresh of the brand launched with a new website following
- Delivered cost savings with the use of technology maintaining margins

Currency risk
Management regularly monitors the Company's currency position and exchange rate movements and makes currency decisions as appropriate.

Fair value interest rate risk
The Company does not have any long term bank borrowings.

Credit risk
The Company mainly trades with long standing customers, the nature of these relationships assist management in controlling credit risk.

Liquidity risk
Management control and monitor the Company's cash flow on a regular basis, including forecasting future cash flows. The Company's key performance indicators and management tools for the business are; sales invoiced by size and mix, profitability by promotion, cash flow, client retention and client acquisition, cost base effectiveness and efficiency. In addition, the volume and performance of individual promotions is forensically monitored on a weekly basis.

On behalf of the board

P.F. Garner

P F Garner
Director
29 June 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report and audited financial statements for the year ended 30 June 2020.

Dividends
During the year a dividend of £1,000,000 was paid (2019: £1,500,000).

Future developments
During the year the business delivered its new IT architecture and implemented a number of important recommendations arising from the change programme including key initiatives within the Customer Service department and investment in new subject matter experts. An investment in strengthening the sales team in the USA has resulted in a much greater level of activity and there remains many untapped opportunities.

The key growth drivers for the business are expected to come from expanding the active client base through extending the geographical reach of these blue-chip multinational clients as well of the addition of clients from new sectors. Additional opportunities are expected to arise from a clear product offering and a best in market IT architecture with integrated fulfilment partners.

In addition, the business will focus on building consistent business in market sectors outside of the core consumer electronics sectors including, the mobile phone market and other slow moving consumer goods markets. The business has already had experienced recent success in both the USA and Canada mobile phone sector delivering new products and promotions for cornerstone client LG Electronics and Samsung and has added another client in the home retailer sector.

As part of its continuing commitment to quality, development and expansion, the Company will also continue to invest in quality standards and talent. Data security and fraud protection remain a key focus and the Company's long-standing ability to deliver results, means it is well equipped to bring sales-enhancing expertise and innovation into these new markets. Another key focus is continuing the development of the data and insights product offering having launched online reporting to clients during the current year.

Going concern
The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date of approval of these financial statements. The Company has net assets of £3,077,923 (2019: £3,459,492) and net current assets £2,276,283 (2019: £3,106,638).

On 11 March 2020, the World Health Organization raised the public health emergency situation caused by the outbreak of the coronavirus ("COVID-19") to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the evolution of business. The directors have considered the impact of the COVID-19 crisis on the Company's business operations and future prospects. The Company did not feature on the list of business premises which needed to close, and specific measures have been implemented to increase the workforce resilience, and to ensure adequate protection for our people. The Company's entire workforce has been able to work remotely while social restrictions have been in place.

The Company saw an impact on trading due to the uncertainty of COVID-19 and how it would impact the economy and with social restrictions in place. While a large proportion of the Company's services are delivered digitally and with the Company's workforce being able to work remotely, the delivery of most services was not impacted. Some of the promotions were put on hold by clients due to supply chain interruptions, as inventory was not available.

The Company's results and financial forecasts up to 30 June 2022, taking into consideration the current environment, show that the Company is expected to remain profitable and generate positive cash flows giving the Company the ability to continue to operate for the foreseeable future. The Company continues to meet its day to day working capital requirements and took action to mitigate the adverse impact of COVID-19 by implementing cost reduction strategies early and until such time as the earnings and cash flows returned. The level of earnings in the first quarter of financial year 2021 tracked in line with the prior year and staffing levels have been increased in line with their increased business activity levels. The Company continues to have available an uncommitted short-term facility of £0.5 million which is undrawn, and the Company is not expecting to require support from group undertakings.

In view of the circumstances and cash flow assessment referred to above, the directors of the Company believe that it is appropriate to adopt the going concern basis in preparing the financial statements. However, should sufficient continuing finance not be available, the going concern basis would be invalid and adjustments would have to be made to provide for any further liabilities which might arise and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Directors
The directors who served the Company during the year and up to the date of approval of the financial statements were as follows:

S J Gales
A W Marwick
C M Aubrey
P F Garner
S T Phillipson

Disclosure of information to the auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the board

P.F. Garner

P F Garner
Director
29 June 2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

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 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 profit or loss of the Company for that year.

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; 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.

Opinion

We have audited the financial statements of Opia Limited for the year ended 30 June 2020 which comprise the Statement of comprehensive income, Statement of changes in equity, Balance Sheet and the related notes 1 to 19 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2020 and of its 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 Auditor's responsibilities for the audit of the financial statements section of our report below. 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 this 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 the 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 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 strategic report and directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF OPIA LIMITED

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 strategic report or 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://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.

Ernst & Young LLP

Gordon Cullen (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
29 June 2021

OPIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Year ended 30 June 2020 £	Year ended 30 June 2019 £
Revenue	3	25,841,994	22,559,740
Cost of sales		(19,162,510)	(16,327,162)
Gross profit		6,679,484	6,232,578
Administrative expenses		(6,197,554)	(5,660,996)
Operating profit	4	481,930	571,582
Dividend income from subsidiary		373,134	-
Other interest receivable and similar income		-	7,978
Interest payable and similar charges	5	(14,002)	(4,511)
Profit before taxation		841,062	575,049
Taxation	7	(179,841)	(98,844)
Profit after taxation		661,221	476,205
Other comprehensive income		-	-
Total comprehensive income for the year		661,221	476,205

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

OPIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Share capital £	Other reserves £	Retained earnings £	Total £
At 1 July 2018	80	20	4,483,187	4,483,287
Profit for the year	-	-	476,205	476,205
Dividend paid	-	-	(1,500,000)	(1,500,000)
At 30 June 2019	80	20	3,459,392	3,459,492
Adoption of new accounting standard – refer Note 1	-	-	(42,790)	(42,790)
Adjusted balances as at 1 July 2019	80	20	3,416,602	3,416,702
Profit for the year	-	-	661,221	661,221
Dividend paid	-	-	(1,000,000)	(1,000,000)
At 30 June 2020	80	20	3,077,823	3,077,923

OPIA LIMITED

BALANCE SHEET
AS AT 30 JUNE 2020

	Notes	30 June 2020 £	30 June 2019 £
Non-current assets			
Intangible assets	8	463,450	273,350
Tangible fixed assets	9	285,041	56,865
Fixed asset investments	10	200	200
Trade and other receivables	11	291,944	186,083
		1,040,635	516,498
Current assets			
Trade and other receivables	11	5,758,024	12,290,323
Inventory		-	32,486
Deferred tax asset	12	299,952	334,393
Cash and cash equivalents	13	3,849,032	5,471,209
		9,907,008	18,128,411
Creditors: amounts falling due within one year	14	(7,630,770)	(15,021,773)
Net current assets		2,276,238	3,106,638
Total assets less current liabilities		3,316,873	3,623,136
Provision for liability	15	(47,223)	(163,644)
Lease liabilities		(191,727)	-
Net assets		3,077,923	3,459,492
Capital and reserves			
Called up share capital	16	80	80
Other reserves		20	20
Retained earnings		3,077,823	3,459,392
Shareholders' funds		3,077,923	3,459,492

The financial statements were approved by the Board of Directors and were signed on its behalf by:

P.F.Garner

P F Garner
Director
29 June 2021

Company Registration No. 06021170

1. Principal accounting policies

Basis of preparation

The financial statements for Opia Limited (the "Company") for the year ended 30 June 2020 were authorised for issue by the board of directors on 29 June 2021 and the balance sheet was signed on the board's behalf by P F Garner. Opia Limited is incorporated and domiciled in England and Wales. The Company is a private limited company, limited by shares.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound. The presentation and classification of comparative items in the financial statements have been adjusted where appropriate to ensure that the disclosures are consistent with the current period.

These financial statements were prepared in accordance with Financial Reporting Standard 101, *Reduced Disclosure Framework* ("FRS101").

In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions have been taken.

The Company's parent undertaking of the largest and smallest group of undertakings for which consolidated financial statements are drawn up that includes the Company, is the Village Roadshow Pty. Ltd. group ("VRL group" or "group"). The consolidated financial statements of the VRL group are prepared in accordance with IFRS and are available to the public (refer to note 17). Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated group financial statements.

In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- The requirement in paragraph 38 of IAS1, *Presentation of Financial Statements,* to present comparative information in respect of:
  (a) Paragraph 79(a)(iv) of IAS1;
  (b) Paragraph 73(e) of IAS16, *Property, Plant and Equipment;*
  (c) Paragraph 118(e) of IAS38, *Intangible Assets;*
- The requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS1;
- The requirements of IAS7, *Statement of Cash Flows;*
- The requirements of paragraphs 30 and 31 of IAS8, *Accounting Policies, Changes in Accounting Estimates and Errors;*
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS15, *Revenue from Contracts with Customers;*
- The requirements of paragraph 17 of IAS24, *Related Party Disclosures;*
- The requirements in IAS24 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;
- The requirements of paragraphs 130(f)(ii) and 130(f)(iii) of IAS36, Impairment of Assets; and
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 *Leases.*

As the consolidated financial statements of the VRL group include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- Certain disclosures required by paragraphs 91-99 of IFRS13, *Fair Value Measurement;* and
- The disclosure requirements required by IFRS7, *Financial Instruments: Disclosures.*

The Company proposes to continue to adopt the reduced disclosure framework of FRS101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

New standards, amendments and IFRIC Interpretations

IFRS16, Leases

IFRS16, *Leases,* is a new accounting standard that is effective for the year ended 30 June 2020. IFRS16 replaces IAS117: *Leases,* and sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

1. Principal accounting policies (continued)

New standards, amendments and IFRIC interpretations (continued)

IFRS16, Leases (continued)

The Company has adopted IFRS16 under the modified retrospective approach with the cumulative effect of initially applying the standard recognised on 1 July 2019, being the initial date of application. Comparatives have not been restated as required under specific transitional provisions in the standard. The adjustments arising from the standard are therefore recognised in opening retained earnings in the statement of changes in equity on 1 July 2019.

On adoption of IFRS16, the Company recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS117. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 July 2019. In applying IFRS16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- application of short-term lease exemptions to leases with lease term that ends within twelve months at the date of initial application;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Impact of IFRS16 on financial statements

The recognition of the lease liabilities can be reconciled to the operating lease commitments disclosed in the financial statements as at 30 June 2019 as follows:

	£
Balance at 30 June 2019	276,204
Discounted using the weighted average incremental borrowing rate of 3.1%	(36,677)
Adjustments related to changes in lease terms	215,220
Adjustments related to changes in lease payments	30,786
Lease liabilities recognised at 1 July 2019	485,533

The associated right-of-use assets were measured on a retrospective basis as if IFRS16 had always applied. In accordance with specific transitions provisions under IFRS16, the Company has not restated comparatives. The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- Right-of-use assets – increased by £318,797;
- Deferred tax assets – increased by £31,680;
- Lease liabilities – increased by £485,533;
- Onerous lease provision – decreased by £92,266; and
- Retained earnings – decreased by £42,790.

Amounts recognised in the Balance Sheet and Statement of Comprehensive Income are as follows:

Balance Sheet

	Right-of-use assets £	Lease liabilities £
As at 1 July 2019	318,797	(485,533)
Depreciation of right-of-use assets	(85,938)	-
Interest on lease liabilities	-	(13,150)
Interest payments	-	153,478
	232,859	(345,205)

1. Principal accounting policies (continued)

New standards, amendments and IFRIC interpretations (continued)

IFRS16, Leases (continued)

Statement of Comprehensive Income

	30 June 2020
	£
Depreciation of right-of-use assets (included in Administrative expenses)	(85,938)
Operating loss	(85,938)
Finance costs	(13,150)
Loss before tax	(99,088)

Lease liabilities

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating a lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. Where the interest rate implicit in the lease cannot be readily determined, the lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before commencement date, less any lease incentives received;
- Any initial direct costs; and
- An estimate of restoration or make good costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term, on a straight-line basis.

The Company applies the short-term lease recognition exemption to leases with terms of twelve months or less and the low value asset recognition exemption to leases of assets that are considered low value. Payments associated with short-term leases and leases of low value assets are expensed on a straight-line basis in the profit or loss.

Going concern

The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date of approval of these financial statements. The Company has net assets of £3,077,923 (2019: £3,459,492) and net current assets £2,276,283 (2019: £3,106,638).

On 11 March 2020, the World Health Organization raised the public health emergency situation caused by the outbreak of the coronavirus ("COVID-19") to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the evolution of business. The directors have considered the impact of the COVID-19 crisis on the Company's business operations and future prospects. The Company did not feature on the list of business premises which needed to close, and specific measures have been implemented to increase the workforce resilience, and to ensure adequate protection for our people. The Company's entire workforce has been able to work remotely while social restrictions have been in place.

1. Principal accounting policies (continued)

Going concern (continued)

The Company saw an impact on trading due to the uncertainty of COVID-19 and how it would impact the economy and with social restrictions in place. While a large proportion of the Company's services are delivered digitally and with the Company's workforce being able to work remotely, the delivery of most services was not impacted. Some of the promotions were put on hold by clients due to supply chain interruptions, as inventory was not available.

The Company's results and financial forecasts up to 30 June 2022, taking into consideration the current environment, show that the Company is expected to remain profitable and generate positive cash flows giving the Company the ability to continue to operate for the foreseeable future. The Company continues to meet its day to day working capital requirements and took action to mitigate the adverse impact of COVID-19 by implementing cost reduction strategies early and until such time as the earnings and cash flows returned. The level of earnings in the first quarter of financial year 2021 tracked in line with the prior year and staffing levels have been increased in line with their increased business activity levels. The Company continues to have available an uncommitted short-term facility of £0.5 million which is undrawn, and the Company is not expecting to require support from group undertakings.

In view of the circumstances and cash flow assessment referred to above, the directors of the Company believe that it is appropriate to adopt the going concern basis in preparing the financial statements. However, should sufficient continuing finance not be available, the going concern basis would be invalid and adjustments would have to be made to provide for any further liabilities which might arise and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Promotional revenue

Revenue earned from promotional activities is recognised as the Company satisfies its performance obligations under promotional contracts over time. The basis for measuring progress towards complete satisfaction of a performance obligation for a promotion can be measured by the amount of cost put into the various steps of the promotion. Where promotional contracts span more than one reporting period, the progress of work is based on the assessment of the value of work performed at that date and a contract asset is recognised. The Company acts as either principal or agent depending on the terms of each contract.

Contract assets

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment in value.

Depreciation is provided to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Leasehold improvements	Straight line over life of the lease
Plant and machinery	33% straight line
Fixtures, fittings & equipment	33% straight line

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of tangible fixed assets are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of tangible fixed assets is the higher of fair value less costs to sell and value in use. In assessing fair value less costs of disposal, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the estimated price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

1. Principal accounting policies (continued)

Tangible fixed assets (continued)

De-recognition and disposal

An item of tangible fixed assets is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is de-recognised.

Operating leases

In the comparative period, leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised in profit and loss as an integral part of the total lease expense.

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Interest

Interest costs are accounted for on an accruals basis in the profit and loss account using the effective interest method.

Interest income is recognised as it accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

1. Principal accounting policies (continued)

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. Cash and cash equivalents include restricted client cash accounts which are used for payment of promotional rebates.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for expected credit losses.

For trade receivables, the Company applies the simplified approach permitted under IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of receivables. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

Trade and other payables

Creditors are recognised at amounts to be paid in the future for goods and services already received, whether or not billed to the Company. They are non-interest bearing and are normally settled on 30-90 day terms.

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

Fixed asset investments

Investments are stated at cost less any provision required for impairment in their value. An impairment loss is recognised, in the profit and loss account, if the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

Pensions

The Company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the nature of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Company's intangible assets is as follows:

Software

- Useful lives: Finite
- Amortisation method used: Amortised over estimated useful lives or 3 years
- Internally generated or acquired: Acquired
- Impairment testing: When an indication of impairment exists. The amortisation method is reviewed at each financial year-end.

2. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period is:

Impairment of intangible and tangible fixed assets

The Company determines whether intangible and tangible fixed assets are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the intangible and tangible fixed assets compared to their carrying value. The value in use calculations requires the Directors to estimate the future cash flows expected to arise from the assets and a suitable discount rate in order to calculate present value.

Incremental borrowing rate

If and when the Company cannot readily determine the interest rate implicit in the lease, it uses the lessee's incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs, such as market interest rates when available.

3. Revenue

Revenue comprised sales of consumer promotions and loyalty programs, excluding VAT, in the following geographical markets.

	30 June 2020	30 June 2019
	£	£
United Kingdom	13,456,493	15,527,310
Europe	3,788,286	2,589,420
North America	8,215,025	4,101,303
Other	382,190	341,707
	25,841,994	22,559,740

The Company has recognised the following assets related to contracts with customers.

	30 June 2020	30 June 2019
	£	£
Current:		
Trade debtors, which are included in trade and other receivables	3,350,316	5,703,762
Contract assets, which are included in accrued income	3,068,587	2,397,080
	8,100,842	8,100,842

At 30 June 2020, the Company had £168,601 of unearned revenue liability (2019: £Nil).

4. Operating profit

Operating profit is stated after charging:	Year ended 30 June 2020 £	Year ended 30 June 2019 £
Amortisation of intangible assets	197,772	199,834
Depreciation of tangible assets	42,516	38,178
Depreciation of right-of-use assets	85,938	-
Operating lease expenses	255,806	286,506
Auditor's remuneration – audit services	91,910	83,800
and after crediting:		
Gain on foreign exchange transactions	108,785	36,419

Refer to Note 6 for staff costs for the years ended 30 June 2020 and 30 June 2019.

5. Interest payable and similar charges

	Year ended 30 June 2020 £	Year ended 30 June 2019 £
Interest on lease liabilities	13,150	-
Other interest payable	852	4,511
	14,002	4,511

6. Directors and employees

Number of employees
The average monthly number of employees (including directors) during the year was:

	Year ended 30 June 2020 Number	Year ended 30 June 2019 Number
Sales	7	9
Administration	95	100
Management	7	5
Directors	2	2
	111	116

Employment costs

	£	£
Wages and salaries	2,118,075	1,865,207
Social security costs	280,142	298,894
Other pension costs	72,469	70,411
	2,470,686	2,234,512

6. Directors and employees (continued)

	Year ended 30 June 2020 £	Year ended 30 June 2019 £
Directors' remuneration		
Remuneration for qualifying services	371,213	376,913
Company pension contributions to defined contribution schemes	17,060	14,595
	388,273	391,508

	£	£
In respect of the highest paid director		
Remuneration for qualifying services	186,909	189,431
Company pension contributions to defined contribution schemes	8,530	7,298
	195,439	196,729

7. Taxation

	Year ended 30 June 2020 £	Year ended 30 June 2019 £
UK corporation tax		
Current year	403,918	160,493
Total current tax charge	403,918	160,493
Deferred tax		
Net deferred tax asset taken up in retained earnings on transition to IFRS16	(31,680)	-
Current year	(278,176)	(42,022)
Prior period	85,779	(19,627)
Total deferred tax charge	(224,076)	(61,649)
Total tax charge	179,841	98,844

Factors affecting the tax charge for the year

The tax for the year differs from profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%). A reconciliation of the current tax for the year to the tax on the profit at the standard rate is set out below:

7. Taxation (continued)

	Year ended 30 June 2020 £	Year ended 30 June 2019 £
Profit before taxation	841,062	575,049
Profit before taxation multiplied by standard rate of UK corporation tax of 19% (2019: 19%)	159,802	109,259
Effects of:		
Adjustment in respect of previous years	85,779	(19,627)
Non-assessable income	(70,896)	-
Expenses not deductible	5,156	9,212
	20,039	(10,415)
Total tax charge for the year	179,841	98,844

Change in corporate tax rate

Factors that may affect future tax charges

The UK Finance Act 2017 included provision for the main rate of corporation tax to reduce from 19% to 17% from 1 April 2020. A Budget Resolution passed on 17 March 2020 included provision for the main rate of corporation tax to remain at 19% from 1 April 2020 and not reduce to 17% as previously legislated. The anticipated decrease in the Company's tax charge will now not materialise.

8. Intangible assets

	Software £
Cost	
At 1 July 2019	728,118
Additions	387,872
At 30 June 2020	1,115,990
Amortisation	
At 1 July 2019	454,768
Charge for the year	197,772
At 30 June 2020	652,540
Net book value	
At 30 June 2020	463,450
At 30 June 2019	273,350

9. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures, fittings & equipment £	Right-of-use assets £	Total £
Cost					
At 1 July 2019	16,081	140,442	152,962	-	309,485
Adjustment on transition to IFRS 16	-	-	-	318,797	318,797
Additions	-	37,833	-	-	37,833
At 30 June 2020	16,081	178,275	152,962	318,797	666,115
Depreciation					
At 1 July 2019	9,031	100,257	143,332	-	252,620
Charge for the year	3,254	32,886	6,376	85,938	128,454
At 30 June 2020	12,285	133,143	149,708	85,938	381,074
Net book value					
At 30 June 2020	3,796	45,132	3,254	232,859	285,041
At 30 June 2019	7,050	40,185	9,630	-	56,865

Right-of-use assets recognised on transition to IFRS16 on 1 July 2019, relate to leased property.

10. Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 July 2019	300
At 30 June 2020	300
Provisions for diminution in value	
At 1 July 2019 and at 30 June 2020	100
Net book value	
At 30 June 2020	200
At 30 June 2019	200

Holdings of more than 20%
The Company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Principal activity	Share held Class	%
Subsidiary undertakings				
Summit Digital Limited	England & Wales	Dormant	Ordinary	100
Halo Promo Risk Limited	England & Wales	Sales & marketing	Ordinary	100
Opia Risk SA (Pty) Limited	South Africa	Sales & marketing	Ordinary	100
Opia US Inc.	United States	Sales & marketing	Ordinary	100

10. Fixed asset investments (continued)

The address and registered office of Summit Digital Limited and Halo Promo Risk Limited is Priory House, Pilgrims Court, Sydenham Road, Guildford, Surry, GU1 3RX, UK. The registered office of Opia Risk SA (Pty) Limited is 43 Magalies, Montpark Drive, Montgomery Park, Johannesburg, SA. The registered office of Opia US Inc. is 332 S Michigan Ave, Chicago, USA.

11. Trade and other receivables

	30 June 2020	30 June 2019
	£	£
Current:		
Trade debtors	3,307,814	7,679,443
Other debtors	2,238,378	2,114,583
Prepayments	211,832	99,217
Accrued income	-	2,397,080
	5,758,024	12,290,323
Non-current:		
Amounts owed by related undertakings	291,944	186,083
	291,944	186,083

Amounts owed by related undertakings are unsecured, interest free and have no fixed terms of repayment.

12. Deferred tax asset

	Deferred tax asset
	£
Balance at 1 July 2019	334,393
Implementation of IFRS16	31,680
Utilised during the year	(290,197)
Other	224,076
Balance at 30 June 2020	299,952

The deferred tax asset is made up as follows:	30 June 2020	30 June 2019
	£	£
Timing differences	299,952	32,112
Tax losses	-	302,281
	299,952	334,393

13. Cash and cash equivalents

	30 June 2020	30 June 2019
	£	£
Cash at bank	3,072,131	1,748,404
Cash balance held on behalf of customers	776,901	3,722,805
	3,849,032	5,471,209

The cash balance held on behalf of customers is restricted and held in separate bank accounts and used for payment of promotional rebates. This balance cannot be called upon should the Company become insolvent.

14. Creditors: amounts falling due within one year

	30 June 2020	30 June 2019
	£	£
Trade and other creditors	814,509	3,931,341
Lease liabilities	153,478	-
Amounts owed to related undertakings	1,094,850	795,020
Other taxes and social security costs	243,450	768,110
Corporation tax payable	113,720	-
Promotional accruals	2,781,814	8,931,278
Accruals and unearned revenue	2,428,949	596,024
	7,630,770	15,021,773

Amounts owed to related undertakings are unsecured, interest free and have no fixed terms of repayment.

15. Provision for liability

	Onerous lease and other charges	Total
	£	£
At 1 July 2019	163,644	365,000
Release under IFRS16	(92,266)	-
Utilised during the year	(24,155)	(201,356)
At 30 June 2020	47,223	163,644
Analysed as:		
Current	20,523	23,842
Non-current	26,700	139,802
	47,223	163,644

At 30 June 2018, an onerous lease provision was recognised on a leased property that was vacated during the prior year. It is anticipated the provision will be utilised over the next 3 years.

16. Authorised, issued and called up share capital

Authorised, called up and fully paid	30 June 2020	30 June 2019
	£	£
80 (2019: 80) Ordinary shares of £1 each	80	80

17. Ultimate parent undertaking and controlling entity

The immediate parent entity is Countrywide Property Investments (UK) Limited, a Company registered in England and Wales. The directors consider the ultimate parent company and controlling party to be VRG Holdco Pty. Ltd. which is incorporated in Australia.

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Village Roadshow Pty. Ltd., a company incorporated in Australia. Copies of the group financial statements can be obtained from the Secretary, Village Roadshow Pty. Ltd., Level 1, 500 Chapel Street, South Yarra, Victoria, 3141, Australia.

18. Related party transactions

The Company has taken advantage of the exemption available under the requirements of IAS 24, *Related Party Disclosures*, not to disclose transactions with its wholly owned subsidiaries.

The total outstanding balance payable to Countrywide Property Investments (UK) Limited at 30 June 2020 was £273,806 (2019: £273,806).

During the year ended 30 June 2019, the Company arranged insurance relating to customer promotions with Edge Loyalty Systems Pty. Limited, previously a wholly owned subsidiary of the VRL group, for a total net value of £138,238. The total outstanding balance payable to Edge Loyalty Systems Pty. Limited at 30 June 2020 was £Nil (2019: £Nil).

During the year ended 30 June 2019, the Company had entered into a group tax relief arrangement, with Edge UK Holdings Limited and Village Theatres 3 Limited, both wholly owned subsidiaries of the VRL group, for a total value of £534,849. The total outstanding balance payable to Edge UK Holdings Limited at 30 June 2020 was £47,747 (2019: £43,594). The total outstanding balance payable to Village Theatres 3 Limited at 30 June 2020 was £461,688 (2019: £476,288).

During the year ended 30 June 2019, the Company provided an interest bearing loan of £125,000 to S J Gales, a director of the Company. At 30 June 2020 and 30 June 2019, the total outstanding principal balance of the loan was £Nil. Interest was charged at 2.5% and at 30 June 2020, £Nil of interest remains outstanding (2019: £2,063).

19. Events subsequent to the balance sheet date

On 29 December 2020, VRG Holdco Pty. Ltd., an entity controlled by funds managed by BGH Capital Pty. Ltd. ("BGH"), acquired indirect ownership of 100% of the shares in the VRL group by way of a scheme of arrangement.

Dividend
On 14 May 2021, the Company paid a dividend of £1,000,000 to its parent company, Countrywide Property Investments (UK) Limited.