

Registered number: 09040006

Acast Stories Limited

Financial statements

Information for filing with the registrar

For the year ended 31 December 2020

Balance sheet
As at 31 December 2020

	Note	2020	2019
		£	£
Fixed assets			
Tangible assets	6	71,847	107,680
		<hr/>	<hr/>
		71,847	107,680
Current assets			
Debtors: amounts falling due within one year	7	20,281,492	538,590
Cash at bank and in hand		124,539	317,609
		<hr/>	<hr/>
		20,406,031	856,199
Creditors: amounts falling due within one year	8	(24,917,650)	(506,948)
		<hr/>	<hr/>
Net current (liabilities)/assets		(4,511,619)	349,251
		<hr/>	<hr/>
Total assets less current liabilities		(4,439,772)	456,931
Provisions for liabilities			
Deferred tax		-	(11,427)
		<hr/>	<hr/>
		-	(11,427)
		<hr/>	<hr/>
Net (liabilities)/assets		(4,439,772)	445,504
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	1,000	1,000
Capital contribution	11	1,523,880	1,115,774
Profit and loss account	11	(5,964,652)	(671,270)
		<hr/>	<hr/>
		(4,439,772)	445,504
		<hr/>	<hr/>

Acast Stories Limited
Registered number: 09040006

Balance sheet (continued)
As at 31 December 2020

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

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

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

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

.....
Mr Ross Adams
Director
Date: 5 May 2021

The notes on pages 4 to 11 form part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2020

	Called up share capital £	Capital contribution £	Profit and loss account £	Total equity £
At 1 January 2019	1,000	794,640	(542,763)	252,877
Comprehensive income for the year				
Loss for the year	-	-	(128,507)	(128,507)
Movement in share options	-	321,134	-	321,134
Other comprehensive income for the year	-	321,134	-	321,134
Total comprehensive income for the year	-	321,134	(128,507)	192,627
At 1 January 2020	1,000	1,115,774	(671,270)	445,504
Comprehensive income for the year				
Loss for the year	-	-	(5,293,382)	(5,293,382)
Movement in share options	-	408,106	-	408,106
Other comprehensive income for the year	-	408,106	-	408,106
Total comprehensive income for the year	-	408,106	(5,293,382)	(4,885,276)
At 31 December 2020	1,000	1,523,880	(5,964,652)	(4,439,772)

The notes on pages 4 to 11 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2020

1. General information

Acast Stories Limited ("the Company") is a private limited company, limited by share capital, incorporated and domiciled in the United Kingdom, its registered office is Third Floor, 24 Chiswell Street, London, EC1Y 4YX and its principal place of business is Fifth Floor Churchill House 142-146 Old Street London EC1V 9BJ. The company's principal activity is that of podcast services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis despite the fact that the company made a loss for the financial year after tax of £5,293,382 (2019: £128,507), and that the company has a net current liability £4,511,619 (2019: net current assets £349,251) and net liability £4,439,772 (2019: net assets £445,504) position. The company has experienced significant growth in revenue during the period, driven by an increase in demand for their products during the pandemic. The company is dependent on its parent company, Acast AB, a company incorporated in Sweden, who have provided the company with a letter of support confirming that they will provide continued financial support, so that the company can meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of these financial statements.

During the year the directors have taken reasonable measures to continue the operation of the company during the Covid-19 pandemic. While the impact of the Covid-19 virus and the performance of the company during the pandemic has been assessed by the directors, due to its unprecedented impact on the wider economy, it is difficult to evaluate with any certainty the potential future outcomes on the company's trade, its customers and suppliers. However, the directors consider the group to have sufficient financial resources to get through this period. Taking into consideration the UK Government's response and the company's planning, the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

2.3 Revenue

Revenue is primarily generated through delivering advertising impressions via audio and sponsorships in podcasts. For customer contracts where the price is based on impressions to be delivered, the stage of completion for revenue recognition purposes is measured based on the number of impressions delivered in relation to the contractual number of impressions. For fixed price contracts based on a fixed period, revenue is recognised on a straight-line basis as the performance obligation is satisfied evenly throughout the period. Revenue is measured at fair value of the consideration received or receivable, excluding discounts and Value Added Tax.

Revenue in the prior year comprised marked up costs at an agreed percentage of expenses incurred in the company relating to the operation of the parent, Acast AB.

**Notes to the financial statements
For the year ended 31 December 2020**

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold property improvements	-5 years straight line
Office equipment	-3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.6 Financial Instruments

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

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**Notes to the financial statements
For the year ended 31 December 2020**

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

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

2.9 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**Notes to the financial statements
For the year ended 31 December 2020**

2. Accounting policies (continued)

2.12 Debtors

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

2.13 Creditors

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

2.14 Employee share ownership plan

The cost of the Company's shares held by the ESOP is deducted from equity in the Company balance sheet under the heading capital contribution. Any cash received by the ESOP on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the ESOP (including borrowings) are recognised as assets and liabilities of the Company.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimated and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

Recoverability of trade debtors

Trade debtors are provided against to the extent that the recovery of the debtor is considered doubtful. The ultimate recoverability of trade debtors may be affected by the outcome of uncertain future events. The provision against trade debtors is an accounting estimate made by the directors, and requires judgement in assessing the recoverability of the debtors. The directors have applied a bad debt provision on the basis of the length of time an invoice has been outstanding.

Share option accounting

The capital contribution reserve is an estimate of the total future cost to the company of open employee share option programmes. The capital contribution reserve is measured based on management's estimate of the number of employees likely to exercise their options, and based on the determined fair value of the options at the grant date.

Deferred revenue recognition

For customer contracts where the price is based on impressions to be delivered, the stage of completion for revenue recognition purposes is measured based on the number of impressions delivered in relation to the contractual number of impressions. For fixed price contracts based on a fixed period, revenue is recognised on a straight-line basis as the performance obligation is satisfied evenly throughout the period. Accordingly, revenue is deferred into future accounting periods in order to match the number of impressions delivered to the number of impressions invoiced as at the balance sheet date, or to spread revenue across the fixed period contract term.

4. Employees

The average monthly number of employees, including directors, during the year was 60 (2019 - 36).

Notes to the financial statements
For the year ended 31 December 2020

5. Share option scheme

The Company's ultimate parent company incorporated in Sweden, Acast AB operates a share scheme for the employees. Options will vest three years after the granting date. When the options vest, each option will be worth 1 share in Acast AB for a vesting price of 106.1kr per share.

At the year end, there were 93,707 (2019: 99,990) shares potentially available for issue under this scheme to 57 (2019: 52) members of staff of Acast Stories Limited.

1 employee exercised their options in Acast AB during the year.

6. Tangible fixed assets

	Leasehold property improvements	Office equipment	Total
	£	£	£
Cost or valuation			
At 1 January 2020	95,811	50,433	146,244
At 31 December 2020	<u>95,811</u>	<u>50,433</u>	<u>146,244</u>
Depreciation			
At 1 January 2020	20,417	18,147	38,564
Charge for the year on owned assets	16,671	19,162	35,833
At 31 December 2020	<u>37,088</u>	<u>37,309</u>	<u>74,397</u>
Net book value			
At 31 December 2020	<u>58,723</u>	<u>13,124</u>	<u>71,847</u>
At 31 December 2019	<u>75,394</u>	<u>32,286</u>	<u>107,680</u>

The net book value of land and buildings may be further analysed as follows:

	2020	2019
	£	£
Leasehold property improvements	58,723	75,394
	<u>58,723</u>	<u>75,394</u>

Notes to the financial statements
For the year ended 31 December 2020

7. Debtors

	2020	<i>2019</i>
	£	£
Trade debtors	14,027,685	-
Amounts owed by group undertakings	5,992,886	<i>319,108</i>
Other debtors	203,124	<i>168,086</i>
Prepayments and accrued income	57,797	<i>51,396</i>
	<u>20,281,492</u>	<i><u>538,590</u></i>

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

8. Creditors: Amounts falling due within one year

	2020	<i>2019</i>
	£	£
Trade creditors	11,088	<i>25,008</i>
Amounts owed to group undertakings	21,853,835	-
Corporation tax	-	<i>65,453</i>
Other taxation and social security	2,207,840	<i>114,284</i>
Other creditors	21,400	<i>13,925</i>
Accruals and deferred income	823,487	<i>288,278</i>
	<u>24,917,650</u>	<i><u>506,948</u></i>

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.

Notes to the financial statements
For the year ended 31 December 2020

9. Deferred taxation

	2020 £
At beginning of year	(11,427)
Charged to profit or loss	11,427
At end of year	-

	2020 £	2019 £
Tax losses carried forward	-	(11,427)
	<u>-</u>	<u>(11,427)</u>

10. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,000 (2019 - 1,000) Ordinary shares shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

11. Reserves

Other reserves

The capital contribution reserve represents equity settled employee share option programmes.

Profit and loss account

The profit and loss account represents cumulative profits and losses.

12. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £110,134 (2019: £60,310). Contributions totalling £21,400 (2019: £13,925) were payable to the fund at the balance sheet date and are included in 'other creditors' within Note 9.

Notes to the financial statements
For the year ended 31 December 2020

13. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£	£
Not later than 1 year	170,496	227,328
Later than 1 year and not later than 5 years	397,824	568,320
	<hr/> 568,320 <hr/>	<hr/> 795,648 <hr/>

14. Related party transactions

The group has taken advantage of the exemption provided by Section 33 Related Party Disclosures paragraph 33.1A of Financial Reporting Standard 102 from disclosing related party transactions entered into between the company and other group companies, where the subsidiary undertaking is wholly owned by a member of the group.

The most senior parent entity producing consolidated financial statements is Acast AB, incorporated in Sweden. The registered address of Acast AB is Kungsgatan, 111 35 Stockholm, Sweden.

15. Controlling party

The company is controlled by Acast AB, a company incorporated in Sweden, which owns 100% of the issued share capital.

16. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 6 May 2021 by Anne Dwyer BSc(Hons) FCA (Senior statutory auditor) on behalf of Kreston Reeves LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.