

Company registration number 05001866 (England and Wales)

FUNDAMENTAL MEDIA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

FUNDAMENTAL MEDIA LIMITED

COMPANY INFORMATION

Directors	Mr A G M Maclaine Mr J Wilch Ms R Capps Mr V C Hooplot
Company number	05001866
Registered office	100 Cannon Street 3rd Floor London EC4N 6EU
Auditor	Grunberg & Co Limited 5 Technology Park Colindeep Lane Colindale London United Kingdom NW9 6BX

FUNDAMENTAL MEDIA LIMITED

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FUNDAMENTAL MEDIA LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present the strategic report for the year ended 31 December 2023.

Fundamental Media Limited (FML) and its subsidiaries (together the “FM Group” or “Group”) continue to offer media research, planning, buying, consulting, and analytics services to clients within the Financial Services and Learning & Development industries. The FM Group offers its clients global coverage combined with local insight and knowledge into the relevant media landscapes ensuring they reach their target audiences wherever they are in the world. Media and central support services are provided out of the London HQ, with additional media teams delivering award-winning market and media intelligence from our offices in Boston, Hong Kong, Rotterdam, and Sydney.

To assist the review of the Directors’ performance of their duties under Section 172, the Strategic Report includes commentary on the business model and strategic objectives, the principal risks identified, the financial performance of the business and relevant non-financial information including our commitment stakeholders.

Executive Summary

The Group has completed another successful year, achieving goals for our traditional business as well as the business transformation goals set by the board in its 5-year plan in 2019.

Investment in technology and staff remains high and the impact of our 5-year plan is increasingly evident as the new business structure is driving growth in both billings and margin. Furthermore, the new sub-brands launched as part of the 5-year plan are developing in line with expectations.

Our leadership team’s commitment to the plan is exemplified by the significant investment in our people and novel technologies and is further validated by the numerous industry awards won by the Group.

FUNDAMENTAL MEDIA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

The Business Model

Our business focuses on offering strategic support and solutions for marketing departments in the cross border B2B sectors of Asset Management, Insurance, Corporate Finance, and Learning & Development.

A core objective of the sector specific business approach has been to create a centralised data set for all marketing performance data.

The 'data first' approach of the business is proving extremely valuable and facilitates fast and robust integration of AI technologies, specifically, the Large Language Model ("Allium") that will be launched in 2024 within the Alphix Solutions platform and is supporting our media and marketing teams. Allium will be deployed across the full suite of FM solutions through 2024.

The success of our approach and technology offerings has been corroborated by noteworthy awards won during 2023, including:

Drum Awards:

- Agency Business for Fundamental Group – Finalist

Investment Week Investment Marketing and Innovation Awards:

- Open Innovation for Alphix Solutions - Winners
- Agency of the Year for Fundamental Group - Shortlist
- Campaign Innovation for Fundamental Media - Shortlist

Financial Services Forum Awards for Innovation and Transformation:

- Best Innovation in Use of Technology for Alphix Solutions – Highly Commended
- Best Innovation in Marketing for Fundamental Media – Shortlist

Marketing, Advertising and Sales Excellence Awards (MAX):

- Agency of the Year – Fundamental Media

Gramercy Institute Financial Strategy Awards:

- B2B for Fundamental Media with Columbia Threadneedle Investments – Winners
- B2B for Fundamental Media with Morningstar Wealth Management Solutions – Winners
- B2B for Fundamental Media with Baillie Gifford – Winners

Further details of the awards are available on our website.

In response to the rapidly evolving media market, updates have been made to the 5-year development plan (to 2025) as we complete year 3:

Strategic restructure of the business

The 5-year plan progress continues to prepare the group for aggressive scaling across multiple disciplines.

a. Initial steps to delineate between Fundamental Group departments with the objective of establishing separate leadership teams for each department with clear mandates are complete. The departments are as follows:

1. Media planning and buying

Work has commenced on the launching of the 'SHM division' within the Media team. This is an enhancement to the current strategic planning and buying service offered by FM.

2. Studio

Sonar Studio has broadened their service offering and have won additional clients (non-media buying clients).

3. Analytics and Intelligence

Alphix Trends, Signals and Vectors have launched in beta and should be live with clients in 2024.

4. Research and Consultancy

The Aureum 'acquisition' of Fundamental Research is underway, with Aureum taking over full responsibility for all FM Group generated research.

5. Technology R&D

Fundamental Labs has been at the forefront of conceptualising and launching Trends, Signals, Vectors, xPost and Allium in 2023. A range of initiatives are in the pipeline for 2024.

b. Cross sector expansion

Services are offered to the Business Education, Reinsurance, and Transaction Banking sectors with further expansion under discussion.

FUNDAMENTAL MEDIA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Principal Risks and Uncertainties

Market uncertainty, inflation, geo-political tensions, and the challenge of 'work from home' all present risk to our business.

A satellite office in Fleet, Hampshire has been set up to allow a 'closer to home working' space for our staff in the area. This has been successful in attracting new staff to an 'in office' environment for improved collaboration and teamwork.

The increasing presence of Artificial Intelligence within the industry is an area of interest and presents new opportunities as well as risk. We continue to invest heavily in this area and have a number of initiatives in the Alphix and Labs divisions to integrate AI and LLMs.

The leadership team continues to monitor these risks and develop contingency plans where viable.

Management Decision Making

FM Group operates a collaborative, transparent management structure. Strategic initiatives are communicated early on to all members of staff, and opportunities for innovation and contribution to our strategic direction are encouraged and rewarded. Formal decision-making structures include:

The Board of Directors: quarterly meetings including approval and review of significant strategic decisions, compliance matters and fiscal responsibility.

The Executive Committee (Exco): responsible for the day-to-day execution of strategy and Board directives.

Working Groups: arranged on functional lines and comprising relevant members of both the Board and the Exco who are responsible for project deliverables and operations improvements.

The 5-year plan has supported the ceding of daily strategic and operational control to each of the departments, with monthly operational and quarterly strategic reporting to the Fundamental Group leadership team.

Business Performance

Investment in technology has continued to drive business process improvements, additional services, and growth in our workforce.

We monitor the following key performance indicators:

1. Turnover: GBP110.1M (2022: GBP88.5M)
2. Gross Margin: GBP17.0M (2022: GBP14.1M)
3. Headcount: 165 (2022: 141)
4. Profit before tax: GBP2.3M (2022: GBP3.9M)

Although we monitor turnover closely as an indicator of market growth, our strategic focus is on gross margin growth. The year-on-year improvement in 2023 is due to the launch of the new fee-based solutions, and a general move to a retainer-based model from agency buying fee. This higher margin has supported the continued investment in people and technology (all R&D has been expensed) and therefore limited year on year growth at the operating profit level.

Section 172 (1) Statement

Clients

The Directors and team recognise that delivering an exceptional, high standard and consistent service to our clients is the cornerstone on which the Fundamental Group is built.

Initiatives in 2023 to support our clients included:

- Ongoing research into the impact of cookie deprecation and other privacy driven technological changes.
- Updated audience research on buying habits and trends.
- Analysis of our data sets at scale to identify Trends in audience consumption.

FUNDAMENTAL MEDIA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Media Partners

Fundamental Media has a strong relationship with its media suppliers, regularly working with them to deliver media firsts around the world. 2023 initiatives to support our media partners included:

- Planning and build of a publisher dashboard for campaign performance monitoring. Scheduled to launch in 2024.
- An 'Alphix for Publishers' solution to allow publishers to benefit from the visibility offered by Alphix.

Employees

Fundamental Media has always sought to create a collegiate, family feel to the business. 2023 saw a significant increase in employee numbers as we continue to support the growth across the Group.

Despite the Covid era being behind us, the Group has continued to offer:

- Full flexible and hybrid working, which ensures our team benefits from the combination of in-office collaboration and the advantages to personal well-being of remote working.
- Regular leadership updates in the form of CEO communications and quarterly Town Halls as well as the annual company conference that ensures our team is kept appropriately informed of the business's progress and strategy.
- Our bespoke training and development platform (CPD Hub) allows for continued learning and professional development.

We continue to encourage our people in their mental wellbeing, with our teams around the world marking World Mental Health Day by enjoying breakfast together, encouraging connection and conversation. Our social media pages give regular news flow on our teams' activities.

A new office in Hampshire is providing a reduced commute for teams in the area – providing an initial test to a decentralised working structure.

The new company structure referenced previously provides benefit beyond the ability to accelerate innovation across the breadth of our services. It is also designed to create opportunity for staff to progress within the company along a range of lines from creative to analytics. This approach is intended to encourage staff to view the Fundamental Group as an opportunity for a long-term career as opposed to a short-term role.

FUNDAMENTAL MEDIA LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Local Community

The Directors recognise FM Group's obligations as a responsible corporate citizen.

During 2023 Fundamental Media achieved an Ecovadis Sustainability rating of Silver. Ecovadis is a globally recognized assessment platform that rates businesses' sustainability across four key categories: environmental impact, labour and human rights standards, business ethics, and procurement practices.

In all metrics, we achieved a rating of Good or Advanced, with an overall score placing us in the 86th percentile of Marketing and Advertising agencies assessed by Ecovadis globally.

Our employees are given paid time off to support charitable initiatives and are encouraged to give-back to the communities through our Charity and Volunteering policies. Events in 2023 included:

- The UK team undertook the Yorkshire Three Peaks Challenge, raising useful funds for two London based community charities:
 - Power Mobile Gym which helps empower young people through Boxing and employment pathway programs; and
 - Savings Souls Hub a community organisation which provides support for mental health issues as well as a weekly foodbank.
- The team also participated in the Citywire Charity Run in support of Citywire's fundraising for Radio Lollipop, an organisation that supports children in hospital.
- Fundamental London continues to partner with Future Frontiers, an education charity supporting young people by providing mentorship in their transition year of school.
- Fundamental Media USA actively supports the Financial Communication Society via sponsorship of and attendance at its events. The FCS is a non-profit organisation with a philanthropic mission to support children's charities including Hope & Heroes, Columbia University Medical Centre, Make-A-Wish and Downey Side Adoption Agency.
- Our US team is also part of the Green Network Exchange, a Boston 'electronics drive' where we donate unused/retired electronic hardware to prevent it going to landfill.
- The FM Group continues to support the asset management industry's charitable initiatives, including CASCAID events, which had Cancer Research, Great Ormond Street Hospital, and the NSPCC as its chosen beneficiaries for 2023.

Fundamental Media Limited remains a signatory to the UK's Armed Forces Covenant; supporting the promise made by the nation that those who serve or have served in the Armed Forces, and their families, should be treated fairly and should not face disadvantages when seeking to access public or private goods and services in the UK.

The Fundamental Media Group of companies is committed to acting ethically, achieving the highest standards of quality, honesty, openness, and accountability in all of our business activities, including in the appointment of suppliers. We expect suppliers to operate in compliance with all applicable law and regulations and the values which underpin them. These expectations are documented in our Supplier Code of Conduct, which is reflective of the principles laid out in the UN Global Compact and the UN's Guiding Principles on Business and Human Rights.

On behalf of the board

Mr A G M MacLaine
Director

9 August 2024

FUNDAMENTAL MEDIA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of the company and group continued to be that of advertising agency services.

Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £2,427,224. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A G M Maclaine
Mr J Wilch
Ms R Capps
Mr V C Hooplot

Financial instruments

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows.

Foreign exchange transactional currency exposure

The company is exposed to currency exchange rate risk due to a significant proportion of its receivables and operating expenses being denominated in non-Sterling currencies. This risk is largely mitigated by the Company's policy to trade only in local currencies. The net exposure of each currency is monitored and managed.

Credit exposure

The company may offer credit terms to its customers which allow payment of the debt after delivery of services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong ongoing customer relationships and strong internal credit control and reviews.

Auditor

The auditors, Grunberg & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Energy and carbon report

Fundamental Media Limited meets the conditions for de minimis exemption from reporting their level of emissions and energy consumption.

This de minimis exemption falls under the Companies and Limited Liability Partnerships Regulations (SI 2018/ 1155) regulations, which states that where energy consumption is 40,000kWh or less in the UK during the financial year there is no requirement to disclose.

Statement of disclosure to 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 of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

FUNDAMENTAL MEDIA LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Engagement with Suppliers, Customers and Others

How the Directors have had regard to the need to foster the company's business relationships has been discussed in the section 172 Statement of the Strategic Report. Refer to this for more details.

On behalf of the board

Mr A G M McLaine
Director

9 August 2024

FUNDAMENTAL MEDIA LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors are responsible for preparing the Annual 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 group and company, 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FUNDAMENTAL MEDIA LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FUNDAMENTAL MEDIA LIMITED

Opinion

We have audited the financial statements of Fundamental Media Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 the parent company's affairs as at 31 December 2023 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent 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

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 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 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 contained within the annual report. 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. 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 course of 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 our 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 the directors' report have been prepared in accordance with applicable legal requirements.

FUNDAMENTAL MEDIA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FUNDAMENTAL MEDIA LIMITED

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

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 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 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

FUNDAMENTAL MEDIA LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FUNDAMENTAL MEDIA LIMITED

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector and whether the financial results of our client differed from industry trends;
- the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements;
- the matters discussed among the audit engagement team during the planning process regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Audit procedures performed included reviewing the financial statements disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements; discussions with the directors on their own assessment of the risks that irregularities may occur either as a result of fraud or error, their assessment of compliance with laws and regulations and whether they were aware of any instances of non-compliance, including any potential litigation or claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting business rationale of any significant transactions that are unusual or outside the normal course of business.

As a result of our assessment, it is considered that there are no laws and regulations for which non-compliance may be fundamental to the operating aspects of the business. However, laws and regulations considered to have a direct effect on the financial statements included the UK Companies Act, Employment Laws, Tax and Pensions legislation and Health & Safety legislation.

No instances of material non compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. There is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with the ISAs (UK).

A further description of our responsibilities is available 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.

Gedalia Waldman BA FCA (Senior Statutory Auditor)
For and on behalf of Grunberg & Co Limited

14 August 2024

Chartered Accountants
Statutory Auditor

5 Technology Park
Colindeep Lane
Colindale
London
United Kingdom
NW9 6BX

FUNDAMENTAL MEDIA LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	Notes	£	£
Turnover	3	110,108,178	88,459,463
Cost of sales		(93,175,169)	(74,351,700)
Gross profit		16,933,009	14,107,763
Administrative expenses		(14,786,419)	(10,260,151)
Other operating income		-	7,150
Operating profit	4	2,146,590	3,854,762
Interest receivable and similar income	8	216,450	68,279
Interest payable and similar expenses	9	(29,753)	(28,295)
Profit before taxation		2,333,287	3,894,746
Tax on profit	10	(557,882)	(685,200)
Profit for the financial year		1,775,405	3,209,546

Profit for the financial year is all attributable to the owners of the parent company.

FUNDAMENTAL MEDIA LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	£	£
Profit for the year	1,775,405	3,209,546
Other comprehensive income		
Currency translation (loss)/gain arising in the year	(163,274)	88,320
Total comprehensive income for the year	<u>1,612,131</u>	<u>3,297,866</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

FUNDAMENTAL MEDIA LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12		68,468		92,633
Tangible assets	13		226,871		173,106
Investments	14		250,000		250,000
			<u>545,339</u>		<u>515,739</u>
Current assets					
Debtors	17	4,187,976		7,046,166	
Cash at bank and in hand		47,001,018		38,710,118	
		<u>51,188,994</u>		<u>45,756,284</u>	
Creditors: amounts falling due within one year	18	<u>(46,145,180)</u>		<u>(39,867,777)</u>	
Net current assets			<u>5,043,814</u>		<u>5,888,507</u>
Net assets			<u>5,589,153</u>		<u>6,404,246</u>
Capital and reserves					
Called up share capital	22		454		454
Foreign exchange reserve			(89,354)		73,920
Other reserves			124,551		124,551
Profit and loss reserves			5,553,502		6,205,321
Total equity			<u>5,589,153</u>		<u>6,404,246</u>

The financial statements were approved by the board of directors and authorised for issue on 9 August 2024 and are signed on its behalf by:

Mr A G M Maclaine
Director

Mr J Wilch
Director

FUNDAMENTAL MEDIA LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		185,313		139,815
Investments	14		262,918		262,918
			<u>448,231</u>		<u>402,733</u>
Current assets					
Debtors	17	8,032,656		8,373,624	
Cash at bank and in hand		16,579,842		20,874,799	
		<u>24,612,498</u>		<u>29,248,423</u>	
Creditors: amounts falling due within one year	18	<u>(21,303,826)</u>		<u>(25,918,595)</u>	
Net current assets			<u>3,308,672</u>		<u>3,329,828</u>
Total assets less current liabilities			<u>3,756,903</u>		<u>3,732,561</u>
Provisions for liabilities					
Deferred tax liability	20	<u>43,366</u>		<u>31,135</u>	
			<u>(43,366)</u>		<u>(31,135)</u>
Net assets			<u>3,713,537</u>		<u>3,701,426</u>
Capital and reserves					
Called up share capital	22		454		454
Profit and loss reserves			<u>3,713,083</u>		<u>3,700,972</u>
Total equity			<u>3,713,537</u>		<u>3,701,426</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £2,439,335 (2022 - £2,425,459 profit).

The financial statements were approved by the board of directors and authorised for issue on 9 August 2024 and are signed on its behalf by:

Mr A G M MacLaine
Director

Mr J Wilch
Director

Company registration number 05001866 (England and Wales)

FUNDAMENTAL MEDIA LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Other reserve	Currency translation reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£
Balance at 1 January 2022	423	124,551	(14,400)	5,377,104	5,487,678
Year ended 31 December 2022:					
Profit for the year	-	-	-	3,209,546	3,209,546
Other comprehensive income:					
Currency translation differences	-	-	88,320	-	88,320
Total comprehensive income	-	-	88,320	3,209,546	3,297,866
Issue of share capital	22 31	-	-	-	31
Dividends	11 -	-	-	(2,381,329)	(2,381,329)
Balance at 31 December 2022	454	124,551	73,920	6,205,321	6,404,246
Year ended 31 December 2023:					
Profit for the year	-	-	-	1,775,405	1,775,405
Other comprehensive income:					
Currency translation differences	-	-	(163,274)	-	(163,274)
Total comprehensive income	-	-	(163,274)	1,775,405	1,612,131
Dividends	11 -	-	-	(2,427,224)	(2,427,224)
Balance at 31 December 2023	454	124,551	(89,354)	5,553,502	5,589,153

FUNDAMENTAL MEDIA LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2022		423	3,656,842	3,657,265
Year ended 31 December 2022:				
Profit and total comprehensive income for the year		-	2,425,459	2,425,459
Issue of share capital	22	31	-	31
Dividends	11	-	(2,381,329)	(2,381,329)
Balance at 31 December 2022		454	3,700,972	3,701,426
Year ended 31 December 2023:				
Profit and total comprehensive income		-	2,439,335	2,439,335
Dividends	11	-	(2,427,224)	(2,427,224)
Balance at 31 December 2023		454	3,713,083	3,713,537

FUNDAMENTAL MEDIA LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	29	11,709,532		4,412,047	
Interest paid		(29,753)		(28,295)	
Income taxes paid		(860,931)		(677,150)	
Net cash inflow from operating activities		10,818,848		3,706,602	
Investing activities					
Purchase of tangible fixed assets		(155,850)		(143,847)	
Proceeds from disposal of tangible fixed assets		1,950		6,241	
Proceeds from acquisition of associate		-		(250,000)	
Interest received		216,450		68,279	
Net cash generated from/(used in) investing activities		62,550		(319,327)	
Financing activities					
Proceeds from issue of shares		-		31	
Dividends paid to equity shareholders		(2,427,224)		(2,381,329)	
Net cash used in financing activities		(2,427,224)		(2,381,298)	
Net increase in cash and cash equivalents		8,454,174		1,005,977	
Cash and cash equivalents at beginning of year		38,710,118		37,615,821	
Effect of foreign exchange rates		(163,274)		88,320	
Cash and cash equivalents at end of year		47,001,018		38,710,118	

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

Fundamental Media Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 100 Cannon Street, 3rd Floor, London, EC4N 6EU.

The group consists of Fundamental Media Limited and all of its subsidiaries.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquire plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

1.3 Basis of consolidation

The group financial statements consolidate the financial statements of Fundamental Media Limited and all its subsidiary undertakings drawn up to 31 December 2023. The subsidiaries, where applicable, of the group have taken exemption under FRS102 from preparing individual cash flows.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies **(Continued)**

1.5 Turnover

Turnover represents net invoiced sales of services, excluding value added tax. Turnover is recognised when the risks and rewards of the delivery of service has occurred as follows:

Media consulting or planning services: Sales are recognised according to the contracted delivery criteria.

- Retainer fees: are recognised evenly over the period of the retained services;
- Planning fees: are recognised at the point of delivery of the client-accepted plan.

Media buying:

- Media charges: are recognised on the committed insertion date of the advertising campaign;
- Media buying fees: are recognised on the committed insertion date of the advertising campaign.
- Income from real time buys: is recognised by reference to the stage of completion of the committed views in the advertising campaign.

1.6 Research and development expenditure

Expenditure on research and development is written off in the year in which it is incurred.

1.7 Intangible fixed assets - goodwill

Goodwill is measured at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill, being the amount paid in connection with the acquisition of a business in 2011, was amortised evenly over its estimated useful life of ten years.

Goodwill, being the amount paid in connection with the acquisition of a client portfolio in 2015, was amortised evenly over its estimated useful life of three years.

Additional goodwill is the amount paid in connection with the acquisition of a subsidiary in 2016, is being amortised evenly over its estimated useful life of ten years.

1.8 Intangible fixed assets other than goodwill

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.

Software	Amortised evenly over its estimated useful life of four years
----------	---

1.9 Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold land and buildings	Over the lease period
Fixtures and fittings	25% on cost
Computers	33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.10 Fixed asset investments

In the parent company financial statements, investments in subsidiaries and associates are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

In the individual financial statements interest in subsidiaries and associates are measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Material investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

1.11 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those 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 (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.12 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to related parties and investments in non-puttable ordinary shares.

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors

Basic financial assets, including trade and other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method less any impairment.

Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand, deposits held at call with financial institutions, and other short-term highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Basic financial liabilities, including trade and other creditors and loans from related parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Such instruments are subsequently carried at amortised cost using the effective interest method less any impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, 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.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.17 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 21.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest unless the exercise period commences immediately following the grant date, in which case the entire fair value of the equity-settled share-based payment is expensed to the income statement. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

1.18 Leases

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

1.19 Government grants

The company recognises government grants received relating to the Coronavirus Job Retention Scheme on an accruals basis. The grants are recognised in the Income Statement over the period in which the company recognises the related costs for which the grant is intended to compensate.

1.20 Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at an average rate of exchange. Exchange differences are taken into account in arriving at the operating result.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to sterling using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and not reclassified to profit and loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Accruals including bonus accrual

Estimates are made for operational accruals where expenditure invoices may not yet have been received but the liability is believed to have been incurred or where a variance in activity has been recorded. The determination of the annual bonus accrual involves a level of estimation due to the inherent uncertainty associated with future events, market conditions and the companies' performance.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Sale of services	110,108,178	88,459,463
	<u>110,108,178</u>	<u>88,459,463</u>
	2023	2022
	£	£
Turnover analysed by geographical market		
United Kingdom	30,365,623	33,097,728
Europe	16,785,139	19,327,291
United States of America	56,486,855	30,570,428
Rest of the World	6,470,561	5,464,016
	<u>110,108,178</u>	<u>88,459,463</u>
	2023	2022
	£	£
Other revenue		
Interest income	216,450	68,279
Grants received	-	7,150
	<u>216,450</u>	<u>75,429</u>

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

4	Operating profit	2023	2022
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Exchange losses/(gains)	329,662	(1,537,665)
	Research and development costs	88,932	28,952
	Government grants	-	(7,150)
	Depreciation of owned tangible fixed assets	99,804	68,537
	Loss on disposal of tangible fixed assets	331	15,635
	Amortisation of intangible assets	24,165	24,165
	Operating lease charges	802,235	597,565
		<u> </u>	<u> </u>
5	Auditor's remuneration	2023	2022
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the group and company	43,448	27,843
	Audit of the financial statements of the company's subsidiaries	26,275	23,407
		<u> </u>	<u> </u>
		69,723	51,250
		<u> </u>	<u> </u>
	For other services		
	Taxation compliance services	3,571	3,930
	All other non-audit services	27,651	23,986
		<u> </u>	<u> </u>
		31,222	27,916
		<u> </u>	<u> </u>
6	Directors' remuneration	2023	2022
		£	£
	Remuneration for qualifying services	460,995	381,365
	Company pension contributions to defined contribution schemes	15,913	13,185
		<u> </u>	<u> </u>
		476,908	394,550
		<u> </u>	<u> </u>
	Remuneration disclosed above includes the following amounts paid to the highest paid director:		
		2023	2022
		£	£
	Remuneration for qualifying services	154,861	137,750
		<u> </u>	<u> </u>

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Directors	4	4	4	4
Sales & marketing	138	112	99	80
Administration	23	25	20	22
Total	<u>165</u>	<u>141</u>	<u>123</u>	<u>106</u>

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	9,120,224	7,756,578	6,283,291	5,253,149
Social security costs	1,280,914	898,080	826,348	620,923
Pension costs	231,899	230,577	159,650	172,453
	<u>10,633,037</u>	<u>8,885,235</u>	<u>7,269,289</u>	<u>6,046,525</u>

8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	<u>216,450</u>	<u>68,279</u>
Investment income includes the following:	£	£
Interest on financial assets not measured at fair value through profit or loss	<u>216,450</u>	<u>68,279</u>

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

9	Interest payable and similar expenses		
		2023	2022
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest payable	-	18,678
	Other finance costs:		
	Interest on overdue taxation	29,753	9,617
		<u> </u>	<u> </u>
	Total finance costs	29,753	28,295
		<u> </u>	<u> </u>
10	Taxation		
		2023	2022
		£	£
	Current tax		
	UK corporation tax on profits for the current period	273,069	597,184
	Adjustments in respect of prior periods	(43,974)	(47,259)
		<u> </u>	<u> </u>
	Total UK current tax	229,095	549,925
		<u> </u>	<u> </u>
	Foreign current tax on profits for the current period	307,460	106,926
		<u> </u>	<u> </u>
	Total current tax	536,555	656,851
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	21,327	28,349
		<u> </u>	<u> </u>
	Total tax charge	557,882	685,200
		<u> </u>	<u> </u>

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

10 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Profit before taxation	2,333,287	3,894,746
Expected tax charge based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	548,789	740,002
Tax effect of expenses that are not deductible in determining taxable profit	24,692	27,525
Depreciation on assets not qualifying for tax allowances	(11,381)	(10,124)
Effect of overseas tax rates	389,162	(53,293)
Under/(over) provided in prior years	(43,974)	(47,259)
Dividend income	(370,733)	-
UK Accelerated capital allowances	12,231	12,647
USA Temporary differences	9,096	(22,972)
AUS Temporary differences	-	38,674
Taxation charge	557,882	685,200

The Finance Bill 2021 enacted provisions to increase the main rate of corporation tax to 25% from the current rate of 19% from 1 April 2023.

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

11	Dividends				
	Recognised as distributions to equity holders:	2023	2022	2023	2022
		Per share	Per share	Total	Total
		£	£	£	£
	A Ordinary				
	Interim paid	0.53	0.53	1,324,613	1,316,277
		<hr/>	<hr/>	<hr/>	<hr/>
	B Ordinary				
	Interim paid	0.53	0.55	584,148	603,637
		<hr/>	<hr/>	<hr/>	<hr/>
	D Ordinary				
	Interim paid	0.49	0.75	139,524	214,824
		<hr/>	<hr/>	<hr/>	<hr/>
	E Ordinary				
	Interim paid	0.49	0.46	212,356	199,609
		<hr/>	<hr/>	<hr/>	<hr/>
	C Ordinary				
	Interim paid	1.58	-	93,788	-
		<hr/>	<hr/>	<hr/>	<hr/>
	F Ordinary				
	Interim paid	0.49	0.31	72,795	46,982
		<hr/>	<hr/>	<hr/>	<hr/>
	Total dividends				
	Interim dividends paid			2,427,224	2,381,329
				<hr/> <hr/>	<hr/> <hr/>
12	Intangible fixed assets				
	Group		Goodwill	Software	Total
			£	£	£
	Cost				
	At 1 January 2023 and 31 December 2023		241,651	1,193,000	1,434,651
			<hr/>	<hr/>	<hr/>
	Amortisation and impairment				
	At 1 January 2023		149,018	1,193,000	1,342,018
	Amortisation charged for the year		24,165	-	24,165
			<hr/>	<hr/>	<hr/>
	At 31 December 2023		173,183	1,193,000	1,366,183
			<hr/>	<hr/>	<hr/>

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

12 Intangible fixed assets				(Continued)
Carrying amount				
At 31 December 2023	68,468	-		68,468
At 31 December 2022	92,633	-		92,633
Company				
				Software
				£
Cost				
At 1 January 2023 and 31 December 2023				1,193,000
Amortisation and impairment				
At 1 January 2023 and 31 December 2023				1,193,000
Carrying amount				
At 31 December 2023				-
At 31 December 2022				-
13 Tangible fixed assets				
Group	Leasehold land and fixtures and fittings buildings		Computers	Total
	£	£	£	£
Cost				
At 1 January 2023	13,154	40,886	391,511	445,551
Additions	-	39,410	116,440	155,850
Disposals	-	(1,461)	(2,777)	(4,238)
At 31 December 2023	13,154	78,835	505,174	597,163
Depreciation and impairment				
At 1 January 2023	574	26,350	245,521	272,445
Depreciation charged in the year	2,631	10,599	86,574	99,804
Eliminated in respect of disposals	-	(214)	(1,743)	(1,957)
At 31 December 2023	3,205	36,735	330,352	370,292
Carrying amount				
At 31 December 2023	9,949	42,100	174,822	226,871
At 31 December 2022	12,580	14,536	145,990	173,106

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13 Tangible fixed assets		(Continued)			
Company		Leasehold land and fixtures and fittings buildings		Computers	Total
		£	£	£	£
Cost					
	At 1 January 2023	13,154	21,168	300,687	335,009
	Additions	-	28,051	101,160	129,211
	Disposals	-	(884)	(170)	(1,054)
	At 31 December 2023	13,154	48,335	401,677	463,166
Depreciation and impairment					
	At 1 January 2023	574	12,252	182,368	195,194
	Depreciation charged in the year	2,631	7,408	73,219	83,258
	Eliminated in respect of disposals	-	(574)	(25)	(599)
	At 31 December 2023	3,205	19,086	255,562	277,853
Carrying amount					
	At 31 December 2023	9,949	29,249	146,115	185,313
	At 31 December 2022	12,580	8,916	118,319	139,815

During the year, no impairment provisions have been made against any class of tangible fixed assets.

14 Fixed asset investments		Group		Company	
	Notes	2023	2022	2023	2022
		£	£	£	£
Investments in subsidiaries	16	-	-	12,918	12,918
Investments in associates	15	250,000	250,000	250,000	250,000
		250,000	250,000	262,918	262,918

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

14	Fixed asset investments	(Continued)
	Movements in fixed asset investments	
	Group	Shares in associates
		£
	Cost or valuation	
	At 1 January 2023 and 31 December 2023	250,000
	Carrying amount	
	At 31 December 2023	250,000
	At 31 December 2022	250,000
	Movements in fixed asset investments	
	Company	Shares in subsidiaries and associates
		£
	Cost or valuation	
	At 1 January 2023 and 31 December 2023	262,918
	Carrying amount	
	At 31 December 2023	262,918
	At 31 December 2022	262,918

15 Associates

Details of the company's investment in associate at 31 December 2023 is as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Nosible Ltd	5 Technology Park, Colindeep lane, Colindale, London, United Kingdom, NW9 6BX	AI Platform for asset managers and investors	A Ordinary Shares	20

This investment in associate was not equity accounted in the current year as the amount is wholly immaterial. For the year ended 31 December 2023 Nosible Ltd incurred a loss of £31,431 and had net assets of £185,818.

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Alphix Solutions Limited	100 Cannon Street, 3rd Floor, London, England, EC4N 6EU	Non-trading company [1]	Ordinary	100.00	-
Fundamental Media LLC	10 Post office Square, Suite 1150 South, Boston, Massachusetts, 02109, USA	Advertising agency services	N/A	100.00	-
Fundamental Media Limited (Hong Kong)	Room 2304, 23/F., Nam Wo Hong Building, 148 Wing Lok Street, Sheung Wan, Hong Kong	Advertising agency services	Ordinary	100.00	-
Fundamental Media Australia Pty Limited	Gateway Building, Suite 25, Level 4, 1 Mona Vale Road, Mona Vale, NSW 2103, Australia	Advertising agency services	Ordinary	100.00	-
Hooplo: Associates B.V.	4 Burgemeester A. Colijnweg 2, 1182 AL Amstelveen, Netherlands	Advertising agency services	A, B & C Ordinary Shares	100.00	-
Fundamental Group Limited	100 Cannon Street, 3rd Floor, London, England, EC4N 6EU	Dormant	Ordinary	100.00	-
Fundamental Media Singapore PTE LTD	600 North Bridge Road, 12-02/03 Parkview Square, Singapore, 188778	Dormant	Ordinary	100.00	-
Fundamental Media Taiwan (Branch of Fundamental Media Ltd (Hong Kong))	6F-7, No.21, Sec.6, Zhongxiao E. Rd., Nangang Dist., Taipei City	Advertising agency services	Ordinary	100.00	-

[1] Alphix Solutions Limited became a trading company on 1 January 2024.

17 Debtors

	Group		Company	
	2023	2022	2023	2022
Amounts falling due within one year:	£	£	£	£
Trade debtors	991,286	3,002,102	672,495	1,616,938
Amounts owed by group undertakings	-	-	4,465,137	3,480,683
Other debtors	883,906	830,566	803,330	738,436
VAT	644,549	319,491	659,591	320,268
Prepayments and accrued income	1,515,134	2,821,794	1,432,103	2,217,299
	<u>4,134,875</u>	<u>6,973,953</u>	<u>8,032,656</u>	<u>8,373,624</u>
Deferred tax asset (note 20)	53,101	72,213	-	-
	<u>4,187,976</u>	<u>7,046,166</u>	<u>8,032,656</u>	<u>8,373,624</u>

During the year, no impairment provisions have been made against any class of debtors.

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

18 Creditors: amounts falling due within one year

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Trade creditors	20,431,719	16,640,552	7,973,492	10,962,347
Amounts owed to group undertakings	-	-	60,726	89,396
Corporation tax payable	68,393	491,915	68,393	491,915
Other taxation and social security	401,604	183,854	283,053	146,431
Other creditors	899,396	226,177	890,636	180,083
Payments on account	4,783,509	6,217,532	3,961,512	3,697,588
Directors' current accounts	339,310	426,298	268,767	359,137
Accruals and deferred income	19,221,249	15,681,449	7,797,247	9,991,698
	<u>46,145,180</u>	<u>39,867,777</u>	<u>21,303,827</u>	<u>25,918,595</u>

19 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	231,899	230,577
	<u>231,899</u>	<u>230,577</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2023	Liabilities 2022	Assets 2023	Assets 2022
	£	£	£	£
Group				
Accelerated capital allowances	43,366	31,135	-	-
HK deferred tax	-	-	50,657	45,246
USA deferred tax	-	-	45,810	58,102
	<u>43,366</u>	<u>31,135</u>	<u>96,467</u>	<u>103,348</u>

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

20 Deferred taxation (Continued)

	Liabilities	Liabilities	Assets	Assets
	2023	2022	2023	2022
Company	£	£	£	£
Accelerated capital allowances	43,366	31,135	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
			Group	Company
			2023	2023
			£	£
Movements in the year:				
Liability/(Asset) at 1 January 2023			(72,213)	31,135
Charge to profit or loss			12,231	12,231
HK deferred tax movement			(5,411)	-
USA deferred tax movement			12,292	-
			<u> </u>	<u> </u>
Liability/(Asset) at 31 December 2023			(53,101)	43,366
			<u> </u>	<u> </u>

21 Share-based payment transactions

The Company has a share option scheme for employees of the Company. Options are exercisable at a price agreed with HMRC prior to the date of grant. The options vest either on the date of grant or upon the sale of the company. Options are forfeited if the employee leaves the Company's employment before the options have fully vested.

In the opinion of the directors, the fair value of the share options with vesting conditions cannot be reliably estimated due to uncertainty over the expectation of the vesting conditions being met. Additionally, the directors are of the opinion that the fair value of share options without vesting conditions are not material. Therefore, no expenses have been recognised in the financial statements with respect of share options outstanding at the end of the year.

Details of the share options outstanding during the year ended 31 December 2023 and the year ended 31 December 2022 are as follows:

	2023	2023	2022	2022
	No of ordinary shares under option	Weighted average exercise price £	No of ordinary shares under option	Weighted average exercise price £
Outstanding at beginning of year	652,658	0.0001	-	0.0001
Issued in year	-	0.0001	959,483	0.0001
Exercised in year	-	0.0001	(305,625)	0.0001
Forfeited in year	(28,125)	0.0001	(1,200)	0.0001
Expired in year	-	0.0001	-	0.0001
Outstanding at end of the year	624,533	0.0001	652,658	0.0001

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

22 Share capital

Group and company	2023	2022	2023	2022
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
A Ordinary of 0.01p each	2,500,500	2,500,500	250	250
B Ordinary of 0.01p each	1,100,000	1,100,000	110	110
D Ordinary of 0.01p each	287,500	287,500	29	29
E Ordinary of 0.01p each	436,125	436,125	44	44
C Ordinary of 0.01p each	59,500	59,500	6	6
F Ordinary of 0.01p each	150,000	150,000	15	15
	<u>4,533,625</u>	<u>4,533,625</u>	<u>454</u>	<u>454</u>

A Ordinary shares entitle the holders to two votes per share at all general meetings of the Company. All other classes of shares are entitled to one vote per share.

The directors may vote different dividends on each class of share.

Except for voting rights and rights to dividends as specified above, all shares rank pari passu.

23 Reserves

Called-up share capital represents the nominal value of shares that have been issued.

Retained earnings includes all current and prior period retained profits and losses, all of which are distributable reserves.

Foreign exchange reserve comprises translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling (£).

Other reserve represents excess of fair value over nominal value of shares issued in consideration received for the acquisition of subsidiaries where statutory merger relief has been applied.

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group	2022	Company	2022
	2023		2023	
	£	£	£	£
Within one year	569,910	338,239	366,418	143,379
Between two and five years	938,933	1,420,233	888,948	1,233,057
	<u>1,508,843</u>	<u>1,758,472</u>	<u>1,255,366</u>	<u>1,376,436</u>

FUNDAMENTAL MEDIA LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023	2022
	£	£
Aggregate compensation	2,129,983	1,987,446

26 Directors' transactions

As at the year end the company owed £339,310 (2022: £426,298) to the directors.

27 Controlling party

The company is controlled by the director, A Maclaine by virtue of his shareholding.

28 Analysis of changes in net funds - group

	1 January 2023	Cash flow	
	£	£	£
Cash at bank and in hand	38,710,118	8,290,900	47,001,018

29 Cash generated from group operations

	2023	2022
	£	£
Profit for the year after tax	1,775,405	3,209,546
Adjustments for:		
Taxation charged	557,882	685,200
Finance costs	29,753	28,295
Investment income	(216,450)	(68,279)
Loss on disposal of tangible fixed assets	331	15,635
Amortisation and impairment of intangible assets	24,165	24,165
Depreciation and impairment of tangible fixed assets	99,804	68,537
Movements in working capital:		
Decrease in debtors	2,818,845	323,186
Increase in creditors	6,619,797	125,762
Cash generated from operations	11,709,532	4,412,047

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