

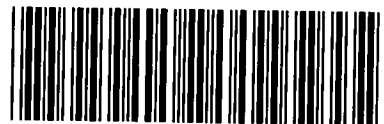
Registration number: 02567566

# Catalina Marketing UK Limited

Annual report and financial statements

for the year ended 31 December 2021

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# **Catalina Marketing UK Limited**

## **Contents**

	Page
Company information	1
Directors' report	2
Independent auditors' report to the members of Catalina Marketing UK Limited	5
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11

## **Catalina Marketing UK Limited**

### **Company information**

<b>Directors</b>	W J R Faivre P Patel
<b>Registered office</b>	United House 9 Pembridge Road London W11 3JY
<b>Bankers</b>	Barclays Bank Plc Wytham Court 11 West Way Oxford OX2 0JB
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH

## **Catalina Marketing UK Limited**

### **Directors' report**

#### **For the year ended 31 December 2021**

The directors present their annual report and audited financial statements of Catalina Marketing UK Limited (the company) for the year ended 31 December 2021.

The Company has taken advantage of the exemption from preparing a Strategic report, according to section 414B of the Companies Act 2006. The Directors' report has been prepared in accordance with the special provisions relating to small companies within section 415A of the Companies Act 2006.

#### **Directors**

The directors of the company who were in office during the year and up to the date of the signing of the financial statements, unless otherwise stated were as follows:

William Joseph René Faivre  
Premal Patel

#### **Principal activities**

The principal activity of the company is the provision of targeted marketing services to the retail industry. The company has an exclusive license for the UK to market the point of sale marketing system developed by the US parent company Catalina Marketing Corporation, Inc. This proprietary system is used in the delivery of the targeted marketing services offered by the company.

#### **Review of the business**

During the year, the revenue (a key performance indicator) of the company increased by 53% (2020: decreased by 50%) from £5.2m to £7.9m. Last year decline was explained by the COVID 19 pandemic crisis, where retailers stopped the in-progress campaigns. This year, the activity is starting to go back to normal. Nevertheless, the Company is not back to the level of revenue of 2019 based on a lower print activity due to less traffic in retail stores. Gross profit has decreased by 13% in 2021 (2020: decreased by 6%) due mainly to a higher level of store related expenses versus the revenue increase.

#### **Results and dividends**

The results for the financial year ended 31 December 2021 are set out on page 8. The profit for the financial year amounted to £149,637 per the statement of comprehensive income (2020: £107,033).

The directors do not recommend payment of a dividend (2020: £nil).

#### **Future developments**

The business continues to work to maximise the potential of the group's innovation in the targeted marketing services sector.

#### **Financial risk management objectives and policies**

The company's activities expose it to financial risks, such as credit risk. The company's principal financial assets are bank balances, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience or looking forward, is evidence of a reduction in the recoverability of the cash flows. There is no such evidence of the need for an impairment of trade receivables in the current or previous year.

The risks in respect of liquidity, interest rate, cash flow, foreign exchange and price are managed on a group basis by the parent company.

#### **Directors' indemnities**

The company maintains liability insurance for its directors and officers. The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at

## **Catalina Marketing UK Limited**

### **Directors' report**

#### **For the year ended 31 December 2021**

the date of this report.

#### **Going concern**

The directors have considered the application of the going concern basis of accounting and believe that for the foreseeable future the company will have available resources to meet its liabilities as they fall due.

Certain financing arrangements of the company's beneficial owner mature during the company's going concern assessment period. The management of the beneficial owner has engaged advisors and is in active discussions with its key lenders under the relevant financing arrangements and is reviewing all strategic options, including, without limitation, renegotiation and extension of these arrangements, as well as the sale of all or a portion of its business or assets.

The company is not obligated on, and does not directly rely upon, such financing arrangements; however, the company, as one of the group of companies affiliated with the beneficial owner utilizes certain critical shared services of the group. The unavailability of such services would present a business continuity risk to the company, the impact of which, if unaddressed, could prevent the company from continuing to realise its assets and discharge its liabilities in the normal course of business. The directors recognise that this uncertainty results in the existence of a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern.

The company is actively monitoring this risk and, if necessary, will take steps to mitigate the risks. Therefore, the directors consider that it remains appropriate to continue to prepare the company's financial statements on a going concern basis.

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Catalina Marketing UK Limited

### Directors' report

#### For the year ended 31 December 2021

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### Directors' confirmations

##### Disclosure of information to auditors

In the case of each director in office at the date the Directors' report is approved:


- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware;
- and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board on ....28/12/2022..... and signed on its behalf by:

DocuSigned by:  
  
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Premal Patel

Director 12/28/2022

# **Independent auditors' report to the members of Catalina Marketing UK Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Catalina Marketing UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Material uncertainty related to going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the company's ability to continue as a going concern. The company has an exclusive licence for the UK to market the point of sale marketing system developed by the beneficial owner, as part of this arrangement the company is reliant on certain shared services. If the group is unable to address the situation involving its financing arrangements, this would present a business continuity risk for the company. These conditions, along with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a 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.

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

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other

## Catalina Marketing UK Limited

information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with UK tax regulations and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks



## Catalina Marketing UK Limited

were related to posting journal entries to manipulate financial performance. Audit procedures performed by the engagement team included:

- inquiry of those charged with governance to assess if there are any instances of non-compliance with laws or regulations or instances of fraud;
- reviewing board meeting minutes held between the Directors to assess if there have been any instances of non-compliance with relevant laws or regulations or instances of fraud;
- testing journal entries meeting specific risk criteria;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

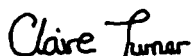
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Claire Turner (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Reading

28 December 2022

## Catalina Marketing UK Limited

### Statement of comprehensive income For the year ended 31 December 2021

	Note	2021 £	2020 £
Revenue	5	7,996,775	5,213,980
Cost of sales		<u>(3,280,818)</u>	<u>242,255</u>
<b>Gross profit</b>		4,715,957	5,456,235
Administrative expenses		<u>(4,550,899)</u>	<u>(5,265,266)</u>
<b>Operating profit</b>	6	165,058	190,969
Finance income	7	1	10,470
Finance costs	8	<u>(9,622)</u>	<u>(17,898)</u>
<b>Profit before taxation</b>		155,437	183,541
Tax on profit	12	<u>(5,800)</u>	<u>(76,508)</u>
<b>Profit for the financial year</b>		149,637	107,033
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>149,637</u>	<u>107,033</u>

The notes on pages 11 to 27 form an integral part of the financial statements.

The results for the financial years shown above are derived entirely from continued activities.

# Catalina Marketing UK Limited

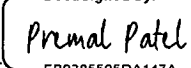
## Statement of financial position

As at 31 December 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	14	2,176,342	1,706,311
Right-of-use assets	19	374,996	68,850
<b>Current assets</b>			
Inventories	15	106,809	317,771
Trade and other receivables	16	3,323,000	3,593,282
Cash at bank and in hand		3,283,165	3,782,025
		<u>6,712,974</u>	<u>7,693,078</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(3,190,805)</u>	<u>(3,772,774)</u>
<b>Net current assets</b>		<u>3,522,169</u>	<u>3,920,304</u>
<b>Creditors: amounts falling due after more than one year</b>			
Lease liabilities	19	(228,405)	-
<b>Net assets</b>		<u>5,845,102</u>	<u>5,695,465</u>
<b>Equity</b>			
Called up share capital	18	11,141	11,141
Share premium account		214,556	214,556
Retained earnings		<u>5,619,405</u>	<u>5,469,768</u>
<b>Total shareholders' funds</b>		<u>5,845,102</u>	<u>5,695,465</u>

The financial statements on pages 8 to 27 of Catalina Marketing UK Limited (registration number: 02567566) were approved by the Board of Directors and authorised for issue on ..28/12/2022.....

They were signed on its behalf by:

DocuSigned by:  
  
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 Premal Patel  
 Director 12/28/2022

# Catalina Marketing UK Limited

## Statement of changes in equity For the year ended 31 December 2021

	Called up share capital £	Share premium account £	Retained earnings £	Total shareholders' Funds £
At 1 January 2020	11,141	214,556	5,362,735	5,588,432
Profit for the financial year	-	-	107,033	107,033
<b>Total comprehensive income</b>	-	-	107,033	107,033
<b>At 31 December 2020</b>	<b>11,141</b>	<b>214,556</b>	<b>5,469,768</b>	<b>5,695,465</b>
	Called up share capital £	Share premium Account £	Retained Earnings £	Total shareholders' Funds £
At 1 January 2021	11,141	214,556	5,469,768	5,695,465
Profit for the financial year	-	-	149,637	149,637
<b>Total comprehensive income</b>	-	-	149,637	149,637
<b>At 31 December 2021</b>	<b>11,141</b>	<b>214,556</b>	<b>5,619,405</b>	<b>5,845,102</b>

## **Catalina Marketing UK Limited**

### **Notes to the financial statements For the year ended 31 December 2021**

#### **1 General information**

The company is a private company limited by share capital incorporated and domiciled in England.

The address of its registered office is:

United House  
9 Pembridge Road  
London  
W11 3JY

The nature of the company's operations and its principal activities are set out in directors' report on page 2.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

#### **2 New standards, amendments and IFRIC interpretations**

During the year, no new accounting standards, amendments or revisions to existing standards, or interpretations have become effective which had a significant impact on the financial statements.

#### **3 Accounting policies**

##### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

## **Catalina Marketing UK Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2021**

#### **3 Accounting policies (continued)**

##### **Summary of disclosure exemptions**

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from contracts with customers' (Disaggregation of revenue, contract asset/liabilities and details of performance obligations).
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow' statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Where relevant, equivalent disclosures have been given in the group financial statements of PacificCo Inc.. The group financial statements of PacificCo Inc. are available to the public and can be obtained as set out in note 22.

## **Catalina Marketing UK Limited**

### **Notes to the financial statements (continued)** **For the year ended 31 December 2021**

#### **3 Accounting policies (continued)**

The principal accounting policies adopted are set out below.

##### **Going concern**

The directors have considered the application of the going concern basis of accounting and believe that for the foreseeable future the company will have available resources to meet its liabilities as they fall due.

Certain financing arrangements of the company's beneficial owner mature during the company's going concern assessment period. The management of the beneficial owner has engaged advisors and is in active discussions with its key lenders under the relevant financing arrangements and is reviewing all strategic options, including, without limitation, renegotiation and extension of these arrangements, as well as the sale of all or a portion of its business or assets.

The company is not obligated on, and does not directly rely upon, such financing arrangements; however, the company, as one of the group of companies affiliated with the beneficial owner utilizes certain critical shared services of the group. The unavailability of such services would present a business continuity risk to the company, the impact of which, if unaddressed, could prevent the company from continuing to realise its assets and discharge its liabilities in the normal course of business. The directors recognise that this uncertainty results in the existence of a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern.

The company is actively monitoring this risk and, if necessary, will take steps to mitigate the risks. Therefore, the directors consider that it remains appropriate to continue to prepare the company's financial statements on a going concern basis.

##### **Revenue**

Revenue comprises amounts derived from the principal activity, defined in the directors' report on page 2, of the company and is stated net of value added tax. Revenue is recognised when the service is delivered, in this case when the coupon is printed. A Customer Relation Management ('CRM') solution has been delivered to one of our customers which included Catalina CRT servers and printers and consulting services. Revenue has been recognised at the time of delivery and customer acceptance of the solution. A maintenance fee has been billed when the work was performed. Contracts mention yearly minimum guarantee that are recognized as a true up at the end of the contract period if the billing activity has not reached the minimum commitment.

Amounts received in advance are included in deferred income; amounts received in arrears are included in accrued income.

##### **Foreign currencies**

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

##### **Tax**

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

## **Catalina Marketing UK Limited**

### **Notes to the financial statements (continued)**

#### **For the year ended 31 December 2021**

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.



## **Catalina Marketing UK Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2021**

#### **3 Accounting policies (continued)**

##### **Tax (continued)**

###### ***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 based on tax laws and rates that have been enacted or substantively enacted at the end of each reporting period. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

###### ***Current and deferred tax for the year***

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

##### **Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and any recognised impairment loss.

## Catalina Marketing UK Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 3 Accounting policies (continued)

##### Depreciation

Depreciation is calculated so as to write off the cost of tangible assets less residual values on a straight-line basis over their expected useful economic lives. The principal annual periods used for this purpose are:

Asset class	Depreciation rate
Fixtures and fittings	7 years
Computer equipment	3 - 7 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

##### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on first in first out basis. In respect of work in progress and finished goods, cost includes overheads, transportation, and duty costs where appropriate. Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective inventories.

##### Trade and other receivables

Trade and other receivables are amounts due from customers and from group undertakings for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the fair value. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The company applies the IFRS9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## **Catalina Marketing UK Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2021**

#### **3 Accounting policies (continued)**

##### **Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Leases**

The majority of the company's leases relate to property.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

##### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax from the proceeds.

##### **Defined contribution pension obligation**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

## **Catalina Marketing UK Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2021**

#### **3 Accounting policies (continued)**

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### ***Financial assets***

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and Financial assets' at amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

##### ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

##### ***Financial assets at amortised cost***

The company classifies its financial assets as amortised cost only if both of the following criteria are met:

- The asset is held within business model whose objective is to collect the contractual cash flows and;
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

##### ***Impairment of financial assets***

Assets carried at amortised cost. The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

## **Catalina Marketing UK Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2021**

#### **3 Accounting policies (continued)**

##### **Financial instruments (continued)**

###### ***Financial liabilities***

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

###### ***Royalties' policy***

Catalina Marketing UK is paying royalties on the rights and licenses granted from Catalina Marketing Corp. (US entity) and Business services provided to the UK subsidiary.

As a result, Catalina Marketing UK shall pay Catalina Marketing Corporation an amount that permits the licensee to earn an arm's length return considering Licensee's functions, activities, ad risks.

The arm's length return on revenue described above shall be 3,5%.

#### **4 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form a basis for making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources.

The directors have reviewed the estimates and assumptions used in the preparation of the financial statements.

There are no significant judgements or estimates that required to be made or which are considered to have a significant effect on the financial statements through a material change in the next 12 months.

## Catalina Marketing UK Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 5 Revenue

The total revenue of the company for the year has been derived from the principal activity wholly undertaken in the United Kingdom:

	2021	2020
	£	£
Coupons	<u>7,996,775</u>	<u>5,213,980</u>

#### 6 Operating profit

Operating profit has been arrived at after crediting / (charging):

	2021	2020
	£	£
Staff costs	(1,704,745)	(1,658,701)
Foreign exchange losses	(89,824)	(315,570)
Depreciation of tangible assets	(664,586)	(630,865)
Depreciation of right-of-use assets	(77,799)	(99,713)
Expense related to short-term leases	(81,440)	(106,580)
Inventories recognised as an expense	<u>(411,223)</u>	<u>(307,362)</u>

#### 7 Finance income

	2021	2020
	£	£
Other finance income	<u>1</u>	<u>10,470</u>

#### 8 Finance costs

	2021	2020
	£	£
Interest payable to group undertakings	7,114	14,362
Interest expense on lease liabilities	<u>2,508</u>	<u>3,536</u>

Interest payable to group undertakings is payable to Catalina Marketing Corporation Inc. on the trading balances outstanding for more than 1 month. These amounts are unsecured with no fixed date of repayment. The interest rate charged is 90 day LIBOR + 200bp using the LIBOR rate on the most recent business day immediately preceding the first day of each month. The interest rate ranged from 2.17% (2020: 2.22%) to 2.24% (2020: 3.91%) and was 2.17% (2020: 2.23%) at the financial year-end.

For the interest expense on lease liabilities see note 19.

## Catalina Marketing UK Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 9 Staff costs

The average monthly number of employees (including executive directors) was:

	2021 No.	2020 No.
Directors	1	1
Executive Administration	1	1
Retail	13	16
Operations	5	3
Analyst	3	2
Client Services	9	9
	<u>32</u>	<u>32</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,480,642	1,439,669
Social security costs	130,545	101,456
Other pension costs	93,558	117,576
	<u>1,704,745</u>	<u>1,658,701</u>

#### 10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	153,982	200,239

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

# Catalina Marketing UK Limited

## Notes to the financial statements (continued) For the year ended 31 December 2021

### 10 Directors' remuneration (continued)

In respect of the highest paid director:

	2021	2020
	£	£
Remuneration	153,982	200,239
Company contributions to money purchase pension schemes	8,195	8,114

No share options have been exercised.

### 11 Auditors' remuneration

	2021	2020
	£	£
<b>Services provided by the company's auditors:</b>		
- Fees payable for the audit of the company's annual financial statements	37,680	34,890

### 12 Tax on profit

Tax charged for the year in the statement of comprehensive income:

	2021	2020
	£	£
<b>Current tax</b>		
UK corporation tax	1	-
Adjustment in respect of prior years	-	(113)
<b>Total current tax</b>	1	(113)
<b>Deferred tax</b>		
Current year	5,799	86,317
Effect of changes in tax rates	-	(9,696)
<b>Total deferred tax (see note 13)</b>	5,799	76,621
<b>Tax charge in the statement of comprehensive income</b>	5,800	76,508



## Catalina Marketing UK Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 12 Tax on profit (continued)

The tax charge for the year is different as last year the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The difference is explained below:

	2021 £	2020 £
Profit before taxation	155,437	183,541
Corporation tax at standard rate	29,533	34,872
<b>Effects of:</b>		
Adjustments in respect of prior years	-	(113)
Expenses not deductible	892	831
Tax rate changes	-	(9,696)
Amounts not recognised	(24,625)	50,614
<b>Tax charge for the year</b>	<b>5,800</b>	<b>76,508</b>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. On 23 September 2022, the UK Government announced that the increase in corporation tax rate to 25% was to be cancelled, however this decision was reversed in a further announcement on 14th October 2022.

#### 13 Deferred tax

The following are the major deferred tax assets recognised by the company and movements thereon during the current and prior reporting year.

	Accelerated capital allowances £	Total £
At 1 January 2020	82,420	82,420
Debited to statement of comprehensive income	(76,621)	(76,621)
At 31 December 2020	5,799	5,799
Debited to statement of comprehensive income	(5,799)	(5,799)
At 31 December 2021	-	-

## Catalina Marketing UK Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 13 Deferred tax (continued)

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 £	2020 £
Deferred tax assets		5,799
	<u>-</u>	<u>5,799</u>

#### 14 Tangible assets

	Computer equipment/ Fixtures and fittings £	Total £
<b>Cost or valuation</b>		
At 1 January 2021	14,162,208	14,162,208
Additions	1,134,617	1,134,617
Disposals	(19,160)	(19,160)
At 31 December 2021	<u>15,277,665</u>	<u>15,277,665</u>
<b>Accumulated depreciation</b>		
At 1 January 2021	12,455,897	12,455,897
Charge for the year	664,586	664,586
Disposals	(19,160)	(19,160)
At 31 December 2021	<u>13,101,323</u>	<u>13,101,323</u>
<b>Carrying amount</b>		
At 31 December 2021	<u>2,176,342</u>	<u>2,176,342</u>
At 31 December 2020	<u>1,706,311</u>	<u>1,706,311</u>

#### 15 Inventories

	2021 £	2020 £
Other stock	<u>106,809</u>	<u>317,771</u>

## Catalina Marketing UK Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 15 Inventories (continued)

There are no material differences between balance sheet value of inventories and their replacement costs.

#### 16 Trade and other receivables

	2021 £	2020 £
Trade receivables	2,489,628	1,474,883
Amounts owed by group undertakings	98,986	1,587,038
Deferred tax assets	-	5,799
Prepayments and accrued income	561,145	352,319
Corporation tax debtor	173,241	173,243
	<u>3,323,000</u>	<u>3,593,282</u>

Amounts owed by group undertakings relate to the recharge of costs borne by the UK on behalf of other group entities. They are unsecured, interest free and repayable on demand.

#### 17 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	281,160	32,435
Amounts owed to Catalina Marketing Corporation Inc.	1,297,470	2,219,765
Loan from Catalina Marketing Worldwide Inc.	674,167	674,167
Lease liabilities (note 19)	147,968	70,154
Accruals and deferred income	482,271	459,091
Social security and other taxes	307,769	317,162
	<u>3,190,805</u>	<u>3,772,774</u>

Amounts owed to Catalina Marketing Corporation Inc. include the trading balances outstanding for more than one month. These amounts are unsecured with no fixed date of repayment. The interest rate charged is 90 day LIBOR + 200bp using the LIBOR rate on the most recent business day immediately preceding the first day of each month.

The interest rate ranged from 2.17% (2020: 2.22%) to 2.24% (2020: 3.91%) and was 2.17% (2020: 2.23%) at the financial year-end.

The loan from Catalina Marketing Worldwide Inc. is unsecured, non-interest bearing and payable on demand, as confirmed by the parent undertaking. The directors consider the loan for £674,167 to be a current liability on the basis that it is repayable on demand. This is consistent with the prior year.

## Catalina Marketing UK Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 18 Called up share capital

Allotted, called up and fully paid shares	2021 (N°)	2021 (£)	2020 (N°)	2020 (£)
Ordinary shares of £0.01 each	<u>1,114,102</u>	<u>11,141</u>	<u>1,114,102</u>	<u>11,141</u>

#### 19 Leases

The company has lease contracts for various offices. The amounts recognised in the financial statements in relation to the leases are as follows:

##### (i) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	2021 £	2020 £
<b>Right-of-use assets</b>		
Buildings (offices)	<u>374,996</u>	<u>68,850</u>
	<u>374,996</u>	<u>68,850</u>
<b>Lease liabilities</b>		
Current	147,968	70,154
Non-current	<u>228,405</u>	<u>0</u>
	<u>376,373</u>	<u>70,154</u>

Additions to the right-of-use assets during the 2021 financial year were £452,796 (£161,512 for 2020).

##### (ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2021 £	2020 £
<b>Depreciation charge of right-of-use assets</b>		
Buildings (offices)	<u>77,799</u>	<u>99,713</u>
	<u>77,799</u>	<u>99,713</u>
<b>Interest payments</b>		
Interest (included in finance costs)	<u>2,508</u>	<u>3,536</u>
	<u>2,508</u>	<u>3,536</u>
<b>Short-term leases expense</b>		
Expense relating to short-term leases (included in administrative expenses)	<u>81,440</u>	<u>106,580</u>

## Catalina Marketing UK Limited

### Notes to the financial statements (continued) For the year ended 31 December 2021

#### 19 Leases (continued)

Future minimum lease payments as at 31 December 2021 and 31 December 2020 are as follows:

	2021 £	2020 £
Within one year	147,968	70,940
One to five years	236,761	-
<b>Total gross payments</b>	<b>384,729</b>	<b>70,940</b>
Impact of finance expenses	(8,356)	(786)
<b>Carrying amount of liability</b>	<b>376,373</b>	<b>70,154</b>

The total outflow for leases in 2021 was £78,931 (2020: £102,800).

#### 20 Retirement benefit schemes

##### Defined contribution schemes

The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the financial year end, included in 'Accruals and deferred income' (note 17) are £11,917 (2020: £10,284).

The total cost charged to the statement of comprehensive income of £208,361 (2020: £220,440) represents contributions payable to these schemes by the company at rates specified in the rules of the plans.

#### 21 Financial instruments

The company has the following financial instruments that are debt instruments measured at amortised cost.

##### Financial assets

##### *Financial assets measured at amortised cost*

	2021 £	2020 £
Cash and cash equivalents	3,283,165	3,782,025
Trade receivables and intercompany debtors	2,588,614	3,061,921
Accrued income	468,317	323,616
	<b>6,340,096</b>	<b>7,167,562</b>

##### *Financial liabilities measured at amortised cost*

	2021 £	2020 £
Creditors: amounts falling due within one year (excluding social security and other taxes)	3,111,441	3,455,612
Creditors: amounts falling due after more than one year	-	-
	<b>3,111,441</b>	<b>3,455,612</b>

## **Catalina Marketing UK Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2021**

#### **22 Controlling party**

The immediate parent company is Catalina Marketing B.V., a company incorporated in Netherlands.

The ultimate parent undertaking and controlling party as at 31 December 2021 is PacificCo Inc., a company incorporated in USA.

PacificCo Inc. is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2021. The financial statements of PacificCo Inc. are available from the Dutch Chamber of Commerce.