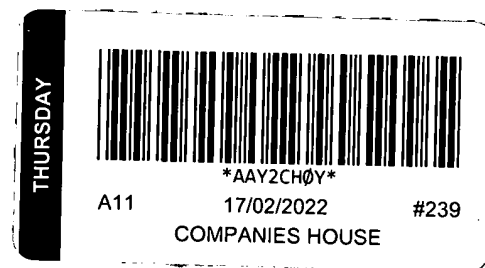


Company Registration No. 05691475 (England and Wales)

VOXSMART LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021



VOXSMART LIMITED

COMPANY INFORMATION

Directors	I Warwick G Koulouris A J Cosentino O Blower W Phillips
Company number	05691475
Registered office	1 Long Lane London SE1 4PG
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

VOXSMART LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021.

Fair review of the business

The results for the period are set out on page 9. The principal activity of the group continued to be that of a global communications surveillance software provider with offices in 6 cities globally helping businesses to see their communications data in a clear and compliant way to effectively mitigate business risks by delivering critical insights and business intelligence in near real-time. VoxSmart designs, develops, and deploys capture and surveillance solutions that collect all communications sources from phone calls, emails, mobiles right through to WhatsApp into one single monitoring platform.

The group was successful in its Series B offering securing \$25m from Toscafund Asset Management LLP ('Tosca') at 31st March 2021, of which 50% was received on 31 March 2021, with the balance expected to be received in March 2022.

Total revenue for the year to 31 March 2021 has increased by 85% to £4.9m (2020: £2.6m).

The geographical split of revenue was in line with expectations as the group continued to reap the rewards of its growing Asia Pacific presence. Europe, Middle East and Africa is still our largest market accounting for 61% (2020: 45%) of group turnover, followed by Americas at 25% (2020: 33%) and Asia Pacific market accounting for 14% (2020: 22%).

Total loss before tax for the 12 month period as of 31 March 2021 was £3.9m (2020: £3.0m) due to cost of sales rising in line with the increase in the revenue, hiring of better qualified staff in anticipation of the business scaling up and the interest payable on the loan facility which commenced in March 2020.

Operating expenses for the year to 31 March 2021 were £6.3m (2020: £4.4m). Representing an increase of 43%. The increase is due to increased headcount, consulting and professional fees and increase in amortisation costs as a result of the acquisition of technical IP from Alfabet Vocal Technology SL (formerly Fonetic SL).

The group's EBITDA for the year to 31 March 2021 was a loss of £2.4m (2020: £2.1m).

As a result of the investment from Tosca, the group took an early decision to grow its head count in expectation of the scaling of the business with average monthly number of employees increasing to 70 people (2020: 40).

Deferred income to the group increased to £1.3m on 31 March 2021 (2020: £1.0m) which will be released to the statement of comprehensive income during the year ending 31 March 2022.

The balance of cash as at the year end was £8.7m (2020: £2.2m) which provides the resource for continuing investment into 2022 and beyond.

Key performance indicators

The company and group uses a range of financial and non financial performance measures to monitor and manage its business effectively. The key financial indicators (KPI) are turnover, gross profit, operating profit, EBITDA and net assets. These KPIs indicate the volume of business the company and group has undertaken as well as the efficiency and profitability of this business.

VOXSMART LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Key performance indicators (continued)

The key financial performance indicators for the period ended 31 March 2021 are set out below:

	2021	2020	Change
	£'000	£'000	%
Turnover	4,874	2,636	85
Gross profit	2,914	1,535	90
Operating loss	3,339	2,871	16
Earning before interest, tax, amortisation and depreciation	(2,352)	(2,101)	12
Net assets	19,304	825	2,240

Principal risks and uncertainties

The group uses various financial instruments including cash and items such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the business to a number of financial risks, which are described in more detail below. The main risks arising from the company's financial instruments are currency risk, credit risk and liquidity risk. The directors' review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Currency risk

The company trades internationally and is exposed to movements in exchange rates. The Group Financial Controller monitors and minimises as far as possible the net exposure on a regular basis.

Credit risk

The company's principal credit risk relates to the recovery of amounts from trade debtors. Debts are actively chased by the Finance department, supported by the Sales team managing the client relationship.

Liquidity risk

The business monitors cash flow as part of its day-to-day control procedures. The Group Financial Controller considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary.

Going concern

The group made losses of £3.3m (2020: £2.9m) and had net assets of £19.3m (2020: £0.8m). The group raised £18m through a series B offering, of which £9m was received as at 31 March 2021 through the issue of preference shares. The remaining balance is expected to be received in March 2022. During the year, the group has onboarded new clients, has acquired a technology company in the US. After the reporting date, the group renegotiated its NatWest loan finance (see note 28). As a result, the directors believe the company has enough resources to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements.

On behalf of the board



Oliver Blower
Director

Date: 14th February 2022.

VOXSMART LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company and group continued to be that of a global communications surveillance software provider for heavily regulated industries.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

No preference dividends were paid. 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:

P Carey	(Appointed 31 March 2021 and resigned 29 July 2021)
I Warwick	
G Koulouris	(Appointed 31 March 2021)
A J Cosentino	
O Blower	
R Eugeni	(Resigned 31 March 2021)
M McGowan	(Resigned 31 March 2021)
J Neilan	(Resigned 31 March 2021)
W Phillips	(Appointed 29 July 2021)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

RSM UK Audit LLP were appointed as auditor to the group during the year and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the strategic report.

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 company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

VOXSMART LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

On behalf of the board



.....
Oliver Blower
Director

Date: 14th February 2022

VOXSMART LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 financial statements;
- prepare the financial statements 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VOXSMART LIMITED

Opinion

We have audited the financial statements of Voxsmart Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The 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.

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

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and the parent company operates in and how the group and the parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulations (GDPR). We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations, reviewed legal expenditure for evidence of claims and obtained reports monitoring the company's compliance.

The audit engagement team identified the risk of management override of controls and revenue recognition as areas where the financial statements were most susceptible to material misstatement due to fraud. In respect of management override of controls, audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to any significant, unusual transactions and assessing the appropriateness of estimates and judgements made by management. In respect of revenue recognition (cut-off), audit procedures performed included but were not limited to reviewing a sample of contracts spanning the year end, and assessing the revenue recognition policy in accordance with the requirements of FRS 102.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Richard Heap FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom
15 February 2022

VOXSMART LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £000	2020 £000
Turnover	3	4,874	2,636
Cost of sales		(1,960)	(1,101)
Gross profit		2,914	1,535
Administrative expenses		(6,253)	(4,406)
Operating loss	7	(3,339)	(2,871)
Interest payable and similar expenses	9	(592)	(104)
Loss before taxation		(3,931)	(2,975)
Tax on loss	10	657	449
Loss for the financial year		(3,274)	(2,526)
Other comprehensive income net of taxation			
Currency translation differences		(7)	(26)
Total comprehensive income for the year		(3,281)	(2,552)

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

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

VOXSMART LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 £000	£000	2020 £000	£000
Fixed assets					
Intangible assets	11		6,000		5,631
Tangible assets	12		112		43
			<u>6,112</u>		<u>5,674</u>
Current assets					
Debtors	15	11,251		1,004	
Cash at bank and in hand		8,663		2,211	
		<u>19,914</u>		<u>3,215</u>	
Creditors: amounts falling due within one year	16	<u>(4,806)</u>		<u>(6,062)</u>	
Net current assets/(liabilities)			<u>15,108</u>		<u>(2,847)</u>
Total assets less current liabilities			<u>21,220</u>		<u>2,827</u>
Creditors: amounts falling due after more than one year	17		<u>(1,916)</u>		<u>(2,002)</u>
Net assets			<u><u>19,304</u></u>		<u><u>825</u></u>
Capital and reserves					
Called up share capital	21		7		3
Share premium account	22		33,817		12,063
Share based payment reserve	22		15		13
Profit and loss reserves	22		<u>(14,535)</u>		<u>(11,254)</u>
Total equity			<u><u>19,304</u></u>		<u><u>825</u></u>

The financial statements were approved by the board of directors and authorised for issue on 14th February 2022 and are signed on its behalf by:



Oliver Blower
Director

VOXSMART LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2021**

	Notes	2021 £000	£000	2020 £000	£000
Fixed assets					
Intangible assets	11		6,000		5,631
Investments	13		6		6
			<u>6,006</u>		<u>5,637</u>
Current assets					
Debtors	15	11,179		1,400	
Cash at bank and in hand		8,657		2,208	
		<u>19,836</u>		<u>3,608</u>	
Creditors: amounts falling due within one year	16	<u>(4,834)</u>		<u>(6,532)</u>	
Net current assets/(liabilities)			<u>15,002</u>		<u>(2,924)</u>
Total assets less current liabilities			<u>21,008</u>		<u>2,713</u>
Creditors: amounts falling due after more than one year	17		<u>(1,916)</u>		<u>(2,002)</u>
Net assets			<u><u>19,092</u></u>		<u><u>711</u></u>
Capital and reserves					
Called up share capital	21		7		3
Share premium account	22		33,817		12,063
Share based payment reserve	22		15		13
Profit and loss reserves	22		<u>(14,747)</u>		<u>(11,368)</u>
Total equity			<u><u>19,092</u></u>		<u><u>711</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £3.4m (2020: £2.6m loss).

The financial statements were approved by the board of directors and authorised for issue on 14th February 2022 and are signed on its behalf by:



 Oliver Blower
 Director

VOXSMART LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £000	Share premium account £000	Share based payment reserve £000	Profit and loss reserves £000	Total £000
Balance at 1 April 2019		2	8,893	9	(8,702)	202
Year ended 31 March 2020:						
Loss for the year		-	-	-	(2,526)	(2,526)
Other comprehensive income net of taxation:						
Currency translation differences		-	-	-	(26)	(26)
Total comprehensive income for the year		-	-	-	(2,552)	(2,552)
Issue of share capital	21	1	3,170	-	-	3,171
Other movements		-	-	4	-	4
Balance at 31 March 2020		3	12,063	13	(11,254)	825
Year ended 31 March 2021:						
Loss for the year		-	-	-	(3,274)	(3,274)
Other comprehensive income net of taxation:						
Currency translation differences		-	-	-	(7)	(7)
Total comprehensive income for the year		-	-	-	(3,281)	(3,281)
Issue of share capital	21	4	21,754	-	-	21,758
Share-based payment reserve		-	-	2	-	2
Balance at 31 March 2021		7	33,817	15	(14,535)	19,304

VOXSMART LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £000	Share premium account £000	Share based payment reserve £000	Profit and loss reserves £000	Total £000
Balance at 1 April 2019		2	8,893	9	(8,731)	173
Year ended 31 March 2020:						
Loss and total comprehensive income for the year		-	-	-	(2,637)	(2,637)
Issue of share capital	21	1	3,170	-	-	3,171
Other movements		-	-	4	-	4
Balance at 31 March 2020		3	12,063	13	(11,368)	711
Year ended 31 March 2021:						
Loss and total comprehensive income for the year		-	-	-	(3,379)	(3,379)
Issue of share capital	21	4	21,754	-	-	21,758
Other movements		-	-	2	-	2
Balance at 31 March 2021		7	33,817	15	(14,747)	19,092

VOXSMART LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £000	£000	2020 £000	£000
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	23		(4,642)		529
Interest paid			(592)		(75)
Income taxes refunded			446		392
Net cash (outflow)/inflow from operating activities			(4,788)		846
Investing activities					
Purchase of intangible assets		(1,338)		(1,798)	
Purchase of tangible fixed assets		(87)		(43)	
Net cash used in investing activities			(1,425)		(1,841)
Financing activities					
Proceeds from issue of shares		12,758		1,016	
Net (payment) /repayment of bank loans		(86)		2,103	
Net cash generated from financing activities			12,672		3,119
Net increase in cash and cash equivalents			6,459		2,124
Cash and cash equivalents at beginning of year			2,211		87
Effect of foreign exchange rates			(7)		-
Cash and cash equivalents at end of year			8,663		2,211

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Voxsmart Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 1 Long Lane, London, SE1 4PG.

The group consists of Voxsmart Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

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 £000.

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Voxsmart Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). No subsidiaries were acquired during the year in question.

All financial statements are made up to 31 March 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Going concern

The group made losses of £3.3m (2020: £2.9m) and had net assets of £19.3m (2020: £0.8m). The group raised £18m through a series B offering, of which £9m was received as at 31 March 2021 through the issue of preference shares. The remaining balance is expected to be received in March 2022. During the year, the group has onboarded new clients, has acquired a technology company in the US. After the reporting date, the group renegotiated its NatWest loan finance (see note 28). As a result, the directors believe the company has enough resources to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for software services provided in the normal course of business, and is shown net of VAT.

Revenue from software licence fees are recognised over the contract period of use and based on the number of units in operation.

Revenue from the installation of equipment is recognised when the equipment is installed.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Licences and IP	5 or 10 years straight line
Software Development	5 years straight line

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the term of the lease
Fixtures and fittings	25% straight line
Computers	25% straight line

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 credited or charged to profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially 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.

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.

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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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 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 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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

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

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Compound instruments

The component parts of compound instruments issued by the group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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.

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Retirement benefits

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

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

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.

Key sources of estimation uncertainty

Capitalisation of internally generated intangible assets

In capitalising costs as internally generated intangible assets, the Directors have made judgements regarding the technical and commercial feasibility of the project, the costs, or proportion of costs that meet the criteria for capitalisation, the point at which costs should be capitalised and the rate of amortisation.

Amortisation of internally generated intangible assets

Intellectual Property costs are amortised in line with the Director's best estimate of its useful life. A review comparing the net book value and value in use is completed periodically to ensure that any additional impairments are identified and booked in the financial statements. The directors deem Development costs' useful life to be in line with Intellectual Property and thus are amortised on the same basis.

3 Turnover and other revenue

	2021	2020
	£000	£000
Turnover analysed by geographical market		
America	1,201	868
APAC	681	577
EMEA	2,874	1,191
Emerging Markets	118	-
	<u>4,874</u>	<u>2,636</u>

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Operations	27	13	16	11
Research and Development	27	14	18	12
Sales and marketing	9	6	8	6
Other	7	7	6	6
Total	<u>70</u>	<u>40</u>	<u>48</u>	<u>35</u>

Their aggregate remuneration comprised:

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Wages and salaries	3,527	2,049	2,399	1,719
Social security costs	530	186	299	183
Pension costs	33	49	33	26
	<u>4,090</u>	<u>2,284</u>	<u>2,731</u>	<u>1,928</u>

5 Directors' remuneration

	2021 £000	2020 £000
Remuneration for qualifying services	150	159
Company pension contributions to defined contribution schemes	2	2
	<u>152</u>	<u>161</u>

The company paid pension contributions in respect of a director of £1,620 (2020: £1,620)

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

6 Share-based payment transactions Group	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £000	2020 £000
Outstanding at 1 April 2020	159,500	194,750	0.40	1.53
Granted	444,933	-	0.40	-
Cancelled	(159,500)	-	0.40	-
Expired	(33,400)	(35,250)	0.40	1.53
Outstanding at 31 March 2021	<u>411,533</u>	<u>159,500</u>	<u>0.40</u>	<u>1.53</u>
Exercisable at 31 March 2021	<u>411,533</u>	<u>159,500</u>	<u>0.40</u>	<u>1.53</u>

The options outstanding at 31 March 2021 had an exercise price of £0.40. The options only lapse when employment terminates.

Expenses recognised in the year

Arising from equity settled share based payment transactions

2	4	2	4
<u>2</u>	<u>4</u>	<u>2</u>	<u>4</u>

7 Operating loss

Operating loss for the year is stated after charging:

	2021 £000	2020 £000
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	60	25
Research and development costs	680	793
Depreciation of owned tangible fixed assets	18	-
Amortisation of intangible assets	969	770
Share-based payments	2	4
Operating lease charges	53	-
	<u>1,782</u>	<u>1,592</u>

8 Auditor's remuneration

Fees payable to the company's auditor and associates:

For audit services

Audit of the financial statements of the group and company	40	23
	<u>40</u>	<u>23</u>

For other services

Taxation compliance services	7	5
All other non-audit services	19	89
	<u>26</u>	<u>94</u>

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Interest payable and similar expenses

	2021	2020
	£000	£000
Interest on bank overdrafts and loans	390	12
Interest on convertible loan notes	56	25
Other interest on financial liabilities	146	66
Other interest	-	1
	<u>592</u>	<u>104</u>

10 Taxation

	2021	2020
	£000	£000
Current tax		
UK corporation tax on profits for the current period	(657)	(449)
	<u>(657)</u>	<u>(449)</u>

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2021	2020
	£000	£000
Loss before taxation	(3,931)	(2,975)
	<u>(3,931)</u>	<u>(2,975)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(747)	(565)
Tax effect of expenses that are not deductible in determining taxable profit	82	54
Deferred tax not recognised	309	255
Additional R&D expenditure	(531)	(333)
Surrender of tax losses for R&D tax credit refund	222	140
Foreign tax credit	8	-
	<u>(657)</u>	<u>(449)</u>

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

11 Intangible fixed assets

Group	Licences and IP	Software Development	Total
	£000	£000	£000
Cost			
At 1 April 2020	5,549	2,207	7,756
Additions	-	1,338	1,338
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2021	5,549	3,545	9,094
	<u> </u>	<u> </u>	<u> </u>
Amortisation and impairment			
At 1 April 2020	922	1,203	2,125
Amortisation charged for the year	688	281	969
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2021	1,610	1,484	3,094
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 31 March 2021	3,939	2,061	6,000
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2020	4,627	1,004	5,631
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
Company	Licences and IP	Software Development	Total
	£000	£000	£000
Cost			
At 1 April 2020	5,549	2,207	7,756
Additions	-	1,338	1,338
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2021	5,549	3,545	9,094
	<u> </u>	<u> </u>	<u> </u>
Amortisation and impairment			
At 1 April 2020	922	1,203	2,125
Amortisation charged for the year	688	281	969
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2021	1,610	1,484	3,094
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 31 March 2021	3,939	2,061	6,000
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2020	4,627	1,004	5,631
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Tangible fixed assets

Group	Leasehold improvements £000	Fixtures and fittings £000	Computers £000	Total £000
Cost				
At 1 April 2020	-	-	43	43
Additions	1	27	59	87
At 31 March 2021	1	27	102	130
Depreciation and impairment				
Depreciation charged in the year	-	2	16	18
At 31 March 2021	-	2	16	18
Carrying amount				
At 31 March 2021	1	25	86	112
At 31 March 2020	-	-	43	43

The company had no tangible fixed assets at 31 March 2021 or 31 March 2020.

13 Fixed asset investments

	Notes	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Investments in subsidiaries	14	-	-	6	6

Movements in fixed asset investments

Company	Shares in group undertakings £000
Cost or valuation	
At 1 April 2020 and 31 March 2021	6
Carrying amount	
At 31 March 2021	6
At 31 March 2020	6

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Voxsmart Trading SL	Calle Santa Leonor (ed e), 65 - PISO 1, Madrid, 28037, Madrid, Spain	Multi-channel mobile compliance platform	Ordinary	100.00
Voxsmart PTE Limited	100 Peck Seah Street, #07-04, Singapore, PS100	Multi-channel mobile compliance platform	Ordinary	100.00
Voxsmart HK Ltd	Suite 5801, 5804-606, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong	Dormant	Ordinary	100.00

15 Debtors

	Group		Company	
	2021	2020	2021	2020
Amounts falling due within one year:	£000	£000	£000	£000
Trade debtors	592	282	589	282
Corporation tax recoverable	716	450	716	450
Amounts owed by group undertakings	-	-	-	470
Other debtors	9,265	150	9,197	96
Prepayments and accrued income	678	122	677	102
	<u>11,251</u>	<u>1,004</u>	<u>11,179</u>	<u>1,400</u>

Unpaid preference shares of £9m are included within other debtors. See note 21 for further details.

16 Creditors: amounts falling due within one year

	Notes	Group		Company	
		2021	2020	2021	2020
		£000	£000	£000	£000
Convertible loans	19	-	481	-	481
Bank loans	18	101	101	101	101
Trade creditors		1,354	1,536	1,352	1,536
Amounts owed to group undertakings		-	-	180	47
Corporation tax payable		57	2	-	-
Other taxation and social security		1,276	318	1,246	318
Deferred income		1,346	1,033	1,346	1,033
Other creditors		275	1,964	216	1,896
Accruals		397	627	393	1,120
		<u>4,806</u>	<u>6,062</u>	<u>4,834</u>	<u>6,532</u>

Bank loans are secured with fixed and floating charges over the assets of the company.

Amounts owed to group undertakings are unsecured and interest free. The balances are not repayable on demand.

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

17 Creditors: amounts falling due after more than one year

		Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
	Notes				
Bank loans and overdrafts	18	1,916	2,002	1,916	2,002
		<u>1,916</u>	<u>2,002</u>	<u>1,916</u>	<u>2,002</u>

Bank loans are secured with fixed and floating charges over the assets of the company.

18 Borrowings

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Bank loans	2,017	2,103	2,017	2,103
	<u>2,017</u>	<u>2,103</u>	<u>2,017</u>	<u>2,103</u>
Payable within one year	101	101	101	101
Payable after one year	1,916	2,002	1,916	2,002
	<u>1,916</u>	<u>2,002</u>	<u>1,916</u>	<u>2,002</u>

19 Convertible loan notes

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Liability component of convertible loan notes	-	481	-	481
	<u>-</u>	<u>481</u>	<u>-</u>	<u>481</u>

In the prior year, the company had in issue £430,000 of unsecured convertible loan notes, accruing interest at 8% per annum. During the year, these were converted to 115,631 ordinary shares. The company also had in issue £289,000 of unsecured loan notes recognised in other creditors. Of which, £200,000 was accruing interest at 10%. The loan notes were converted to 74,275 ordinary shares and £40,000 was paid back to the loan holder.

20 Retirement benefit schemes

	2021 £000	2020 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	33	49
	<u>33</u>	<u>49</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.

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

21 Share capital

	Group and Company			
	2021 Number	2020 Number	2021 £000	2020 £000
Ordinary share capital Issued and fully paid				
Ordinary shares of £0.001 each	3,496,630	2,914,576	4	3
B shares of £0.001 each	1,000	-	1	-
	<u>3,497,630</u>	<u>2,914,576</u>	<u>5</u>	<u>3</u>
Preference share capital Issued and fully paid				
Preference shares of £0.001 each	2,258,186	-	2	-
	<u>2,258,186</u>	<u>-</u>	<u>2</u>	<u>-</u>
Total equity share capital			<u>7</u>	<u>3</u>

The holders of Ordinary shares have the right to attend and vote at general meetings of the company. They are also entitled to receive dividends as the directors see fit, secondary to the Preference shareholders.

The holders of B shares have no right to attend and vote at meeting and have no entitlement to receive dividends.

The holders of Preference shares have the right to attend and vote at general meetings of the company. They are also entitled to receive dividends as the directors see fit, in priority of the Ordinary shareholders.

Ordinary shares

During the year, the company issued a total of 585,549 ordinary shares of £0.001 each for total consideration of £3,785,564

B shares

On 31 March 2021, the company issued 1,000 B shares of £0.001 each for £1.00 per share.

Preference shares

On 31 March 2021, the company issued 2,164,299 Preference shares of £0.001 each for total consideration of £18,000,000. At the reporting date, £9,000,000 remains unpaid and is shown in debtors.

On 31 March 2021, the company changed 93,887 Ordinary shares into 93,887 Preferred shares.

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

22 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

The cumulative losses of the entity.

Share-based Payment Reserve

The cumulative share-based payment expense.

23 Cash (absorbed by)/generated from group operations

	2021 £000	2020 £000
Loss for the year after tax	(3,274)	(2,526)
Adjustments for:		
Taxation credited	(657)	(449)
Finance costs	592	75
Amortisation and impairment of intangible assets	969	770
Depreciation and impairment of tangible fixed assets	18	-
Equity settled share based payment expense	2	4
Movements in working capital:		
Increase in debtors	(981)	(228)
(Decrease)/increase in creditors	(1,624)	2,373
Increase in deferred income	313	510
Cash (absorbed by)/generated from operations	(4,642)	529

24 Analysis of changes in net funds/(debt) - group

	1 April 2020	Cash flows	Other non-cash changes	Exchange rate movements	31 March 2021
	£000	£000	£000	£000	£000
Cash at bank and in hand	2,211	6,459	-	(7)	8,663
Borrowings excluding overdrafts	(2,103)	86	-	-	(2,017)
Convertible loan notes	(481)	-	481	-	-
	<u>(373)</u>	<u>6,545</u>	<u>481</u>	<u>(7)</u>	<u>6,646</u>

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

25 Financial commitments, guarantees and contingent liabilities

The company has entered into a guarantee to pay any money or liabilities that may fall due as a result of the non delivery of a specific customer project. It is unlikely that any amount will be due under this guarantee as this project is due to be delivered in accordance with the terms of engagement.

The bank facilities include an end of facility fee amounting to 9.5% of the commitment which is the earlier of when the facility is repaid and cancelled or 24 March 2023.

26 Banking arrangements

The company operates under the banking facilities arranged by the group with NatWest Bank PLC. The bank holds a fixed and floating charge over all assets of the group dated 24 March 2020 as security over any loans. As at 31 March 2021, the Group had loans outstanding of £2.02m (2020: 2.10m).

27 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		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Within one year	149	167	-	-
Between one and five years	48	-	-	-
	<u>197</u>	<u>167</u>	<u>-</u>	<u>-</u>
	<u><u>197</u></u>	<u><u>167</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

28 Events after the reporting date

Voxsmart Limited has committed to convert the Enterprise Resource Planning systems to Netsuite after the year end. The cost of this is expected to be £200k and will be amortised over a period of 10 years.

Voxsmart Limited also acquired 100% owned subsidiary, Green Key Technologies Inc., post year end. The consideration paid was \$10m in equity and an earn out of \$13m in equity is payable if specific targets are met.

After the reporting date, Voxsmart Limited renegotiated a new NatWest loan facility of £5m, superseding the previous loan facility by redeeming all the outstanding loan balances.

VOXSMART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

29 Directors' transactions

Description	% Rate	Opening balance £000	Amounts advanced £000	Closing balance £000
Loan to a director	-	14	2	16
		<u>14</u>	<u>2</u>	<u>16</u>
		<u>14</u>	<u>2</u>	<u>16</u>

30 Controlling party

The ultimate controlling party is Toscafund Asset Management LLP.