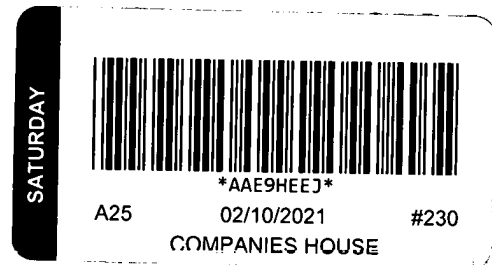


Company Registration No. 07144140 (England and Wales)

Amplience (UK) Limited

**Annual report and financial statements
for the year ended 30 June 2021**



Amplience (UK) Limited

Company information

Directors	J Brooke R Dennis W Turner
Secretary	MH Secretaries Limited
Company number	07144140
Registered office	Sixth Floor Tower House 10 Southampton Street London WC2E 7HA
Independent auditor	Saffery Champness LLP Midland House 2 Poole Road Bournemouth Dorset BH2 5QY

Amplience (UK) Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Independent auditor's report	6 - 9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Notes to the financial statements	13 - 30

Amplience (UK) Limited

Strategic report

For the year ended 30 June 2021

The Directors present the Strategic report and audited financial statements for Amplience (UK) Limited for the year ended 30 June 2021.

Principal activities

The principal activity of the company is the provision of a software-as-a-service product to retailers that allows marketing teams to create and manage online media. There have been no changes to the company's principal activity in the period under review.

The company has delivered enhanced products and features and has complimented its suite of software products with new content management technology and dynamic content applications. These new features have been well received by customers.

Fair review of the business

The statement of comprehensive income, set out on page 10 shows that the company generated turnover of £11,737,480 for the year. The company is operating in a growing market for headless content management applications and the business is well placed to capitalise on the growth of this market.

Leading on from this, the company posted a net loss of £415,208. The company continued to invest in its headless content management tools during the period. The company continues to post a net loss before tax based on the understanding that the company is in a growth phase.

The company's cash position was £4,807,734 at 30 June 2021.

Principal risks and uncertainties

The company continues to be reliant on external investment to fund ongoing product research and development activities. The level of investment to be made in product research and development for each period, together with discussion regarding funding options is discussed and approved with the board at quarterly meetings. The company's activities expose it to a number of financial risks. Details of these and how the company mitigates these risks are set out below.

Liquidity risk

Liquidity risk arises from the company's management of working capital and the finance charges on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations when they fall due. The board receive regular cash flow projections as well as information regarding cash balances. At the end of the financial period these projections indicated the company expected to have sufficient liquidity.

Foreign exchange risk

Foreign exchange risk arises when the entity enters into transactions denominated in a currency other than its functional currency. The company's policy, where possible, is to settle liabilities denominated in their functional currency (particularly US Dollar and Pound Sterling) with the cash generated from its own operations in that currency. Where the entity has liabilities denominated in a currency other than its functional currency (and has insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere in the group.

Amplience (UK) Limited

**Strategic report (continued)
For the year ended 30 June 2021**

Information technology

Our software product is architected to provide a secure platform that is resilient, scalable and maintainable. We are confident that we have design, monitoring and maintenance processes to minimize risk in the company's platform but continue to develop and mature our security and engineering processes to stay at the forefront of systems architecture.

Change in consumer behaviour

Demand for the company's products has been driven by shifts in consumer behaviour, with a significant increase in consumers shopping on mobile devices. We remain confident that this trend will continue into the foreseeable future.

Retail environment

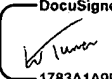
It remains unclear as to the effect on the retail industry of the UK's vote to leave the European Union. We are confident that the growth in mobile commerce will continue and that we are well placed to capitalise on this continued growth.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

On behalf of the board

DocuSigned by:

.....1783A1A9B0F843B.....

W Turner

Director 28 September 2021

Date:

Amplience (UK) Limited

Directors' report

For the year ended 30 June 2021

The directors present their annual report and financial statements for the year ended 30 June 2021.

Results and dividends

The results for the year are set out on page 10.

No ordinary 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:

J Brooke

R Dennis

W Turner

Directors' insurance

The company has taken out insurance to indemnify, against third party proceedings, the Directors of the company whilst serving on the board of the company. The indemnity policy subsisted throughout the period and remains in place at the date of this report.

Future developments

The directors are of the view that the company's de-coupled "headless" API-first and microservices content management architecture will result in significant revenue growth. Agreements have been reached for the sale of Amplience products to a number of large, international e-commerce businesses. The company has experienced significant growth through the adoption on the company's best in class cloud applications and the directors are satisfied with the depth and breadth of the company's pipeline of future opportunities to support its ongoing growth.

Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

Amplience (UK) Limited

Directors' report (continued)

For the year ended 30 June 2021

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company'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 directors' 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, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Response to COVID-19

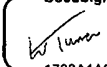
Our response to the COVID-19 pandemic has focused on looking after the health, safety and wellbeing of our teams and customers, while taking decisive action to protect the business and position it for recovery and long-term success.

Up to the date these financial statements are signed, the pandemic has not had a material impact on the trading results of the Company. However, we continue to monitor the situation closely, including the potential impacts on trading results, our supply continuity and our employees.

Amplience (UK) Limited

**Directors' report (continued)
For the year ended 30 June 2021**

On behalf of the board

DocuSigned by:

.....1783A1A9B0FB43B.....

**W Turner
Director**

28 September 2021
Date:

Amplience (UK) Limited

**Independent auditor's report
To the members of Amplience (UK) Limited**

Opinion

We have audited the financial statements of Amplience (UK) Limited (the 'company') for the year ended 30 June 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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.

Amplience (UK) Limited

Independent auditor's report (continued) To the members of Amplience (UK) Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

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

Amplience (UK) Limited

Independent auditor's report (continued)

To the members of Amplience (UK) Limited

Auditor's responsibilities for the audit of the financial statements

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

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

Amplience (UK) Limited


**Independent auditor's report (continued)
To the members of Amplience (UK) Limited**

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

36F534B51FEC457...

**Jamie Lane (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP**

28 September 2021
Date:.....

**Chartered Accountants
Statutory Auditors**

Midland House
2 Poole Road
Bournemouth
Dorset
BH2 5QY

Amplience (UK) Limited**Statement of comprehensive income
For the year ended 30 June 2021**

	Notes	Year ended 30 June 2021 £	6 months ended 30 June 2020 £
Turnover	3	11,737,480	5,242,241
Cost of sales		(3,119,894)	(1,558,641)
Gross profit		<u>8,617,586</u>	<u>3,683,600</u>
Administrative expenses		(9,728,371)	(5,244,676)
Operating loss	4	<u>(1,110,785)</u>	<u>(1,561,076)</u>
Interest receivable and similar income	7	1,050	-
Interest payable and similar expenses	8	(908,870)	(564,915)
Loss before taxation		<u>(2,018,605)</u>	<u>(2,125,991)</u>
Tax on loss	9	1,603,397	867,069
Loss for the financial year		<u><u>(415,208)</u></u>	<u><u>(1,258,922)</u></u>

There are no recognised gains and losses other than those passing through the Statement of comprehensive income.

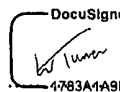
The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The accompanying notes form part of these financial statements.

Amplience (UK) Limited**Statement of financial position
As at 30 June 2021**

	Notes	£	2021 £	£	2020 £
Fixed assets					
Intangible assets	10		5,543,470		5,416,450
Tangible assets	11		94,202		120,916
			<u>5,637,672</u>		<u>5,537,366</u>
Current assets					
Debtors	12	6,549,655		5,104,419	
Cash at bank and in hand		4,807,734		3,191,900	
		<u>11,357,389</u>		<u>8,296,319</u>	
Creditors: amounts falling due within one year	13	(20,881,242)		(16,130,529)	
Net current liabilities			<u>(9,523,853)</u>		<u>(7,834,210)</u>
Total assets less current liabilities			<u>(3,886,181)</u>		<u>(2,296,844)</u>
Creditors: amounts falling due after more than one year	14		(2,954,234)		(4,128,363)
Net liabilities			<u>(6,840,415)</u>		<u>(6,425,207)</u>
Capital and reserves					
Called up share capital	18		1,000		1,000
Capital contribution reserve	19		31,433,825		31,433,825
Profit and loss reserves	19		(38,275,240)		(37,860,032)
Total equity			<u>(6,840,415)</u>		<u>(6,425,207)</u>

The financial statements were approved by the board of directors and authorised for issue on 28 September 2021 and are signed on its behalf by:

DocuSigned by:

 4783A1A9B0F843B.....

W Turner
 Director

Company Registration No. 07144140

Amplience (UK) Limited**Statement of changes in equity
For the year ended 30 June 2021**

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2020	1,000	31,433,825	(36,601,110)	(5,166,285)
Period ended 30 June 2020:				
Loss and total comprehensive income for the period	-	-	(1,258,922)	(1,258,922)
Balance at 30 June 2020	1,000	31,433,825	(37,860,032)	(6,425,207)
Year ended 30 June 2021:				
Loss and total comprehensive income for the year	-	-	(415,208)	(415,208)
Balance at 30 June 2021	1,000	31,433,825	(38,275,240)	(6,840,415)

Amplience (UK) Limited

Notes to the financial statements For the year ended 30 June 2021

1 Accounting policies

Company information

Amplience (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Sixth Floor Tower House, 10 Southampton Street, London, WC2E 7HA.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This 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:

- 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 each category of financial instrument; 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 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Amplience Limited. These consolidated financial statements are available from Sixth Floor Tower House, 10 Southampton Street, London, WC2E 7HA.

Amplience (UK) Limited

Notes to the financial statements (continued)

For the year ended 30 June 2021

1 Accounting policies (continued)

1.2 Going concern

During the year ended 30 June 2021 the company made a loss of £415,208 (6 months to 30 June 2020 - £1,258,922). At 30 June 2021 the company had net liabilities of £6,840,415 (2020 - £6,425,207) and cash balances of £4,807,734 (2020 - £3,191,900).

To continue as a going concern and to settle liabilities as they fall due, the company is reliant on its parent company to provide support. The directors of the parent company have produced a cash flow forecast covering the period beyond 12 months from the date of approval of these financial statements which show the company will be able to settle its obligations as they fall due during this period. During the period the company also drew down additional funding from its ultimate parent company of £5m.

Taking the above into consideration, the directors believe the company has enough funds available to continue as a going concern and have confirmed the parent company has sufficient funds available to continue to support the company. On this basis the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Reporting period

These financial statements are presented for a year. The comparative reflects a 6 month period. The change in year end was undertaken for operational reasons.

1.4 Turnover

Turnover is recognised by the company in respect of cloud based software services and expert services.

Revenue from cloud based software license sales is recognised evenly over the period of the contract, with unearned revenue carried forward as deferred income.

Revenue from expert services is recognised on a percentage completion basis where the outcome of the contract can be reliably measured.

Amplience (UK) Limited**Notes to the financial statements (continued)
For the year ended 30 June 2021**

1 Accounting policies (continued)**1.5 Intangible fixed assets other than goodwill**

The company adopts an agile development method with scheduled technology releases and updates every two weeks. The company's technology is updated regularly with new features and enhancements. The directors estimate that the company's technology is updated, enhanced and amended every 36 months, on average.

Research costs are expensed as incurred. Development costs are charged to the statement of comprehensive income in the period of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable,
- the project is technically feasible and commercially viable,
- current and future costs are expected to be exceeded by future sales,
- and adequate resources exist for the project to be completed.

Development expenditure, which has met the criteria set out above is capitalised.

Any capitalised amounts are subsequently amortised over the director's estimate of their useful economic life of 36 months from the date the update of software becomes available to customers. The amortisation charge is recognised within administrative expenses.

1.6 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:

Land and buildings	50% per annum
Fixtures and fittings	50% per annum

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.

1.7 Impairment of fixed assets

At each reporting period end date, the company 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.

Amplience (UK) Limited

Notes to the financial statements (continued) For the year ended 30 June 2021

1 Accounting policies (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company 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 in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors, 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Amplience (UK) Limited

Notes to the financial statements (continued)
For the year ended 30 June 2021

1 Accounting policies (continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company 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 company after deducting all of its liabilities.

Amplience (UK) Limited

**Notes to the financial statements (continued)
For the year ended 30 June 2021**

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.10 Equity instruments

Equity instruments issued by the company are recorded at the 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 company.

1.11 Taxation

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

Amplience (UK) Limited

Notes to the financial statements (continued) For the year ended 30 June 2021

1 Accounting policies (continued)

Current tax

The tax currently recoverable is based on relievable losses arising in the year as a result of R&D tax credit legislation. Relievable losses differ from net losses as reported in the Statement of comprehensive income because they include an additional deduction relating to qualifying R&D expenditure and exclude items of income or expense that are taxable or deductible in other years, as well as items that are never taxable or deductible. The company's tax position is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 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.

1.13 Retirement benefits

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

1.14 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 Black Scholes model is used to value the options as it is considered the industry standard model.

Amplience (UK) Limited

Notes to the financial statements (continued) For the year ended 30 June 2021

1 Accounting policies (continued)

1.15 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 leases asset are consumed.

1.16 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.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company'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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Useful life of fixed assets

In making decisions regarding the depreciation of fixed assets, management must estimate the useful life of said assets to the business. A change in estimate would result in a change in the depreciation charged to the profit or loss in each year.

Amplience (UK) Limited**Notes to the financial statements (continued)
For the year ended 30 June 2021****3 Turnover and other revenue**

	Year ended 30 June 2021 £	6 months ended 30 June 2020 £
Turnover analysed by geographical market		
United Kingdom	7,702,566	3,733,527
Rest of Europe	3,937,126	1,508,714
Rest of World	97,788	-
	<u>11,737,480</u>	<u>5,242,241</u>

4 Operating loss

	Year ended 30 June 2021 £	6 months ended 30 June 2020 £
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(82,547)	(84,639)
Research costs	142,246	91,472
Fees payable to the company's auditor for the audit of the company's financial statements	19,250	18,500
Depreciation of owned tangible fixed assets	116,976	133,964
Amortisation of intangible assets	3,796,205	1,920,483
Operating lease charges	577,379	339,619
	<u>5,255,559</u>	<u>3,422,017</u>

Amplience (UK) Limited**Notes to the financial statements (continued)
For the year ended 30 June 2021****5 Employees**

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

	Year ended 30 June 2021 Number	6 months ended 30 June 2020 Number
Sales and marketing	33	34
Finance and admin	13	10
Research and development	41	45
Total	<u>87</u>	<u>89</u>

Their aggregate remuneration comprised:

	Year ended 30 June 2021 £	6 months ended 30 June 2020 £
Wages and salaries	7,120,180	3,464,344
Social security costs	822,287	387,898
Pension costs	299,523	122,103
	<u>8,241,990</u>	<u>3,974,345</u>

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	849,898	216,769
Company pension contributions to defined contribution schemes	38,875	5,918
	<u>888,773</u>	<u>222,687</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

Amplience (UK) Limited**Notes to the financial statements (continued)
For the year ended 30 June 2021****6 Directors' remuneration (continued)**

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021	2020
	£	£
Remuneration for qualifying services	311,528	81,077
	<u>311,528</u>	<u>81,077</u>
7 Interest receivable and similar income		
	Year ended	6 months ended
	30 June	30 June
	2021	2020
	£	£
Interest income		
Interest on bank deposits	1,050	-
	<u>1,050</u>	<u>-</u>
8 Interest payable and similar expenses		
	Year ended	6 months ended
	30 June	30 June
	2021	2020
	£	£
Interest on bank overdrafts and loans	126	49
Other interest on financial liabilities	908,744	564,866
	<u>908,870</u>	<u>564,915</u>

Amplience (UK) Limited**Notes to the financial statements (continued)
For the year ended 30 June 2021****9 Taxation**

	Year ended 30 June 2021 £	6 months ended 30 June 2020 £
Current tax		
UK corporation tax on profits for the current period	(1,608,136)	(867,069)
Adjustments in respect of prior periods	4,739	-
Total current tax	<u>(1,603,397)</u>	<u>(867,069)</u>

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

	Year ended 30 June 2021 £	6 months ended 30 June 2020 £
Loss before taxation	<u>(2,018,605)</u>	<u>(2,125,991)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(383,535)	(403,938)
Tax effect of expenses that are not deductible in determining taxable profit	724,322	380,116
Adjustments in respect of prior years	4,739	-
Research and development tax credit	(1,608,136)	(867,069)
Additional deduction for R&D expenditure	(2,467,289)	(1,112,338)
Surrender of tax losses for R&D tax credit refund	2,126,502	1,136,160
Taxation credit for the year	<u>(1,603,397)</u>	<u>(867,069)</u>

Factors that may affect future tax charges

There is an additional unrecognised deferred tax asset of £4,866,525 (2020 - £3,195,868) in relation to the trading losses carried forward of £18,949,888 (2020 - £18,799,226). In the opinion of the directors, there is insufficient evidence that the asset will be recovered at the current time.

On 24 May 2021 the Finance Bill 2021 was substantively enacted confirming the corporation tax rate will increase to 25% from 1 April 2023. For the purposes of deferred tax above, the substantively enacted rate as at the balance sheet date of 25% has been used.

Amplience (UK) Limited**Notes to the financial statements (continued)
For the year ended 30 June 2021****10 Intangible fixed assets**

	Software development costs £
Cost	
At 1 July 2020	18,118,773
Additions	3,923,225
At 30 June 2021	<u>22,041,998</u>
Amortisation and impairment	
At 1 July 2020	12,702,323
Amortisation charged for the year	3,796,205
At 30 June 2021	<u>16,498,528</u>
Carrying amount	
At 30 June 2021	<u>5,543,470</u>
At 30 June 2020	<u>5,416,450</u>

11 Tangible fixed assets

	Land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 July 2020	394,211	662,094	1,056,305
Additions	-	90,262	90,262
At 30 June 2021	<u>394,211</u>	<u>752,356</u>	<u>1,146,567</u>
Depreciation and impairment			
At 1 July 2020	332,967	602,422	935,389
Depreciation charged in the year	53,297	63,679	116,976
At 30 June 2021	<u>386,264</u>	<u>666,101</u>	<u>1,052,365</u>
Carrying amount			
At 30 June 2021	<u>7,947</u>	<u>86,255</u>	<u>94,202</u>
At 30 June 2020	<u>61,244</u>	<u>59,672</u>	<u>120,916</u>

Amplience (UK) Limited**Notes to the financial statements (continued)
For the year ended 30 June 2021****12 Debtors**

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	2,357,283	2,618,461
Corporation tax recoverable	1,608,136	867,069
Other debtors	54,445	70,827
Prepayments and accrued income	2,529,791	1,548,062
	<u>6,549,655</u>	<u>5,104,419</u>

13 Creditors: amounts falling due within one year

		2021	2020
	Notes	£	£
Bank loans	15	3,187,317	5,421,122
Trade creditors		2,162,389	2,182,308
Amounts owed to group undertakings		5,345,895	219,297
Taxation and social security		730,211	923,241
Other creditors		67,260	98,975
Accruals and deferred income		9,388,170	7,285,586
		<u>20,881,242</u>	<u>16,130,529</u>

14 Creditors: amounts falling due after more than one year

		2021	2020
	Notes	£	£
Bank loans and overdrafts	15	<u>2,954,234</u>	<u>4,128,363</u>

15 Loans and overdrafts

	2021	2020
	£	£
Bank loans	<u>6,141,551</u>	<u>9,549,485</u>
Payable within one year	3,187,317	5,421,122
Payable after one year	<u>2,954,234</u>	<u>4,128,363</u>

Amplience (UK) Limited**Notes to the financial statements (continued)
For the year ended 30 June 2021****15 Loans and overdrafts (continued)**

The bank loans classified above of £6,141,551 (2020 - £9,549,485), are secured against the company's assets and intellectual property.

16 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	299,523	122,103

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £73,614 (2020 - £57,966) were payable to the fund at the reporting date and are included in creditors.

17 Share-based payment transactions

The directors consider the share based payments charge to be immaterial when valued using the Black-Scholes model and therefore no charge has been recognised. During the year, the following equity-settled share based payment arrangements were in place:

	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 July 2020	8,662,563	7,575,146	1.11	1.09
Granted during year	-	1,087,417	-	1.51
Outstanding at 30 June 2021	<u>8,662,563</u>	<u>8,662,563</u>	<u>1.11</u>	<u>1.11</u>
Exercisable at 30 June 2021	<u>6,386,771</u>	<u>5,345,461</u>	<u>1.11</u>	<u>1.11</u>

The options outstanding at 30 June 2021 had an exercise price ranging from £0.03 to £1.87, and a remaining contractual life of between 1 and 9 years. The options can be exercised over the shares of the parent company, Amplience Limited.

Amplience (UK) Limited**Notes to the financial statements (continued)****For the year ended 30 June 2021****18 Share capital**

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

The ordinary shares each carry one voting right.

19 Reserves**Capital contribution reserve**

The capital contribution reserve represents consideration presented to the company by those with a vested equity interest in the business for non-cash assets.

Profit and loss reserve

The profit and loss reserve represents the cumulative realised profits or losses net of dividends paid and other adjustments.

20 Operating lease commitments**Lessee**

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

	2021	2020
	£	£
Within one year	467,805	467,805
Between two and five years	747,179	1,214,984
	<u>1,214,984</u>	<u>1,682,789</u>

Amplience (UK) Limited**Notes to the financial statements (continued)
For the year ended 30 June 2021****21 Related party transactions****Transactions with related parties**

During the year the company entered into the following transactions with related parties:

	Purchases	
	2021	2020
	£	£
Entities with control, joint control or significant influence over the company	15,000	15,000
	<u>15,000</u>	<u>15,000</u>
	2021	2020
	£	£
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	4,000	15,000
	<u>4,000</u>	<u>15,000</u>

Other information

The company has taken advantage of the exemption available in FRS 102 Section 33 from the requirement to disclose transactions with group companies on the grounds that the company is a wholly owned subsidiary within the group.

22 Directors' transactions

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance	Amounts advanced	Amounts repaid	Closing balance
		£	£	£	£
Directors loan account	-	50,000	67,836	(73,738)	44,098
		<u>50,000</u>	<u>67,836</u>	<u>(73,738)</u>	<u>44,098</u>
		<u>50,000</u>	<u>67,836</u>	<u>(73,738)</u>	<u>44,098</u>

Amplience (UK) Limited

Notes to the financial statements (continued) For the year ended 30 June 2021

23 Ultimate controlling party

The company is controlled by Amplience Limited by virtue of its 100% ordinary share holding. Amplience Limited is incorporated in Ireland. The registered office of Amplience Limited is 17 Pembroke Street Upper, Dublin 2, Dublin, Ireland.

Amplience Limited is considered to be controlled by the directors. No director has a controlling interest.

The smallest and largest group of undertakings for which group accounts are drawn up is that of Amplience Limited.