Company Registration No. 05653869

Content Guru Limited

Annual report and financial statements

for the year ended 31 December 2020

Content Guru Limited

Contents

Content Guru Limited

Company information

Directors	S Z Taylor (Chairman) P M H Taylor J P Taylor
Secretary	P M H Taylor
Registered office	Radius Court Eastern Road Bracknell Berkshire RG12 2UP
Bankers	Barclays Bank Bracknell Group PO Box 61 Bracknell Berkshire RG12 1GS
Solicitors	Osborne Clarke 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH
Auditor	Ernst & Young LLP Apex Plaza Reading Berkshire RG1 1YE

Strategic report (continued)

The directors present their Strategic Report and the affairs of the Company for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is wholly owned by Redwood Technologies Group Ltd (Group).

The principal activity of the Company continues to be the provision of cloud-based Customer Experience (CX) services (including Customer Engagement, Customer Knowledge and Cloud Contact Centre solutions). The Company has now become established as one of the world's leading companies in its field.

STRATEGIC REVIEW

Last year's report stated 2020 would be Group's most challenging year since the 2008 financial crisis and that was indeed the case. Overall Group is highly fortunate to provide cloud-based communications services, which have of course been in high demand during the COVID-19 pandemic.

The Company's core services are the provision of Customer Experience and Customer Engagement solutions, as described above, which it sells to both enterprise and public sector customers. Services are run on its storm® cloud infrastructure. There has not been any significant change in the principal activities during the year.

Despite a challenging year the directors are pleased to report solid growth in revenue and profit, contributing towards the overall performance of the Group.

Revenues from recurring seat fees increased by 26% compared with the previous fiscal year. This is a combination of sales to new customers and the expansion of services supplied to existing customers.

Total turnover has increased by 17% (2019: 12%), while administrative expenses increased by only 3% during the year (2019: 35%). As Group transfer pricing charges require a set operating profit margin, this has resulted in gross profit margin decreasing to 60% (2019: 68%). EBITDA remains consistent at £1.4m (2019: £1.2m).

Profit before tax for the year was £1,103,667 (2019: £938,125). As in previous years profits have been balanced against continued investment to ensure long-term sustainability for the Company. The position of the Company at the year-end is set out in the balance sheet on page 15.

The key financial and other performance indicators during the year were as follows:

Turnover – this increased by 17% to £22,073,351 (2019: £18,807,566)
Gross profit – this ended 4% higher at £13,232,722 (2019: £12,769,218)
EBITDA (before share-based payment charge) – this ended 13% higher at £1,399,614 (2019: £1,242,790)
Retained profit – retained profits amounted to £902,935 (2019: £751,723)
Dividends – a dividend of £400,000 was declared and paid on 6 January 2021. A further dividend of £400,000 was declared during the year, and remains outstanding (2019: £nil)

KEY PERFORMANCE INDICATORS

The Company must contribute to Group's key performance indicators (KPIs).

A Group KPI is to run on a '20:20:10' basis, which is broken down as follows:

20 – A target of above 20% revenue growth for the year
20 – A target of 'normalised' EBITDA (before share-based payment charge) of 20% of overall revenues, where 'normalised' removes investment costs for new territories
10 - A target of 'normalised' EBIT of 10% of overall revenues, where 'normalised' removes investment costs for new territories

Strategic report (continued)

The Company is below the overall (20% increase) revenue KPI for the Group.

Recurring revenues, rather than one-off, are of primary importance. Recurring revenues comprise income earned through services contracts with a duration of one year or more and constitute the seat/licence fees and/or usage fees for those services. Group offers three-year services contracts as a default but during the pandemic has allowed some customers to take shorter-term contracts in order to enable them to quickly establish business continuity services.

During the year recurring revenues totalling approximately £976,000 p.a. were lost, representing 5.0% of total recurring revenues (2019: £425,000 per year recurring revenues). Seat fees have increased 26% to £15.3m from a combination of sales to new customers and the expansion of services supplied to existing customers.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties are the same for the Company as for Group.

Group continuously tracks risk through its risk-management registers and management strategy reviews. Group's risk management does not eliminate risk; it identifies risk and devises strategies for mitigating and managing. Group's Business Continuity planning enabled Group to overnight move smoothly to home-working across all its territories during the pandemic.

Principal risks and uncertainties raised in last year's report were:

- Uncertainty due to Brexit
- The unfolding impact of COVID-19
- Discounting from CCaaS (Contact Centre as a Service) competitors unable to command value with a strong service offering, impacting market prices and potentially impacting Group's profitability
- Foreign exchange fluctuations (euro, US dollar, Japanese yen vs British pound)
- Business-as-usual risk such as security, data protection, maintaining reputational standing, keeping up with advances in technology

At the time of writing COVID-19 dominates risk considerations. During 2020 a number of projects were delayed by several months as organisations struggled with issues such as transitioning to working from home, furloughed workforces and fluctuations in demand for their services. There were some opportunities created for Group's cloud solutions, predominantly with organisations needing to scale rapidly in order to meet extra demand or to establish remote-working contact centres at speed. In Japan a 'work from home' product was launched, which brought on new customers. The majority of Group's target customers, though, simply continued to use the technology they had, even if inefficient to do so. This behaviour is accounted for by the fact that transitioning to Group's services would represent an investment of hundreds of thousands or millions of pounds TCV (total contract value), which organisations were not able to resource, either in terms of organising their staff or financially. Towards the end of 2020 organisations began to look again at business improvement projects and this resulted in a strong quarter 4 of sales and Group's best sales year to date. The directors feel that organisations will now accelerate their cloud transformation programmes, since the benefits offered have become apparent through 2020, whilst continuing to work with legacy technology will not be viable in the mid to long term for many. Therefore although COVID-19 still represents a significant risk to Group, due to its impact on Group's customers and potential supply chain issues, it also presents a considerable opportunity for growth.

The impact of Brexit is yet to be fully felt as this issue has been overshadowed by COVID-19 events and agreements such as the Trade and Cooperation Agreement (TCA) (between the UK and EU) are still in their early days. Group will continue to invest in growing non-UK territories and continue to reduce the dependence of Group's non-UK business units on its UK entities.

Price discounting from competitors with weaker product offerings has not caused a significant issue to Group as customers seem very aware that 'you get what you pay for', but of course Group's products and services need to stay very keen in a highly competitive marketplace.

Strategic report (continued)

Foreign exchange was highly variable during 2020 as Brexit negotiations, COVID-19 events and the US election caused significant swings in rates. The impact of vaccine programmes on COVID-19, further clarity on Brexit agreements and the reception given to policy initiatives from the new US President are amongst the risk factors for foreign exchange in 2021.

A new risk factor for 2021 is potential for negative interest rates. It is currently unclear what policies will be implemented in different geographic regions, and by each bank, so this continues to be monitored.

Business-as-usual considerations, such as security and data protection, continue to command the necessary high levels of attention from all levels of Group. Additional cyber insurance has been put in place and major investment continues in Group's cloud infrastructure to ensure the business has best-in-class protection for itself and its customers.

Overall Group's directors feel very confident about the coming years for the business. Group's rolling three-year business plan ('the Business Plan'), which it refreshes annually in the first quarter of the fiscal year, forecasts strong growth for 2021-23. The Business Plan provides strategic planning, including product development, infrastructure investment, sales and marketing activities and financial requirements to support those activities. The Business Plan evaluates risks and uncertainties alongside new opportunities, and factors these into its planning.

Group's credit risk is primarily attributable to its trade debtors, with this risk mitigated by upfront payments for projects, credit limits set by reference to credit rating agencies and close monitoring of each customer's account. Group's services are furthermore considered mission-critical by most customers. Liquidity risk is minimised by Group's policy of maintaining cash surpluses and minimising debt.

A key focus for 2021 will be to increase Group's presence in the US. The acquisition of PIC will augment Group's regional consultancy capability. This will be supplemented with additional hires and Group will continue to investigate further acquisitions in the North American region.

As per last year's statement, good technical infrastructure and processes are in place to enable sustainable growth. In addition to certifications such as ISO9001 (quality), ISO27001 (security) and ISO14001 (environmental) Group is working on SOC 2 accreditation and expects to complete Type 1 in quarter 1 and Type 2 around the end of the year.

STAKEHOLDER ENGAGEMENT

This statement is intended by the directors to set out how they have approached and met their responsibilities under Section 172 of Companies Act 2006 in the financial period ending 31 December 2020.

The directors have considered the activities of the company in the year and have identified any:

- key stakeholders, and reviewed how the directors have engaged with these groups; and any
- principal decisions, where the directors consider there to be a material impact on the identified stakeholders.

By virtue of the common structure of the boards of directors and management throughout the Redwood Technologies Limited Group the considerations relating to principal decisions and engagement with stakeholders have been considered on a Group-wide basis, including considerations for this company. In addition, any decisions, policies or other requirements provided by the directors of the Group are also applied to this company where applicable due to the aforementioned common director and management structure.

As such, the information presented below cross references the annual report of Redwood Technologies Group Limited which includes information relating to this company. Any further information provided is consistent with the size and complexity of the company and has been cross-referenced to other areas of this annual report where appropriate.

Principal decisions

During the year the directors concluded there were no principal decisions that directly impacted this company. However, principal decisions made at Group level that have indirect impact on this company, by virtue of belonging to the same Group, are presented in the annual report of Redwood Technologies Group Limited for the year ended 31 December 2020.

Strategic report (continued)

Key stakeholder relationships

The directors identified the community, customers, colleagues, investors, and suppliers as key stakeholder relationships, and considered the engagement undertaken with these groups.

Information relating to stakeholder engagement is presented in the annual report of Redwood Technologies Group Limited for the year ended 31 December 2020, and includes information relating to this company.

CORPORATE AND SOCIAL RESPONSIBILITY

The Company aims to ensure that its colleagues work in a happy and secure environment. The primary place of work obviously changed drastically during the pandemic as colleagues moved from predominantly office to home-based operations. As some of the services Group operates for its clients are Critical National Infrastructure, all Group's offices were permitted to remain open during the pandemic. All colleagues had the choice to work from home. Strict social distancing and other health and safety measures were implemented in all offices. A weekly wellbeing check is conducted for all colleagues to ensure good mental health is being maintained.

Weekly team leader updates were switched to daily and quarterly all-company updates were switched to monthly in order to ensure good communication with all colleagues.

Other communications activities such as internal newsletters continue as usual.

Senior management from Group has maintained its involvement with a number of organisations to ensure it has good general input regarding business or environmental matters. Group is a founder member and organiser of Berkshire Community Foundation's Business Philanthropy Club. One of Group's directors, Sean Taylor, is a Deputy Lieutenant for the Royal County of Berkshire, a Vice President of Berkshire Community Foundation and President of Bracknell Athletics Club. Another director, Martin Taylor, sits on the Advisory Board of the Department of Management at King's College London. Group is a member of the CBI (Confederation of British Industry) and its directors sat on the CBI's AI Working Group and South East Council throughout 2020. At a local level Redwood Technologies Ltd organises the Pride of Bracknell Awards, celebrating achievements in charitable and voluntary causes, education and health and sport. All Group's entities in all regions are provided budget to support local voluntary causes.

FUTURE DEVELOPMENTS

The Company is in a strong financial position with strong monthly recurring revenues. A number of product enhancements will be released in 2021 to ensure Group maintains its market-leading product position. These include new 'machine agent' Intelligent Automation services, 'App Exchange' enhancements, providing customers with a wider choice of integrations into third-party products such as healthcare applications, and enhanced 'customer journey tools', based on Group's Customer Knowledge System (CKS). New infrastructure and colleagues will be rolled out across all territories to support Group's global expansion.

Over the next ten years Group anticipates its strong position in the CCaaS (Contact Centre as a Service) market will provide a strong foundation for it to service the rapidly-evolving CX (Customer Experience) marketplace.

Approved by the Board of Directors and signed on behalf of the Board.

S Z Taylor

Director

Date 20 May 2021

Directors' report

The directors present their annual report on the affairs of the Company, together with the audited financial statements, for the year ended 31 December 2020.

RESULTS AND DIVIDENDS

The company continues to perform solidly despite challenging conditions. As detailed more fully in the Strategic Report, its sales performance has been impacted by Covid-19. However, the directors are pleased with a strong finish to the year and are confident that the Company will continue to build on its success in the coming year.

Profit after tax for the financial year amounted to £902,935 (2019: £751,723). The directors declared and paid on 6 January 2021 a dividend in respect of the financial year ended 31 December 2020 of £5.33 per eligible ordinary share, amounting to £0.4m. For the financial year ended 31 December 2019 a dividend of £5.33 per eligible ordinary share, amounting to £0.4m, was declared on 31 December 2020 and remains unpaid.

Future developments

Details of future developments can be found in the Strategic Report on page 5.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's risk management objectives and policies are the same as for Group.

Group's activities expose it to a number of financial risks including in relation to competition, technological development, price, credit, foreign currency and liquidity risk. Group's primary goal is to continue a policy of sustainable and controlled growth allied to an acceptable level of profitability. Group believes these objectives can best be met by securing long-term relationships with customers who recognise the high value added nature of Group's products and services.

Competitive risk

Market demand for Group's products continues to be strong, with services such as cloud contact centre growing. The high-growth marketplace has led to increased competition as new entrants seek to establish a position and existing competitors look to grow through acquisition and/or additional funding. Group will continue to ensure its products and services are best-in-class and constantly monitor its pricing position.

Technological risk

Group carries out a significant amount of research and development in the technological development and some of this research effort may occasionally not lead to immediately marketable products. This risk is mitigated by ensuring that research projects are chosen according to clearly defined criteria and ensuring close attention is paid to market requirements at all times. Products are typically launched on a 'fast follower' basis to further de-risk their commercial failure.

Price risk

Group has to manage a degree of risk in order to maintain the margin earned on equipment sales during periods when equipment purchase prices fluctuate due to market and currency movements. Group mitigates this risk by maintaining relationships with alternative suppliers and evaluating forward currency purchases as necessary.

Foreign currency risk

Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. It continues to balance its cost and revenues in non-Sterling currencies to minimise the effect of currency variations. Group does not use foreign exchange forward contracts to hedge the profit element derived from non-Sterling currencies.

Directors' report (continued)

Credit risk

Group's principal financial assets are bank balances and trade receivables. Bank balances are held only with major banks and bad debt risk is minimised by dealing mainly with blue-chip companies and following rigorous credit management procedures.

Liquidity risk

Group continues to invest in infrastructure and staff resources and ensures it has sufficient liquidity for operational and capital requirements by way of regular cash flow projections.

Streamlined Energy and Carbon Reporting (SECR)

This is the first year that Group has been required to report greenhouse gas emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The scope of this report includes emissions associated with the operation of our Global Headquarters, which is located in Bracknell, UK. Group also has locations in the Netherlands, Germany, Japan and USA, however emissions for those sites are excluded from this report.

By virtue of the common structure of the boards of directors and management throughout the Redwood Technologies Limited Group, these requirements have been presented on a Group-wide basis, which includes the emissions associated with Content Guru Limited as a UK based company.

Content Guru Limited holds certification awarded by Lloyd's Register against the International Standard for Environmental Management System (ISO 14001:2015) and as such has identified and continues to demonstrate improvement in accordance with the requirements of the ISO 14001 standard.

CHARITABLE CONTRIBUTIONS

Donations to charitable causes during the year were largely made on behalf of the Company by sister company Redwood Technologies Limited and as such £10,377 of donations were made during the year (2019: £6,102). Supporting charitable causes is an important role of the Company in the community but is done on a fiscally responsible basis. Other charitable activities involving sponsoring community events and the time of directors and staff do not appear as charitable contributions.

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors in respect of proceedings brought by the third parties, subject to the conditions set out in section 234 of Companies Act 2006. Such qualifying third party indemnity provision remained in force throughout the year and as at the date of approving the directors' report.

POLITICAL CONTRIBUTIONS

No political donations were made during the year (2019: none).

GOING CONCERN

The potential impact of COVID-19 on the Company has been considered as part of the Group's going concern assessment. In reaching its conclusion, the Directors considered the principal risks relevant to the sustainability of the Company's and Group's operations in light of the COVID-19 pandemic, sensitivity analysis, scenario assessments, and combinations thereof, including that of a longer-term global recession with likely impacts beyond 2020.

Directors' report (continued)

The Directors have reviewed the financial performance and position of the Company and have assessed the cash flow forecasts through to December 2022. The company is trading and has strong net assets, is highly cash generative and is profit making, as noted in the Strategic Report. The Company is in a net current assets position of £6,122,165 at 31 December 2020 (2019: £5,484,044) including cash reserves of £4,319,250 (2019: £1,117,245)

Despite the potential for sustained macro-economic downturn, the Directors are satisfied that, due to the headroom in the cash flow forecast and the ability of the Company to control its capital expenditures, the business will continue to have sufficient cash available even in the event of any reasonably possible downturn in Company's operations. On the basis of their assessment, the Directors expect that the Company and Group will be able to continue in operational existence for the period up to and including December 2022, and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIRECTORS

The directors, who served throughout the year, were as follows:

S Z Taylor (Chairman)
P M H Taylor
J P Taylor

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are a director at the date of approval of this report has confirmed that:

- so far as the director is aware, there is no relevant audit information of which Group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that Group's auditor is aware of that information.

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

RE-APPOINTMENT OF AUDITOR

Ernst & Young LLP has been deemed re-appointed under section 485 of the 2006 Act.

APPROVAL

Approved by the Board and signed on its behalf by:

S Z Taylor

Director
Date 20 May 2021

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable laws 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for 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.

Independent auditor's report to the members of Content Guru Limited

Opinion

We have audited the financial statements of Content Guru Limited for the year ended 31 December 2020 which comprise Profit and loss, Balance sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards 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 company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Group's financial close process, we confirmed our understanding of management's Going Concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained management's going concern assessment, including the cash forecast and covenant calculation for the going concern period which covers two years from the date of year end.
- We have challenged the assumptions made in the cash forecast and we have tested the impact of Covid-19 included in each forecasted scenario. We considered the appropriateness of the methods used to calculate the cash forecasts and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an assessment for the entity.
- We considered the mitigating factors included in the cash forecasts that are within control of the Group. This includes review of the Company's [non-operating] cash outflows and evaluating the Company's ability to control these outflows as mitigating actions if required.
- We have performed stress testing in order to identify what factors would lead to the Group utilising all liquidity during the going concern period.
- We reviewed the Group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

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 the period until 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 there is 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 the 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 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 or 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 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 set out on page 9, 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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006 and Miscellaneous Reporting Requirement (MRR)) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including General Data Protection Regulation (GDPR).

- We understood how Content Guru Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage revenue and earnings. We considered the procedures that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud. Where the risk was considered to be higher, including areas impacting Group key performance indicators or senior management remuneration, we performed audit procedures to address each identified fraud risk of material misstatement. These procedures included those on revenue recognition and testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management and legal counsel, and journal entry testing, with a focus on manual journals indicating large unusual transactions based on our understanding of the business and ensuring that such transactions complied with the relevant accounting and legal requirements.

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.

Paul Etherington (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
Date:
26 May 2021

Content Guru Limited

Statement of comprehensive income
For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	22,073,351	18,807,566
Cost of sales		(8,840,629)	(6,038,348)
Gross profit		13,232,722	12,769,218
Administrative expenses		(12,129,055)	(11,831,093)
Operating profit		1,103,667	938,125
Profit before taxation	4	1,103,667	938,125
Tax on profit	6	(200,732)	(186,402)
Profit for the financial year	12	902,935	751,723

There are no amounts to disclose in relation to Other Comprehensive Income. All results are from continuing operations.

The notes on pages 17 to 27 form part of these financial statements.

Content Guru Limited

Balance sheet
As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	7	564,306	699,492
		564,306	699,492
Current assets			
Debtors	8	7,175,734	9,746,845
Cash at bank and in hand		4,319,250	1,117,245
		11,494,984	10,864,090
Creditors: amounts falling due within one year	9	(5,372,819)	(5,380,046)
Net current assets		6,122,165	5,484,044
Net assets		6,686,471	6,183,536
Capital and reserves			
Called up share capital	11	750	750
Capital redemption reserve	12	250	250
Share-based payment reserve	12	284,262	284,262
Profit and loss account	12	6,401,209	5,898,274
Shareholders' funds		6,686,471	6,183,536

The notes on pages 17 to 27 form part of these financial statements.

The financial statements of Content Guru Limited (registered number 05653869) were approved by the board of directors and authorised for issue. They were signed on its behalf by:

S Z Taylor

Director

Date 20 May 2021

Content Guru Limited

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

	Called-up share capital £	Capital redemption reserve £	Share-based payment reserve	Profit and loss account £	Total £
At 1 January 2019	**750**	**250**	**284,262**	**5,146,551**	**5,431,813**
Profit for the financial year	-	-	-	751,723	751,723
Total comprehensive income	-	-	-	751,723	751,723
At 31 December 2019	**750**	**250**	**284,262**	**5,898,274**	**6,183,536**
Profit for the financial year	-	-	-	902,935	902,935
Dividends declared	-	-	-	(400,000)	(400,000)
Total comprehensive income	-	-	-	502,935	502,935
At 31 December 2020	**750**	**250**	**284,262**	**6,401,209**	**6,686,471**

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

1. Accounting policies

The financial statements are prepared under the historical cost convention. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

a. *General information and basis of accounting*

Content Guru Limited is a private company limited by shares incorporated in England and Wales, United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

Content Guru Limited is consolidated in the financial statements of its ultimate parent, Redwood Technologies Group Limited, which may be obtained from Companies House. Content Guru Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement (Section 7), financial instruments (Sections 11 and 12), share-based payments (Section 26) and related party transactions (Section 33).

The functional currency of Content Guru Limited is considered to be pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

The potential impact of COVID-19 on the Company has been considered as part of the Group's going concern assessment. In reaching its conclusion, the Directors considered the principal risks relevant to the sustainability of the Company's and Group's operations in light of the COVID-19 pandemic, sensitivity analysis, scenario assessments, and combinations thereof, including that of a longer-term global recession with likely impacts beyond 2020.

The Directors have reviewed the financial performance and position of the Company and have assessed the cash flow forecasts through to December 2022. The company is trading and has strong net assets, is highly cash generative and is profit making, as noted in the Strategic Report. The Company is in a net current assets position of £6,122,165 at 31 December 2020 (2019: £5,484,044) including cash reserves of £4,319,250 (2019: 1,117,245)

Despite the potential for sustained macro-economic downturn, the Directors are satisfied that, due to the headroom in the cash flow forecast and the ability of the Company to control its capital expenditures, the business will continue to have sufficient cash available even in the event of any reasonably possible downturn in Company's operations. On the basis of their assessment, the Directors expect that the Company and Group will be able to continue in operational existence for the period up to and including December 2022, and hence continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b. *Intangible fixed assets*

The intangible fixed assets are stated at cost and consist of software licences, which is amortised on a straight line basis over its expected useful life. Provision is made for any impairment and the expected useful life is five years, reflecting the point at which the Company directors would estimate the technology to become redundant and require replacing. Amortisation is disclosed within administrative expenses.

c. *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Computer equipment	20% straight line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

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

1. Accounting policies (continued)

d. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

e. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Notes to the financial statements (continued)
For the year ended 31 December 2020

1. Accounting policies (continued)

f. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

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

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

g. Turnover

Turnover represents amounts receivable for services net of VAT and other sales taxes. Turnover is derived from four main sources: provision of professional services, seat licencing, transaction fees and the sale of equipment.

Professional services fees are consultancy and development fees associated with the provision of services. Professional services fees are charged on a per-day basis and recognised as work is performed.

Seat licence fees represent charges to access a service feature such as a management information reporting interface and are charged and recognised over the seat licence period.

Transaction fees represent fees received for the use of a service such as making a payment by phone and are charged and recognised on a per-time or per-use basis.

Equipment sales represent ad hoc sales of hardware as part of the delivery of a service. These sales are recognised on the delivery of the hardware to customers' requested delivery locations.

h. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

Notes to the financial statements (continued)
For the year ended 31 December 2020

1. Accounting policies (continued)

i. Pensions

Contributions made by the Company to money purchase pension schemes are charged to the profit and loss as they arise. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

j. Share-based payments

The Company issues equity-settled share options to certain colleagues within the Company. Equity-settled share-based payment transactions are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The vesting period ends on the date on which the relevant colleagues become fully entitled to the award. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period. At each balance sheet date, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions the movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

k. Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

l. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

2. Critical Accounting Judgements

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Unbundling of Revenue Contracts

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 Revenue and, in particular, whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods. Where customer orders consist of multiple revenue sources, as defined in note 1g above, contract values are distinctly segregated and revenue recognition separately accounted for according to the Company's revenue recognition policies.

Notes to the financial statements (continued)
For the year ended 31 December 2020

3. Turnover

Sales to related parties made in the year ended 31 December 2020 were nil (2019: £410,460).

An analysis of the Company's revenue by stream is as follows:	2020 £	2019 £
Professional services	2,558,410	1,873,759
Seat licence fees	15,263,454	12,119,460
Transaction fees	4,096,506	4,260,237
Equipment sales	154,981	554,110
Total revenue	22,073,351	18,807,566

An analysis of the Company's revenue by geography is as follows:	2020 £	2019 £
United Kingdom	21,527,103	18,111,843
International	546,248	695,723
Total revenue	22,073,351	18,807,566

4. Profit before taxation

Profit before taxation is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets (note 7)	294,627	301,673
Amortisation of intangible fixed assets	-	739
Rentals under operating leases		
- Plant and machinery	24,980	27,042
Auditor's remuneration		
- Audit	65,779	66,000
Foreign exchange losses	89,412	63,375

None of the directors received any emoluments from the Company during the year.

Notes to the financial statements (continued)
For the year ended 31 December 2020

5. Employee numbers and costs

The average monthly number of colleagues was:

	2020 Number	2019 Number
Sales, marketing, finance and administration	53	54
Research, development and professional services	115	113
	168	167

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	8,971,182	7,931,364
Social security costs	1,005,733	881,523
Pension contributions	222,692	201,817
	10,199,607	9,014,704

Additional employee services have been supplied and remunerated by Redwood Technologies Limited, a related company. In addition to the wages and salaries cost disclosed above, no share-based payment charge was made for the current year (2019: £nil). There are no pension commitments at the year-end date other than those recorded on the balance sheet (2019: £nil).

6. Tax on profit

The tax charge comprises:

	2020 £	2019 £
Current tax on profit		
UK corporation tax	197,675	179,694
Adjustments in respect of prior years		
UK corporation tax	3,519	6,960
Total current tax	201,194	186,654
Deferred tax		
Origination and reversal of timing differences	(462)	(252)
Total deferred tax (see note 10)	(462)	(252)
Total tax on profit	200,732	186,402

Notes to the financial statements (continued)
For the year ended 31 December 2020

6. Tax on profit (continued)

The UK Budget Announcement on 11 March 2020 stated that the corporation tax rate reduction to 17% from 1 April 2020 will no longer take place and that the current rate of 19% will remain in force. The change from 17% to 19% was substantially enacted on 17 March 2020 and has therefore been reflected in these financial statements.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2020 £	2019 £
Profit before tax	1,103,667	938,125
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2019: 19%)	209,697	178,244
Effects of:		
- Expenses not deductible for tax purposes	191	14,169
- Other timing differences	(8,509)	(12,941)
- Adjustments to tax charge in respect of prior year	3,519	6,960
- Tax rate changes	(4,166)	(30)
Total tax charge for year	200,732	186,402

7. Tangible fixed assets

	Computer equipment Total £
Cost	
At 1 January 2020	2,452,402
Additions	159,441
At 31 December 2020	2,611,843
Accumulated depreciation	
At 1 January 2020	1,752,910
Charge for the year	294,627
At 31 December 2020	2,047,537
Net book value	
At 31 December 2020	564,306
At 31 December 2019	699,492

Notes to the financial statements (continued)
For the year ended 31 December 2020

8. Debtors: amounts falling due within one year

	2020	2019
	£	£
Trade debtors	1,449,591	1,613,828
Amounts receivable from group undertakings	4,096,746	6,656,508
Prepayments	536,835	542,843
Long-term prepayments	74,200	63,766
Accrued income	954,997	810,977
Deferred tax asset (see note 10)	63,365	58,923
	7,175,734	9,746,845

No interest is charged between Group entities. All intercompany debts are considered payable upon demand, and therefore classified as current assets/liabilities. As all Group companies are under the same management control, no debts will be called upon if it would put the payer into doubt over its ability to continue as a going concern.

9. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	301,951	229,775
Amounts owed to group undertakings	2,244,523	2,789,835
Dividend payable to Parent company	400,000	-
Corporation tax	12,043	9,062
Deferred Tax Liability (see note 10)	3,980	-
Other creditors including taxation and social security	751,909	682,156
Accruals	623,122	776,213
Deferred income	1,035,291	893,005
	5,372,819	5,380,046

No interest is charged between Group entities. All intercompany debts are considered payable upon demand, and therefore classified as current assets/liabilities. As all Group companies are under the same management control, no debts will be called upon if it would put the payer into doubt over its ability to continue as a going concern.

Notes to the financial statements (continued)
For the year ended 31 December 2020

10. Deferred taxation

	2020 £	2019 £
The movement in the deferred taxation balances during the year was:		
Deferred tax assets brought forward at 1 January	58,923	58,670
Credit for the year	462	253
At 31 December	59,385	58,923

	2020 £	2019 £
Deferred tax is provided as follows:		
Accelerated capital allowances	(3,980)	(6,266)
Pension tax asset	9,355	16,864
Share-based payments	54,010	48,325
	59,385	58,923

During the year beginning 1 January 2021, the reversal of deferred tax liabilities is expected to reduce the corporation tax charge for the year by £10,000. This is due to the expectation that depreciation will be in excess of capital allowances through continuing capital investment. There is no expiry date on timing differences.

11. Called-up and authorised share capital and reserves

	2020 £	2019 £
Authorised, called up, allotted and fully paid		
75,000 (2019: 75,000) ordinary shares of £0.01 each	750	750

Ordinary shareholders have the right to vote in general meetings, receive dividends and participate in capital distributions.

Notes to the financial statements (continued)
For the year ended 31 December 2020

12. Reserves and reconciliation of movements in shareholders' funds

	Share-based payment reserve	Capital redemption reserve	Profit and loss account	2020	2019
	£	£	£	£	£
At beginning of year	284,262	250	5,898,274	6,182,786	5,431,063
Profit for the financial year	-	-	902,935	902,935	751,723
Dividend declared	-	-	(400,000)	(400,000)	-
At end of year	284,262	250	6,401,209	6,685,721	6,182,786

The capital redemption reserve reflects historic share buy-backs of two prior shareholders in 2012 and 2013 following their retirement from the business. Neither party has held any Content Guru Limited shares thereafter.

The share-based payment reserve includes the charge in relation to an Employee Management Incentive (EMI) scheme (see note 14).

The directors propose a £400,000 dividend for the year.

13. Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	£	£
Within one year:	12,164	8,190
Between one and five years:	18,246	-
	30,410	8,190

14. Share-based payments

Equity settled share option scheme

The group established an Enterprise Management Incentive ('EMI') plan on 23 May 2016 under which share options were granted to certain colleagues of the group. The Schemes are equity-settled share based payment arrangements whereby the colleagues are granted share options of the parent company's equity instruments, specifically its Ordinary B shares of £0.001 each.

The scheme includes non-market-based vesting conditions only, whereby the share options may be exercised from the date that they vest until the 10th anniversary of the date of the grant. There are no performance based vesting conditions and the only vesting requirement is that the recipient remains in employment with the Company for two years from the grant date. No share based payment expense was incurred in the year (2019: £nil).

Notes to the financial statements (continued)
For the year ended 31 December 2020

15. Ultimate parent undertaking and controlling party

The immediate parent company and ultimate holding company is Redwood Technologies Group Limited, registered in the same office as the Company. The ultimate controlling parties are S Z Taylor, and P M H Taylor by virtue of their shareholdings in Redwood Technologies Group Limited.

The consolidated results of Redwood Technologies Group Limited is the only group of which the Company is a member for which group financial statements are drawn up. The consolidated results can be obtained from Radius Court, Eastern Road, Bracknell, Berkshire, RG12 2UP.