

ANNUAL REPORT AND FINANCIAL  
STATEMENTS

FOR THE PERIOD ENDED

30 JUNE 2023

15GIFTS LTD

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# 15GIFTS LTD

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## COMPANY INFORMATION

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Directors	T P Cox S S Drakeford L John (appointed 20 December 2022) C Kay (appointed 20 December 2022) R Taylor (appointed 15 March 2023) S Maltsev (appointed 19 September 2023)
Registered number	07039525
Registered office	Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY

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# 15GIFTS LTD

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# 15GIFTS LTD

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## STRATEGIC REPORT FOR THE PERIOD ENDED 30 JUNE 2023

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### Introduction

The Directors present their Strategic Report for 15Gifts Limited (the "Company", or "15Gifts") for the 7 month period ended 30 June 2023. The Directors of the Company set a clearly defined strategy to respond to the changes taking place in technology and in the markets in which it operates in a way that leverages the strengths of the business model and delivers organic revenue and margin growth.

### Principal activity

The principal activity of the Company is to develop and sell subscriptions of the cloud-based Guided Selling Engine and to provide implementation consultancy.

### Review of business

The core product of 15Gifts is a Guided Selling Engine built on consumer psychology principles and advanced machine learning. The solution is a fully customisable platform that recreates the craft of a in-store sales assistant in an online environment. The Company has also developed Profiles - a solution that allows to model real-time, data rich customer profiles.

The Company is loss making by design due to investments in product development and customer acquisition across new verticals and geographies. The Company incurred a loss of £1,840,485 for the 7 month period to 30 June 2023 (11 month period ended 30 November 2022: £209,925) on revenue of £3,249,933 (period ended 30 November 2022: £3,838,986). £1,343,820 (2022: £1,835,791) of the loss in the period ending 30 June 2023 relates to amortisation of intangible fixed assets.

### Institutional investment

In December 2022, the Company successfully secured its inaugural institutional investment from FPE Capital LLP in which will provide the necessary resources to finance its long-term product and business strategy. The primary investment comprised a £5m equity injection.

### Exceptional costs

During the period, the company incurred material exceptional costs of £656,069 (period ended 30 November 2022: £71,822) relating to the institution investment and comprising commercial, technical and financial due diligence reviews, exceptional bonuses and senior leadership recruitment fees.

### Future developments

On 1 February 2024, the Company refinanced its existing £1m Growth Capital (GC) loan from Santander and two Coronavirus Business Interruption Loan Scheme (CBILS) loans totalling £1m with a Revolving Credit Facility (RCF) of a maximum of £5m. The GC loan was coming to maturity in March 2024, one CBILS loan was maturing in June 2024 and another CBILS loan was maturing in June 2026.

The new RCF provided sufficient liquidity to settle the outstanding debt in full and fully funds the Company's long term business plan until the point of break even.

## STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2023

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### Principal risks and uncertainties

Risk is inherent within our business activities, and the Company continues to prioritise and develop its risk management capability in recognition of this.

Currently the following principal risks are monitored and reported.

#### *Key customer risk*

At present, the Company operates within the telecommunications sector with a number of large enterprise customers. Consequently, customer retention plays a vital role in its success. To address this challenge, the Company invests consistently in customer success initiatives and maintains a team of experts dedicated to supporting its clientele. Additionally, the Company is investing in software development that will facilitate alternate vertical market entry and expand geographical footprint.

The Company also ensures the performance of its Guided Selling Engine, tailored to each customer, is frequently evaluated to guarantee enhanced conversion rates and Return On Investment.

#### *Funding risk*

The lifecycle stage of the Company results in it currently generating losses due to investing heavily in the development of its platform. Consequently, the Company has been dependent on external funding to sustain its operations. The current economic environment has witnessed a substantial decline in the availability of funding and less favourable conditions. Despite this, the Company successfully secured its inaugural institutional investment from FPE Capital LLP in December 2022, which will provide the necessary resources to finance its long-term product and business strategy, and refinanced its existing debt in February 2024.

#### *Technology risk*

Relying solely on one technology or platform can make a company susceptible to vulnerabilities and sudden disruptions. Additionally, the rapid progress of Artificial Intelligence (AI) contributes to the quick obsolescence of technology. To stay ahead of technological shifts, the Company has been consistently investing in the development of its products and platforms, specifically focusing on enhancing its AI and machine learning capabilities. Furthermore, the Company prioritises continuous investment in acquiring, retaining, and nurturing talent in development and product roles as a means to effectively mitigate technology-related risks.

#### *Talent and Human Resources Risk*

The challenge of attracting and keeping talented employees can impede progress and creativity, especially considering our ambitious plans for rapid product development and expansion. To address this issue, we provide appealing compensation packages, cultivate a positive work environment, and offer opportunities for professional development. Additionally, we prioritise diversity and inclusivity in our workplace to draw a broader pool of skilled individuals.

STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 JUNE 2023

Other key performance indicators

In addition to revenue and profit disclosed in the financial statements, as well as notes thereto, providing a comprehensive overview of the Company's business development, performance and position, the Company tracks and reports the following internal KPIs.

	30 June 1 December 2022 to 30 June 2023 £	30 November 1 January 2022 to 30 November 2022 £
Annual recurring revenue	4,952,040	4,879,613
Churn (last 12 months)	3.66%	0%
Net revenue retention	114.26%	111.97%

This report was approved by the board and signed on its behalf.

S Maltsev  
Director

Date: 15 March 2024

## DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2023

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The directors present their report and the financial statements for the period ended 30 June 2023.

### Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

### Results and dividends

The loss for the period, after taxation, amounted to £1,840,485 (2022 - loss £209,925).

The Directors do not recommend the payment of a dividend (2022 - £Nil).

### Directors

The directors who served during the period were:

T P Cox  
S S Drakeford  
L John (appointed 20 December 2022)  
C Kay (appointed 20 December 2022)  
R Taylor (appointed 15 March 2023)

### Matters covered in the Strategic report

The Company has chosen, in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, to set out within the Company's Strategic Report the Company's Strategic Report Information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

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# 15GIFTS LTD

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## DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2023

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### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are 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 the Company's auditors are aware of that information.

### Post balance sheet events

On 8 September 2023 the Company issued 1,868 £0.01 Ordinary C Shares for a total consideration of £3,064.

On the same day, the Company purchased 183 £0.01 Ordinary C Shares at par value, and immediately cancelled the shares.

On 22 December 2023 the Company issued 7,352 Ordinary C Shares for a total consideration of £1397. The Company also converted 2,352 Ordinary C shares into 2,352 Preference shares.

On 1 February 2024, the Company refinanced its existing £1m Growth Capital (GC) loan from Santander and two Coronavirus Business Interruption Loan Scheme (CBILS) loans totalling £1m with a Revolving Credit Facility (RCF) of a maximum of £5m.

### Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

### S Maltsev

Director

Date: 15 March 2024

Ashcombe House  
5 The Crescent  
Leatherhead  
Surrey  
KT22 8DY



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 15GIFTS LTD**

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**Opinion**

We have audited the financial statements of 15Gifts Ltd (the 'Company') for the period ended 30 June 2023, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, 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, 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 2023 and of its loss for the period 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 15GIFTS LTD (CONTINUED)**

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**Opinion 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 period 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 or the Directors' report.

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

- adequate accounting records have not been kept, 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 4, 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 15GIFTS LTD (CONTINUED)

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

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

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

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant:
  - The Companies Act 2006;
  - Financial Reporting Standard 102;
  - UK employment legislation;
  - UK health and safety legislation;
  - General Data Protection Regulations;
  - The Company's industry specific accreditations as required by certain key customers; and
  - UK tax legislation.
- We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the Company is complying with those legal and regulatory frameworks by, making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of relevant documentation.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. No issues were identified in this area. We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Company's engagement team included:
  - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - Challenging assumptions and judgements made by management in its significant accounting estimates; and
  - Identifying and testing journal entries, in particular any journal entries posted outside of the normal working patterns of the accounts team, or with unusual descriptions or account combinations.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
  - The application of inappropriate judgements or estimation to manipulate the Company's financial position in the calculation of the year end accrued and deferred revenue balances in relation to long term contracts.
  - The posting of unusual journals and complex transactions.
  - The use of management override of controls to manipulate results, or to cause the Company to enter into transactions not in its best interests.

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

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 15GIFTS LTD (CONTINUED)**

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**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 Auditors' 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.

Caroline Milton FCA Senior Statutory Auditor  
for and on behalf of

**Menzies LLP**

Chartered Accountants  
Statutory Auditor  
Ashcombe House  
5 The Crescent  
Leatherhead  
Surrey  
KT22 8DY

16 March 2024

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# 15GIFTS LTD

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

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		1 December 2022 to 30 June 2023 £	1 January 2022 to 30 November 2022 £
	Note		
Turnover	4	3,249,933	3,838,986
Cost of sales		(665,733)	(715,518)
<b>Gross profit</b>		<b>2,584,200</b>	<b>3,123,468</b>
Administrative expenses		(3,866,709)	(3,627,275)
Exceptional administrative expenses		(656,069)	(71,822)
<b>Operating loss</b>	5	<b>(1,938,578)</b>	<b>(575,629)</b>
Interest receivable and similar income	9	38,230	-
Interest payable and similar expenses	10	(150,504)	(113,647)
<b>Loss before tax</b>		<b>(2,050,852)</b>	<b>(689,276)</b>
Tax on loss	11	210,367	479,351
<b>Loss for the financial period</b>		<b>(1,840,485)</b>	<b>(209,925)</b>

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 15 to 30 form part of these financial statements.

**15GIFTS LTD**  
**REGISTERED NUMBER:07039525**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	<b>Note</b>	<b>30 June 2023 £</b>	<b>30 November 2022 £</b>
<b>Fixed assets</b>			
Intangible assets	13	<b>3,435,865</b>	3,642,585
Tangible assets	14	<b>87,079</b>	39,538
		<b>3,522,944</b>	3,682,123
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	<b>1,651,171</b>	1,682,209
Cash at bank and in hand		<b>3,863,385</b>	593,749
		<b>5,514,556</b>	2,275,958
Creditors: amounts falling due within one year	16	<b>(2,647,103)</b>	(1,100,669)
<b>Net current assets</b>		<b>2,867,453</b>	1,175,289
<b>Total assets less current liabilities</b>		<b>6,390,397</b>	4,857,412
Creditors: amounts falling due after more than one year	17	<b>(600,000)</b>	(1,641,243)
<b>Provisions for liabilities</b>			
Deferred tax	19	<b>(710,155)</b>	(920,522)
Other provisions	20	<b>(12,000)</b>	(12,000)
		<b>(722,155)</b>	(932,522)
<b>Net assets</b>		<b>5,068,242</b>	2,283,647
<b>Capital and reserves</b>			
Called up share capital	21	<b>2,032</b>	1,520
Share premium account	23	<b>4,704,197</b>	79,629
Profit and loss account	23	<b>362,013</b>	2,202,498
		<b>5,068,242</b>	2,283,647

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**S Maltsev**  
Director

Date: 15 March 2024

The notes on pages 15 to 30 form part of these financial statements.

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# 15GIFTS LTD

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## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

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	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2022</b>	1,520	79,629	2,412,423	2,493,572
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(209,925)	(209,925)
<b>At 1 December 2022</b>	1,520	79,629	2,202,498	2,283,647
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(1,840,485)	(1,840,485)
<b>Contributions by and distributions to owners</b>				
Shares issued during the period	512	4,624,568	-	4,625,080
<b>At 30 June 2023</b>	<u>2,032</u>	<u>4,704,197</u>	<u>362,013</u>	<u>5,068,242</u>

The notes on pages 15 to 30 form part of these financial statements.

# 15GIFTS LTD

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2023

	1 December 2022 to 30 June 2023 £	1 January 2022 to 30 November 2022 £
<b>Cash flows from operating activities</b>		
Loss for the financial period	(1,840,485)	(209,925)
<b>Adjustments for:</b>		
Amortisation of intangible assets	1,343,820	1,835,791
Depreciation of tangible assets	22,084	27,197
Loss on disposal of tangible assets	(338)	-
Interest paid	150,504	113,647
Interest received	(38,230)	-
Taxation charge	(210,367)	(479,351)
Decrease/(increase) in debtors	31,038	(134,048)
Increase in creditors	469,933	110,706
Increase in provisions	-	12,000
Corporation tax received	-	656,898
<b>Net cash generated from operating activities</b>	<b>(72,041)</b>	<b>1,932,915</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(1,137,100)	(2,185,540)
Purchase of tangible fixed assets	(70,045)	(14,976)
Sale of tangible fixed assets	758	-
Interest received	38,230	-
<b>Net cash from investing activities</b>	<b>(1,168,157)</b>	<b>(2,200,516)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	4,625,080	-
New secured loans	35,258	-
Repayment of loans	-	(135,643)
Interest paid	(150,504)	(113,647)
<b>Net cash used in financing activities</b>	<b>4,509,834</b>	<b>(249,290)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,269,636</b>	<b>(516,891)</b>
Cash and cash equivalents at beginning of period	593,749	1,110,640
<b>Cash and cash equivalents at the end of period</b>	<b>3,863,385</b>	<b>593,749</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	3,863,385	593,749
	<b>3,863,385</b>	<b>593,749</b>



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# 15GIFTS LTD

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## ANALYSIS OF NET DEBT FOR THE PERIOD ENDED 30 JUNE 2023

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	At 1 December 2022 £	Cash flows £	At 30 June 2023 £
Cash at bank and in hand	593,749	3,269,636	3,863,385
Debt due after 1 year	(1,641,243)	1,041,243	(600,000)
Debt due within 1 year	(459,986)	(1,084,445)	(1,544,431)
	<u>(1,507,480)</u>	<u>3,226,434</u>	<u>1,718,954</u>

The notes on pages 15 to 30 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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### 1. General information

15Gifts Limited is a private company limited by shares and incorporated in England and Wales. The address of the registered office is given in the Company information page of these financial statements.

The Company's principal place of business is Century House, 15-19 Dyke Road, Brighton, BN1 3FE.

During the period, the Company changed their accounting reference date from 30 November to 30 June in order to comply with the directors preferences. In the prior year the accounts were presented for an eleven month period and are therefore not directly comparable.

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

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

#### 2.2 Going concern

In preparing the financial statements, the Directors have diligently assessed the going concern assumption to ensure that the Company possesses the ability to fulfil its obligations as they fall due. This comprehensive evaluation encompassed a thorough examination of the Company's cash position, financial standing, and obligations under existing debt agreements with external lenders.

Having carefully scrutinised the Company's current performance and future projections, the Directors are satisfied that the Company possesses sufficient resources to sustain its operations for a period of 12 months from the date these financial statements are approved. Notably, the recent investment and capital injection from FPE Capital LLP in December 2022, as well as the refinancing that took place on 1 February 2024, have fortified the Company's capacity to meet its obligations as they arise and to maintain effective operations, despite the incurred loss during the period.

With due consideration given to the aforementioned investment, which supports the Company's long-term financial strategy, the financial statements of the Company have been prepared on a going concern basis. This approach assumes the continuous operation of the Company into the foreseeable future, with no intention or necessity to liquidate or curtail its activities.

#### 2.3 Functional and presentation currency

The financial statements are presented in sterling which is the functional currency of the Company and rounded to the nearest £.

#### 2.4 Revenue

Revenue consists of software licence fees received and design, configuration and profile revenue. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from licence fee sales is recognised over the period that the licence relates to on a straight line basis.

Revenue from design, configuration and profile sales is recognised based on the time spent or profiles accessed.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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### 2. Accounting policies (continued)

#### 2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

#### 2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

#### 2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 2.10 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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### 2. Accounting policies (continued)

#### 2.11 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

#### 2.12 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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### 2. Accounting policies (continued)

#### 2.14 Intangible assets

Intangible assets, including development expenditure, are initially recognised at cost where there is deemed to be a future economic benefit to the Company. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	3 years straight line
Computer software	-	3 years straight line

#### 2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- 2 years straight line
Fixtures and fittings	- 33% straight line
Computer equipment	- 33% straight line
Other fixed assets	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

#### 2.16 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

##### Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due within the operating cycle fall into this category of financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amount reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and judgements are as follows:

#### Research and development

The Company capitalises development costs. The management estimate the amount of time staff spend on development which meets the criteria to be capitalised in line with FRS102. This estimation involves judgement.

### 4. Turnover

An analysis of turnover by class of business is as follows:

	1 December 2022 to 30 June 2023 £	1 January 2022 to 30 November 2022 £
Licence fees	2,858,367	3,542,659
Design, configuration and expert hours	391,566	296,327
	<u>3,249,933</u>	<u>3,838,986</u>

Analysis of turnover by country of destination:

	1 December 2022 to 30 June 2023 £	1 January 2022 to 30 November 2022 £
United Kingdom	953,383	1,647,396
Rest of Europe	45,962	93,965
Rest of the world	2,250,588	2,097,625
	<u>3,249,933</u>	<u>3,838,986</u>

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# 15GIFTS LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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### 5. Operating loss

The operating loss is stated after charging:

	<b>1 December 2022 to 30 June 2023 £</b>	<b>1 January 2022 to 30 November 2022 £</b>
Other operating lease rentals	91,372	147,374
Exchange differences	40,923	(36,884)
Depreciation of tangible fixed assets	22,084	27,197
Amortisation of intangible fixed assets	1,343,820	1,835,791
Profit on disposal of tangible fixed assets	<u>(338)</u>	<u>-</u>

### 6. Auditors' remuneration

During the period, the Company obtained the following services from the Company's auditors:

	<b>1 December 2022 to 30 June 2023 £</b>	<b>1 January 2022 to 30 November 2022 £</b>
Fees payable to the Company's auditors for the audit of the Company's financial statements	14,000	12,500
Fees payable to the Company's auditors in respect of:		
Other services	<u>27,030</u>	<u>27,663</u>

# 15GIFTS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	1 December 2022 to 30 June 2023 £	1 January 2022 to 30 November 2022 £
Wages and salaries	1,839,211	1,105,290
Social security costs	181,263	147,555
Cost of defined contribution scheme	43,668	33,851
	<u>2,064,142</u>	<u>1,286,696</u>

The average monthly number of employees, including the directors, during the period was as follows:

	1 December 2022 to 30 June 2023 No.	1 January 2022 to 30 November 2022 No.
Directors	5	2
Employees	76	62
	<u>81</u>	<u>64</u>

### 8. Directors' remuneration

	1 December 2022 to 30 June 2023 £	1 January 2022 to 30 November 2022 £
Directors' emoluments	147,224	56,474
Company contributions to defined contribution pension schemes	755	3,410
	<u>147,979</u>	<u>59,884</u>

During the period retirement benefits were accruing to no directors (2022 - Nil) in respect of defined contribution pension schemes.



# 15GIFTS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

### 9. Interest receivable

	1 December 2022 to 30 June 2023 £	1 January 2022 to 30 November 2022 £
Other interest receivable	38,230	-
	<u>38,230</u>	<u>-</u>

### 10. Interest payable and similar expenses

	1 December 2022 to 30 June 2023 £	1 January 2022 to 30 November 2022 £
Bank interest payable	150,504	113,647
	<u>150,504</u>	<u>113,647</u>

### 11. Taxation

	1 December 2022 to 30 June 2023 £	1 January 2022 to 30 November 2022 £
<b>Corporation tax</b>		
Current tax on profits for the year	-	(564,809)
	<u>-</u>	<u>(564,809)</u>
<b>Total current tax</b>	<u>-</u>	<u>(564,809)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(210,367)	85,458
<b>Total deferred tax</b>	<u>(210,367)</u>	<u>85,458</u>
<b>Taxation on loss on ordinary activities</b>	<u>(210,367)</u>	<u>(479,351)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

### 11. Taxation (continued)

#### Factors affecting tax charge for the period

The tax assessed for the period is higher than (2022 - lower than) the standard rate of corporation tax in the UK of 21.58% (2022 - 19%). The differences are explained below:

	1 December 2022 to 30 June 2023 £	1 January 2022 to 30 November 2022 £
Loss on ordinary activities before tax	<u>(2,050,852)</u>	<u>(689,276)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.58% (2022 - 19%)	<b>(442,481)</b>	<b>(144,399)</b>
<b>Effects of:</b>		
Fixed asset timing differences	<b>(1,907)</b>	<b>(854)</b>
Expenses not deductible for tax purposes	<b>129,654</b>	<b>8,543</b>
Capital allowances for period in excess of depreciation	-	286
Additional deduction for R&D expenditure	-	(542,983)
Surrender of tax losses for R&D tax credit refund	-	753,531
Adjustments to brought forward values	<b>(17,678)</b>	-
Adjustments to tax charge in respect of prior periods	-	(10,274)
R&D tax credit	-	(564,809)
Remeasurement of deferred tax for changes in tax rates	<b>(52,761)</b>	23,408
Movement in deferred tax not recognised	<b>174,806</b>	<b>(1,800)</b>
<b>Total tax charge for the period</b>	<u><b>(210,367)</b></u>	<u><b>(479,351)</b></u>

#### Factors that may affect future tax charges

There are no factors that affect future tax charges.

# 15GIFTS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

### 12. Exceptional items

	1 December 2022 to 30 June 2023 £	1 January 2022 to 30 November 2022 £
Exceptional items	656,069	71,822
	<u>656,069</u>	<u>71,822</u>

Exceptional costs are made up of exceptional bonuses, exceptional recruitment fees, compensation payment and technical and marketing reviews.

### 13. Intangible assets

	Development expenditure £	Computer software £	Total £
<b>Cost</b>			
At 1 December 2022	8,795,044	5,387	8,800,431
Additions - internal	1,137,100	-	1,137,100
At 30 June 2023	<u>9,932,144</u>	<u>5,387</u>	<u>9,937,531</u>
<b>Amortisation</b>			
At 1 December 2022	5,155,152	2,694	5,157,846
Charge for the year	1,342,773	1,047	1,343,820
At 30 June 2023	<u>6,497,925</u>	<u>3,741</u>	<u>6,501,666</u>
<b>Net book value</b>			
At 30 June 2023	<u>3,434,219</u>	<u>1,646</u>	<u>3,435,865</u>
<b>At 30 November 2022</b>	<u>3,639,892</u>	<u>2,693</u>	<u>3,642,585</u>

# 15GIFTS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

### 14. Tangible fixed assets

	Short-term leasehold property	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 December 2022	79,493	41,801	135,397	256,691
Additions	-	12,514	57,531	70,045
Disposals	-	-	(25,113)	(25,113)
At 30 June 2023	79,493	54,315	167,815	301,623
<b>Depreciation</b>				
At 1 December 2022	79,493	38,836	98,824	217,153
Charge for the year	-	1,775	20,309	22,084
Disposals	-	-	(24,693)	(24,693)
At 30 June 2023	79,493	40,611	94,440	214,544
<b>Net book value</b>				
At 30 June 2023	-	13,704	73,375	87,079
<b>At 30 November 2022</b>	-	2,965	36,573	39,538

### 15. Debtors

	30 June 2023 £	30 November 2022 £
Trade debtors	725,830	965,465
Other debtors	12,040	14,870
Prepayments and accrued income	348,492	137,065
Tax recoverable	564,809	564,809
	<u>1,651,171</u>	<u>1,682,209</u>

# 15GIFTS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

### 16. Creditors: Amounts falling due within one year

	30 June 2023 £	30 November 2022 £
Bank loans	1,514,001	437,500
Trade creditors	266,449	103,050
Other taxation and social security	57,871	169,703
Other creditors	52,454	35,863
Accruals and deferred income	756,328	354,553
	<u>2,647,103</u>	<u>1,100,669</u>

Included in bank loans is an amount of £1,114,001 (2022: £Nil) and is due for repayment in March 2024. Interest is accrued at a rate 5% above LIBOR.

Included within bank loans are loans amounting to £400,000 (2022: £437,500) due under the Coronavirus Business Interruption Loan Scheme. This loan is guaranteed up to 80% by the UK government. Interest is charged on this loan at a rate of 3.8% above base rate.

The bank loans are secured over the assets of the Company.

### 17. Creditors: Amounts falling due after more than one year

	30 June 2023 £	30 November 2022 £
Bank loans	600,000	1,641,243
	<u>600,000</u>	<u>1,641,243</u>

Included in bank loans is an amount of £Nil (2022: £1,078,743) which includes accrued interest of £Nil (2022: £78,743) and is due for repayment in March 2024. Interest is accrued at a rate 5% above LIBOR.

Included within bank loans are loans amounting to £600,000 (2022: £562,500) due under the Coronavirus Business Interruption Loan Scheme. This loan is guaranteed up to 80% by the UK government. Interest is charged on this loan at a rate of 3.8% above base rate.

The bank loans are secured over the assets of the Company.

# 15GIFTS LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

### 18. Loans

Analysis of the maturity of loans is given below:

	30 June 2023 £	30 November 2022 £
<b>Amounts falling due within one year</b>		
Bank loans	1,514,001	437,500
	<u>1,514,001</u>	<u>437,500</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	600,000	1,641,243
	<u>600,000</u>	<u>1,641,243</u>
	<u>2,114,001</u>	<u>2,078,743</u>

### 19. Deferred taxation

	2023 £
At beginning of period	(920,522)
Charged to profit or loss	210,367
<b>At end of period</b>	<u><u>(710,155)</u></u>

The provision for deferred taxation is made up as follows:

	30 June 2023 £	30 November 2022 £
Fixed asset timing differences	701,937	920,522
Short term timing differences	8,218	-
	<u>710,155</u>	<u>920,522</u>

In addition to the above, no asset has been recognised in relation to unrelieved tax losses as there is no certainty over their recovery. The amount of unprovided deferred tax asset at the period end is £365,646 (2022: £190,839).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

### 20. Provisions

	Dilapidation provision £
At 1 December 2022	12,000
At 30 June 2023	<u>12,000</u>

### 21. Share capital

	30 June 2023 £	30 November 2022 £
<b>Allotted, called up and fully paid</b>		
82,619 (2022 - 117,000) Ordinary A shares of £0.01 each	826	1,170
19,095 (2022 - 25,500) Ordinary B shares of £0.01 each	191	255
7,875 (2022 - 9,551) Ordinary C shares of £0.01 each	79	95
93,598 (2022 - Nil) Preference shares shares of £0.01 each	936	-
	<u>2,032</u>	<u>1,520</u>

On 20 December 2022 the Company issued 48,345 £0.01 Preference Shares for a total consideration of £5m.

On 20 December 2022, 34,381 Ordinary A shares, 6,405 Ordinary B shares and 3,350 Ordinary C shares were converted to 44,136 Preference shares.

On 12 May 2023 the Company issued 2,791 £0.01 Ordinary C shares for a total consideration of £4,577.

On 15 June 2023, 1,117 Ordinary C shares were converted to 1,117 Preference shares.

The Ordinary A shares have full, dividend and capital distribution rights.

The Ordinary B shares do not carry any voting rights. In all other respects they rank pari passu with the Ordinary A shares.

The Ordinary C shares do not carry any voting rights. In all other respects, they rank pari passu with the Ordinary A shares.

The Preference shares have full voting rights. The Preference shares are entitled to receive in priority to any other payment by way of a dividend to the holders of any other class of share a cumulative preference dividend at a rate of 10% per annum. The dividend will accrue on a compound basis and is payable on exit, further dividends and capital rights are detailed in the Company's Articles of Association.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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### 22. Share-based payments

The Company has an equity-settled share based payment scheme for certain employees (including directors) with both time and performance vesting conditions.

Under the terms of the scheme, share options in the Company may be exercised in the event of an "Exit event" resulting in the sale of the entity's shares or assets or listing on the AIM stock exchange.

As there was no certainty of an exit event at the time, the Company recognises no expenses (2022: £Nil) related to equity-settled share-based payment transactions during the year.

Options are forfeited if the employee leaves the Company.

Details of the number of share options and the weighted average exercise price during the year are as follows:

	Weighted average exercise price (£)	No. of shares
Outstanding at 1 Dec 2022	1.60	20,167
Granted during the year		
Exercised during the year	1.64	2,791
Expired during the year	1.64	559
<b>Outstanding at 30 June 2023</b>	<b>1.60</b>	<b>16,817</b>

No share options were able to be exercised at the year end (2022: Nil). The fair value of the options at 30 June 2023 is £Nil (2022: £Nil).

### 23. Reserves

#### Share premium account

Share premium relates to any amounts paid over the par value of the share, net of share issue costs.

#### Profit and loss account

This reserve records retained earnings and accumulated losses.

### 24. Pension commitments

The Company operates a defined contributions pension scheme. Contributions totalling £68,816 (2022: £75,785) were payable to the fund at the reporting date and are included in creditors.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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### 25. Commitments under operating leases

At 30 June 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	30 June 2023 £	30 November 2022 £
Not later than 1 year	151,110	90,977
Later than 1 year and not later than 5 years	310,169	-
Later than 5 years	18,533	-
	<u>479,812</u>	<u>90,977</u>

### 26. Related party transactions

As at 30 June 2023 the Company was owed £Nil (2022 - £5,494) from S Drakeford, a director of the Company. During the period the loan was repaid in full. There was no interest charged on this loan.

### 27. Post balance sheet events

On 8 September 2023 the Company issued 1,868 £0.01 Ordinary C Shares for a total consideration of £3,064.

On the same day, the Company purchased 183 £0.01 Ordinary C Shares at par value, and immediately cancelled the shares.

On 22 December 2023, the Company issued 7,352 Ordinary C shares for a total consideration of £1,397. The Company also converted 2,352 Ordinary C shares into 2,352 Preference shares.

On 1 February 2024, the Company refinanced its existing £1m Growth Capital (GC) loan from Santander and two Coronavirus Business Interruption Loan Scheme (CBILS) loans totalling £1m with a Revolving Credit Facility (RCF) of a maximum of £5m.

### 28. Controlling party

There is no controlling party.

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