



Registered in England and Wales number 07847321

BIG SOFA TECHNOLOGIES GROUP LTD

Unaudited Financial Statements

Year Ended 31 December 2021



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Big Sofa Technologies Group Ltd

("Big Sofa", the "Group" or the "Company")

Final Results for the Year Ended 31 December 2021

DIRECTORS' REPORT

The directors present their report and the unaudited financial statements for Big Sofa Technologies Group Ltd for the year ended 31 December 2021.

The preparation of financial statements is in compliance with IFRS as adopted by the European Union. The Group financial statements consolidate the financial statements of the Company and its subsidiaries under reverse accounting principles. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

Principal Activities

Big Sofa Technologies Group Ltd is a group management company. It is the parent company of Big Sofa Technologies Limited, a UK-based company, and Big Sofa Technologies Inc., a US-based company.

The principal activity of the Group is to provide video analytics to both brand owners and market research agencies.

Business review and future developments

The review of the period's operations, future developments and key risks is contained in the Strategic Report. The Directors do not recommend a final ordinary dividend for the period (2020: £nil).

Directors and directors' interests

The directors who held office during the period and subsequently were as follows:

Matthew ("Matt") Lynch

Steven Metcalfe

Nicholas ("Nick") Mustoe

John Haworth

Christina Cochrane ("Kirsty") Fuller

Andrew Briggs (appointed 1 August 2021)

Sam Curtis (appointed 1 October 2021)

With regard to the appointment and replacement of Directors, the Company is governed by its articles of association, the Companies Act and related legislation. The articles themselves may be amended by special resolution of the shareholders.

Directors' interests

The Directors held the following beneficial interests in the shares, share options and warrants of Big Sofa Technologies Group Ltd at the date of this report:

	Ordinary shares of £0.001 each	Issued share capital %
Matthew Lynch	34,121,470	0.24%
Steven Metcalfe	142,317,911	6.76%
Nicholas Mustoe	248,166,088	14.30%
Kirsty Fuller	37,859,035	2.18%
Andrew Briggs	167,000,000	9.62%
Sam Curtis	51,700,000	0.82%

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Post Balance Sheet Events

Material post balance sheet events are disclosed in note 21.

Research and Development Activities

Big Sofa Technologies Group continues to invest in research and development activities. Big Sofa Technologies Group is focused on developing and enhancing the existing video platform and product portfolio that will complement and expand the product offering.

The total research and development expenditure for the year was £894,000 of which £656,000 capitalised and £238,000 (excluding amortisation charge) was expensed in the income statement. This expenditure was incurred on product development and enhancement. Further details of the research and development activities are disclosed in the Strategic Report.

Financial Risk management

Details of financial risk management are provided in note 3 to the accounts.

Political and charitable contributions

The Group made no charitable or political contributions during the period.

Going Concern

The Directors, having made appropriate enquiries, consider that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements. Further detail on this can be found in Note 2.

Substantial shareholdings

The Company has been advised of the following interests in more than 3% of its ordinary share capital as at 31 December 2021:

	%
Simon Lidington	4.26
Steven Metcalfe	4.16
Nicholas Mustoe	4.88
WMG Advisors LLP	5.10
Epsilon Investments PTE Ltd	3.23
Ipsos Mori UK Ltd	11.42
Adam Reynolds	3.12

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with Company law which requires the directors to prepare group and parent company financial statements for each financial year. Under that law the Directors have elected to prepare the Group consolidated financial statements in accordance with UK-Adopted International Accounting Standards ("IFRS") and elected to prepare the parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 101 Reduced Disclosure Framework). 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 and of the profit or loss of the Group and the parent company for that period.

In preparing each of the Group and parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the UK Accounting Standards, subject to any material departures disclosed and explained; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also generally responsible for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Each of the directors confirms that, to the best of their knowledge, the Group financial statements, which have been prepared in accordance with UK-Adopted IFRSs, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board



Sam Curtis
Chief Executive Officer
30 September 2022

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS

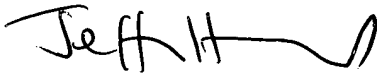
In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Big Sofa Technologies Group Limited for the year ended 31 December 2021 set out on pages 8 to 11 from the company's accounting records and from information and explanations you have given us.

As a practicing member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at:.

This report is made solely to the Board of Directors of Big Sofa Technologies Group Limited, as a body, in accordance with the terms of our engagement letter dated 2 February 2020. Our work has been undertaken solely to prepare for your approval the financial statements of Big Sofa Technologies Group Limited and state those matters that we have agreed to state to the Board of Directors of Big Sofa Technologies Group Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Big Sofa Technologies Group Limited and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that Big Sofa Technologies Group Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Big Sofa Technologies Group Limited. You consider that Big Sofa Technologies Group Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Big Sofa Technologies Group Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



Jeffreys Henry LLP

CHARTERED ACCOUNTANTS

Finsgate
5-7 Cranwood Street
London
EC1V 9EE
United Kingdom
30 September 2022

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December 2021	Year ended 31 December 2020
	Notes	£'000	£'000
Revenue		2,452	2,396
Cost of sales		(727)	(757)
Gross profit		1,725	1,639
Administrative expenses	5	(3,197)	(3,348)
Termination costs	5	-	(147)
Operating loss		(1,472)	(1,856)
Finance expenses	7	(4)	(8)
Exceptional gain		144	-
Loss before income tax		(1,332)	(1,864)
Tax credit	8	300	181
Loss for the year		(1,032)	(1,683)
Exchange differences on re-translating foreign operation		(21)	89
Total comprehensive loss		(1,053)	(1,594)
Attributable to owners of the parent:		(1,053)	(1,594)
Loss per ordinary share in respect of continuing activities - basic and diluted (pence)	9	(0.46)p	(0.87)p

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2021	31 December 2020
	Notes	£'000	£'000
Non-current assets			
Property, plant and equipment	10	18	17
Right of use asset	11	-	25
Intangible assets	12	947	935
Total non-current assets		965	977
Current assets			
Trade and other receivables	13	1,002	891
Contract assets	4	140	96
Cash and cash equivalents	14	244	298
Total current assets		1,386	1,285
Total assets		2,351	2,262
Current liabilities			
Trade and other payables	15	689	394
Lease liability	16	-	36
Contract liabilities	4	-	207
Borrowings	17	6	3
Total current liabilities		695	640
Non-current liabilities			
Lease liability	16	-	-
Borrowings	17	40	120
Total non-current liabilities		40	120
Total liabilities		735	760
Net assets		1,616	1,502
Share capital	18	7,238	6,588
Share premium account	18	10,235	9,995
Reverse acquisition reserve	18	(2,881)	(2,881)
Merger relief reserve	18	2,501	2,501
Other reserves	18	663	940
Accumulated deficit	18	(16,140)	(15,641)
Total equity		1,616	1,502

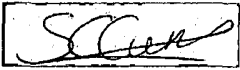
These financial statements were approved and authorised for issue by the board of directors on 30 September 2022 and were signed on its behalf by:

For the financial year ended 31 December 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements were approved and authorised for issue by the Directors on 11 April 2022 and were signed on their behalf by:

A rectangular box containing a handwritten signature in black ink. The signature appears to be 'S. Curtis'.

Sam Curtis

Chief Executive Officer

Company number 07847321

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share Premium £'000	Reverse acquisition reserve £'000	Merger relief reserve £'000	Other reserves £'000	Accumulated deficit £'000	Total £'000
Equity as at 1 January 2018	1,954	6,969	(2,881)	2,501	467	(8,567)	443
Loss for the year	-	-	-	-	-	(3,403)	(3,403)
Issue of shares	2,209	2,672	-	-	-	-	4,881
Cost of share issue	-	(74)	-	-	-	-	(74)
Issue of share options	-	-	-	-	266	-	266
Issue of warrants	-	(22)	-	-	22	-	-
Foreign currency translation	-	-	-	-	(87)	-	(87)
Convertible loan adjustment	-	-	-	-	(48)	35	(13)
Equity as at 31 December 2018	4,163	9,545	(2,881)	2,501	620	(11,935)	2,013
Loss for the year	-	-	-	-	-	(2,023)	(2,023)
Issue of shares	1,425	475	-	-	-	-	1,900
Cost of share issue	-	(25)	-	-	-	-	(25)
Issue of share options	-	-	-	-	119	-	119
Foreign currency translation	-	-	-	-	99	-	99
Equity as at 31 December 2019	5,588	9,995	(2,881)	2,501	838	(13,958)	2,083
Loss for the year	-	-	-	-	-	(1,683)	(1,683)
Issue of shares	1,000	-	-	-	-	-	1,000
Issue of share options	-	-	-	-	13	-	13
Foreign currency translation	-	-	-	-	89	-	89
Equity as at 31 December 2020	6,588	9,995	(2,881)	2,501	940	(15,641)	1,502
Loss for the year	-	-	-	-	-	(1,032)	(1,032)
Issue of shares	650	240	-	-	-	-	890
Issue of share options	-	-	-	-	277	-	277
Cancellation of share options	-	-	-	-	(533)	533	-
Foreign currency translation	-	-	-	-	(21)	-	(21)
Equity as at 31 December 2021	7,238	10,235	(2,881)	2,501	663	(16,140)	1,616

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Cash flows from operating activities		
Loss before taxation	(1,332)	(1,864)
Adjustments for:		
Depreciation and amortisation	657	775
Exceptional income – PPP loan forgiveness	(143)	-
Payment of director fees with share issue	60	-
Finance expenses	4	8
Share option charge	277	13
Foreign exchange gains / (losses)	(3)	(77)
Operating loss before working capital changes	(480)	(1,145)
Changes in working capital		
(Increase) / decrease in trade and other receivables	(11)	13
Increase / (decrease) in trade and other payables	51	(319)
Cash (used in) / generated by operations	(440)	(1,451)
Tax received	181	245
Net cash (outflow) / inflow from operating activities	(259)	(1,206)
Investing activities		
Purchase of property, plant and equipment	(15)	(2)
Purchase of intangible assets	(656)	(522)
Proceeds from disposal of property, plant and equipment	-	-
Net cash flows used in investing activities	(671)	(524)
Financing activities		
Issue of ordinary shares	830	1,000
Proceeds from other loans	71	123
Finance expenses	(4)	(4)
Payments related to lease liability	-	(33)
Net cash flows from financing activities	897	1,086
Net change in cash and cash equivalents	(33)	(644)
Cash and cash equivalents at the beginning of the period	298	853
Effects of exchange rate changes on cash and cash equivalent	(21)	89
Cash and cash equivalents at the end of the period	244	298

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

1. General information

Big Sofa Technologies Group Ltd (the "Company") is a public limited company incorporated and domiciled in England and Wales. The registered office of the Company is Finsgate 5-7 Cranwood Street, London, EC1V 9EE. The registered company number is 07847321.

The Company was incorporated on 14 November 2011.

The consolidated financial statements comprised of the Company and its subsidiaries (together referred to as "the Group") as at and for the year to 31 December 2021. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

The Group is a business to business technology group that provides video analytics, currently serving both brand owners and market research agencies. The Group's scalable platform enables users to ingest, manage, search and perform detailed analysis of video, images and audio content. The Group's business enables consumers to upload unstructured video content to its proprietary analytics platform. The platform then transcodes and, where appropriate, transcribes the data into a structured, downloadable archive of content.

2. Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed below.

Basis of consolidation

The consolidated financial statements include the results of the Company and its subsidiaries ("the Group") as if they formed a single entity for the full period or, in the case of acquisitions, from the date control is transferred to the Group. The Company controls an entity when the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities; in these circumstances it is classified as a subsidiary. Intercompany transactions and balances between Group companies are therefore eliminated in full.

On 19 December 2016 Big Sofa Technologies Group Ltd ("Company") acquired the entire issued share capital of Big Sofa Technologies Limited ("legal subsidiary") for a consideration of £4,146,000, satisfied by the issue of shares of £3,037,000 and cash of £1,109,000. As the legal subsidiary is reversed into the Company (the legal parent), which originally was a publicly listed cash shell company, this transaction cannot be considered a business combination, as the Company, the accounting acquiree does not meet the definition of a business, under IFRS 3 'Business Combinations'. However, the accounting for such capital transaction should be treated as a share-based payment transaction and therefore accounted for under IFRS 2 'Share-based payment'. Any difference in the fair value of the shares deemed to have been issued by the Big Sofa Technologies Limited (accounting acquirer) and the fair value of Big Sofa Technologies Group Ltd's (the accounting acquiree) identifiable net assets represents a service received by the accounting acquirer.

Although the consolidated financial information has been issued in the name of Big Sofa Technologies Group Ltd, the legal parent, it represents in substance continuation of the financial information of the legal subsidiary.

The assets and liabilities of the legal subsidiary are recognised and measured in the Group financial statements at the pre-combination carrying amounts and not re-stated at fair value.

The retained earnings and other reserves balances recognised in the Group financial statements reflect the retained earnings and other reserves balances of the legal subsidiary immediately before the business combination and the results of the period from 1 January 2016 to the date of the business combination are those of the legal subsidiary only.

The equity structure (share capital and share premium) appearing in the Group financial statements reflects the equity structure of Big Sofa Technologies Group Ltd, the legal parent. This includes the shares issued in order to effect the business combination.

The difference between the aggregate deemed fair value of the consideration paid and the identified assets and liabilities acquired of Big Sofa Technologies Group Ltd is £705,000 and this amount was charged to the income statement for the year ended 31 December 2016.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has not early adopted any standards, interpretations or amendments.

The Group applies, for the first time, IFRS 16 Leases which does not require restatement of previous financial statements. As required by IAS 34, the nature and effect of this application is disclosed below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the Group's Consolidated Financial Statements.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of twelve months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Summary of new accounting policies

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Amounts recognised in the statement of financial position

	Right of use assets £'000	Lease liabilities £'000
As at 1 January 2021	25	36
Depreciation expense (included in Admin expenses)	(25)	-
Payments	-	(36)
As at 31 December 2021	-	-
Current	-	-
Non-current	-	-

(b) New, amended standards, interpretations not adopted by the Group

A number of new standards, amendments to standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 January 2019, or later periods, where the Group intends to adopt these standards, if applicable, when they become effective. The Group has disclosed below those standards that are likely to be applicable to the Group and is currently assessing the impact of these standards.

IFRS 17 Insurance Contracts

IFRS 17 "Insurance Contracts", effective date 1 January 2021 applies a model that combines a current balance sheet measurement of insurance contracts with recognition of profit over the period that services are provided.

Management has not yet fully assessed the impact of these standards but does not believe they will have a material impact on the financial statements.

Going concern

The Directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of these financial statements. The forecast contains certain assumptions about the performance of the business including growth in future revenue, the cost model and margins; and importantly the level of cash recovery from trading. The directors are aware of the risks and uncertainties facing the business but the assumptions used are the Directors' best estimate of the future development of the business.

The Group forecasts include additional funding requirements upon which the Group is dependent. The directors are satisfied that these funding requirements will be met. Additionally, in the event that the Group fails to meet its revenue predictions, the directors have outlined cost saving measures that will ensure there are enough funds to operate for at least the next twelve months. The directors are satisfied that this can be achieved.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Nevertheless, the directors acknowledge that there is material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Foreign currency

The functional currency of the Group is Sterling Pound (£), its UK subsidiary is also in £ and its US subsidiary is US \$. The presentational currency of the Group is £ because of the domicile of the Group management company and because a significant amount of its transactions are in £.

Transactions entered by the Group's entities in a currency other than the reporting currency are recorded at the rates ruling when the transaction occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the re-translation of outstanding monetary assets and liabilities are also recognised in the income statement.

Revenue recognition

- Revenues increased by 2% to £2.45m (2020: £2.40m)
 - Revenues generated from ongoing licence and platform access fees increased 200% to £0.59m (2020: £0.20m)
 - Revenues generated from automated analysis and processing fees decreased 2% to £1.28m (2020: £1.30m)
 - Revenues from technical services, including insight delivery and bespoke client platform development, decreased 36% to £0.58m (2020: £0.89m)

The Company prices tactically to foster adoption with its target market of global blue-chip customers, but with a focus on overall margin. Across the product suite, Big Sofa Technologies' revenues are derived from three key areas.

- **Ongoing licence and access fees:** relating to the licencing of the platform to clients and secure SSO platform access allowing clients to access video content and functionality of the platform.
- **Automated analysis and processing fees:** platform setup, receipt of data, transcoding, translation and transcription, data ingestion, curation, collation, data wrangling, data analysis and processing, machine learning applications; storage and hosting in secure environments compliant with local data protection laws.
- **Technical services, including insight delivery and bespoke client platform development:** data science applications, integrations, tech consultancy, strategic and brand consultancy, video production (mostly as a video deliverable of insight and analysis provided by video data on the platform).

The weighting of these revenue streams and pricing of these services (which drives the revenue recognition) depends on the service level required by the client, and on the commercial imperatives and pricing sensitivities of the client.

The contractual performance obligations will typically be embedded in an agreement with the client. Where that agreement is detailed, the revenue recognition will follow the allocation of fees and revenues against the completion of the agreed performance milestones in the accounting period. Where the agreement is not specific, the revenue recognition will be in proportion to the completion of performance milestones in the relevant accounting period against the internal costings prepared in advance for each project.

- i) **Ongoing licence and access fees:** revenue is recognised on a straight-line basis over the duration of the licence or access agreement.
- ii) **Automated analysis and processing fees:** revenue is recognised in proportion to the number of hours analysed and processed during the relevant accounting period as a proportion of total hours agreed to be processed per the sales agreement.
- iii) **Technical services, including insight delivery and bespoke client platform development:** this is charged on a day-rate basis or project basis and is recognised in proportion to the time spent in line with the internally budgeted workplans for an individual project. In the case of video deliverables, these may be charged on a volume basis (e.g. minutes of video required).

Critical judgements in allocating the transaction price

The performance obligations of each sales agreement are established and it is estimated what proportion of the total sales price should be allocated to the completion of each performance obligation. Revenue is then recognised in line with the performance obligations that are completed within the accounting period.

No adjustments were required on the adoption of IFRS 15 upon its adoption for accounting periods starting on or after 1 January 2018.

Operating segments

The Board considers that the Group's activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Company by reference to total results against budget.

The total profit measures are operating profit and profit for the period, both disclosed on the face of the income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Company's financial information.

Employee benefits

- (i) **Short-term benefits**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

Share-based payment

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period and the corresponding entry recorded in the share-based payment reserve. 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.

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 the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Operating leases

All leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Property, plant and equipment

Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses. Depreciation is provided to write-off cost, less estimated residual values, of all property, plant and equipment, except for investment properties and freehold land, evenly over their expected useful lives, calculated at the following rates:

Furniture, fittings & equipment – 25% straight line per annum
Computer equipment – 25% straight line per annum

The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset, then the asset is impaired and its value reduced by recognising an impairment provision.

Intangible assets

Research and development

Expenditure on research activities is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements.

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- Big Sofa has sufficient resources to complete the project;
- Big Sofa has the ability to use or sell the product; and
- the material development will generate probable future economic benefits.

Development cost not meeting these criteria for capitalisation are expensed as incurred.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised development expenditure is recognised in profit or loss in the period in which it is incurred.

In 2016, the useful life of development costs was reduced from four years to two years. In 2019, the useful life of development costs was increased from two years to three years.

Taxation

(i) Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. Big Sofa's current tax is calculated using rates that have been enacted during the reporting period

(ii) Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities.

The Group is entitled to a tax deduction on the exercise of certain employee share options. A share-based payment expense is recorded in the income statement over the period from the grant date to the vesting date of the relevant options. As there is a temporary difference between the accounting and tax bases, a deferred tax asset may be recorded. The deferred tax asset arising on share option awards is calculated as the estimated amount of tax deduction to be obtained in the future (based on the Group's share price at the balance sheet date) pro-rated to the extent that the services of the employee have been rendered over the vesting period. If this amount exceeds the cumulative amount of the remuneration expense at the statutory rate, the excess is recorded directly in equity, against retained earnings. Similarly, current tax relief in excess of the cumulative amount of the Share-based payments expense at the statutory rate is also recorded in retained earnings.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Equity

Equity comprises the following:

- Share capital: the nominal value of equity shares
- Share premium
- Re-organisation reserve
- Merger relief reserve
- Other reserves and
- Accumulated deficit.

Equity instruments

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

Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through income statement, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

Loans and receivables

The Group classifies all its financial assets as trade and other receivables. The classification depends on the purpose for which the financial assets were acquired.

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables financial assets comprise other receivables (excluding prepayments) and cash and cash equivalents included in the Statement of Financial Position.

Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contracts which give rise to them and are classified as financial liabilities at fair value through the profit and loss or loans and payables as appropriate. The Group's loans and payable comprise trade and other.

When financial liabilities are recognised initially, they are measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through income statement.

Fair value through the income statement category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. There were no financial liabilities classified under this category.

The Group determines the classification of its financial liabilities at initial recognition and re-evaluate the designation at each financial year end.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Summary of critical accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period 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.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- **Recognising appropriate revenue in line with performance obligations**

Management identifies the performance obligations associated with each contract and then exercises judgement to establish an appropriate percentage of the total transaction price to recognise once each identified performance obligation is successfully completed.

- **Useful lives of depreciable assets**

Management reviews the useful lives and residual value of depreciable assets at each reporting date to ensure that the useful lives represent a reasonable estimate of likely period of benefit to the Group. Tangible fixed assets are depreciated over their useful lives taking into account of residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Intangible assets (including capitalised development costs)**

The assessment of the future economic benefits generated by these separately identifiable intangible assets and the determination of its amortisation profile involve a significant degree of judgement based on management estimation of future potential revenue and profit and the useful life of the assets. Reviews are performed regularly to ensure the recoverability of these intangible assets.

The decrease in the useful life of capitalised development costs from 4 to 2 years greatly increased the amortisation charge in 2016. Conversely, the increase in the useful life of capitalised development costs from 2 to 3 years reduced the amortisation charge in 2019.

- **Share-based payments**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19 Share-based payments.

- **Taxation**

In recognising income tax assets and liabilities, management makes estimates of the likely outcome of decisions by tax authorities on transactions and events whose treatment for tax purposes is uncertain. Where the final outcome of such matters is different, or expected to be different, from previous assessments made by management, a change to the carrying value of income tax assets and liabilities will be recorded in the period in which such a determination is made. In recognising deferred tax assets and liabilities management also makes judgements about likely future taxable profits. The carrying values of current tax and deferred tax assets and liabilities are disclosed separately in the statement of financial position.

3. Financial Risk Management

Financial instruments by category

Financial assets	31 December 2021	31 December 2020
	£'000	£'000
Trade and other receivables	1,002	891
Contract assets	140	96
Cash and cash equivalents	244	298
Total current financial assets	1,386	1,285

Financial liabilities	31 December 2021	31 December 2020
	£'000	£'000
Trade and other payables	689	394
Lease liability	-	36
Contract liabilities	-	207
Borrowings	6	3
Total current financial liabilities	695	640

Fair value hierarchy

All the financial assets and financial liabilities recognized in the financial statements which are short-term in nature are shown at the carrying value which also approximates the fair values of those financial instruments. Therefore, no separate disclosure for fair value hierarchy is required.

The Group's activities expose it to a variety of financial risks, mainly credit risk and liquidity risk.

Market risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Big Sofa's market risks arise from open positions in (a) interest-bearing assets and liabilities, and (b) foreign currencies; to the extent that these are exposed to general and specific market movements (see details below).

(i) Interest rate risk

The Group's interest-bearing assets comprise of only cash and cash equivalents. As Big Sofa's interest-bearing assets do not generate significant amounts of interest; changes in market interest rates do not have any significant direct effect on its income.

(ii) Currency risk

The Group is exposed to movement in foreign currency exchange rates arising from normal trading transactions that are denominated in currencies other than the respective functional currencies of the entity, primarily with respect to USD. The Group does not have a policy to hedge its exposure to foreign currency exchange risk as the Group has both revenue and exposures denominated in USD such that the net exposure is declining as the Group moves towards being naturally hedged.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash balances (including bank deposits, cash and cash equivalents) and credit exposures to trade receivables. The Group's maximum exposure to credit risk is represented by the carrying value of cash and cash equivalents and trade receivables.

Credit risk is managed by monitoring clients and performing credit checks before accepting any customers. The nature of the Group's underlying client base – a large variety of multinational companies – is such that risk is diversified and mitigated.

Liquidity risk

The Group currently holds cash balances to provide funding for normal trading activity and is managed centrally. Trade and other payables are monitored as part of normal management routine.

Borrowings and other liabilities mature according to the following schedule:

	2021 Within 1 year £'000	2020 Within 1 year £'000
Trade and other payables	689	394
Lease liability	-	36
Contract liabilities	-	207
Borrowings	6	3
Total current financial liabilities	695	640

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. Management's overall strategy remained unchanged during the period. The capital structure of the Group consists of cash and cash equivalents, issued capital, the share premium account and retained earnings.

The Group is not subject to any externally imposed capital requirements. As part of the Group's management of capital structure, consideration is given to the cost of capital.

4. Revenue from contracts with customers

The directors have reviewed the revenue from contracts from customers and have determined that the following classification is appropriate:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Upload and processing	1,283	1,304
Technical services	576	894
Licences and ongoing access	593	198
	2,452	2,396

Amount related to contract customers are presented in the statement of financial position as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Assets related to contracts with customers	140	96
Liabilities related to contract with customers	-	(207)

5. Loss from operations

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Loss is stated after charging:		
Audit fees – current Group's auditors	-	20
Other services:		
Non-audit fees	3	1
Non-audit fees – taxation advisory and compliance services of previous auditors	2	2
Depreciation of property, plant and equipment	13	123
Amortisation of intangible assets	644	652
Legal and professional fees	24	155
Staff costs	2,895	2,562
Capitalised R&D costs	(656)	(522)
Operating lease rentals	-	(8)
Foreign exchange (gain)/losses	(20)	77
Other Costs	292	286
Total Administration expenses	3,197	3,348
Termination costs	-	147

6. Employees and directors

The average number of employees (including executive directors) during the year was made up as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	Number	Number
Directors	7	6
Administrative	21	20
	28	26
Research and development	7	10
Total	35	36

The cost of employees (including directors) during the year was made up as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Salaries	1,873	1,847
Social security costs	200	201
Other staff costs	472	445
Director fees	73	56
Share-based payments	277	13
Staff costs including R&D staff	2,895	2,562

The above remuneration (including share-based payments) of directors includes the following amounts paid to the highest paid Director:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Highest paid Director	221	219

7. Finance income and expenses

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Finance expenses		
Other finance fees	4	8
Total finance expenses	4	8

8. Tax credit

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
The tax credit is as follows:		
UK Corporation tax		
Tax credit – 2021	300	-
– 2020	-	181
Total current tax	300	181
Deferred tax		
Origination and reversal of timing differences	-	-
Total tax credit	300	181

The current corporation tax credit for year ended 31 December 2021 relates to a tax receivable in respect of UK research and development activity.

Factors affecting the tax credit

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to the result for the year are as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Loss on ordinary activities	(1,332)	(1,864)
Standard rate of corporation tax	19%	19%
Loss before tax multiplied by the standard rate of corporation tax	(253)	(354)
Effects of:		
Losses carried forward	193	287
Non-deductible expenses	280	166
Accelerated depreciation	-	-
Accelerated capital allowances	-	-
Amortisation	-	-
Additional deduction for R&D expenditure	(220)	(99)
R&D tax credit claimed	(300)	(181)
Tax credit	(300)	(181)

Changes in tax rates

The Group has not recognised deferred tax assets arising from the accumulated tax losses and timing differences due to uncertainty of their future recovery. An amount of £845,000 at 31 December 2021 (2020: £790,000) has arisen due to timing differences relating to share options and warrants. Deferred tax on this amount has not been recognised due to the uncertainty surrounding the timing of the options/warrants being exercised.

9. Earnings per share

	Year ended 31 December 2021	Year ended 31 December 2020
Basic and diluted		
Loss for the period and earnings used in basic & diluted EPS (£)	(1,053,465)	(1,682,587)
Weighted average number of shares used in basic and diluted EPS	229,477,175	193,830,601
Loss per share (pence)	((0.46)	(0.87)

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares for the current and prior years included shares issued by Big Sofa Technologies Group Ltd.

Due to the loss in the periods the effect of the share options was considered anti-dilutive and hence no diluted loss per share information has been provided.

10. Property, plant and equipment

	Plant & Equipment £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost			
At 31 December 2020	85	4	89
Additions	15	-	15
Disposals	(26)	(4)	(30)
At 31 December 2021	74	-	74
Depreciation			
At 31 December 2020	71	1	72
Depreciation	12	-	12
Disposals	(27)	(1)	(28)
At 31 December 2021	56	-	56
Net book value			
At 31 December 2020	14	3	17
At 31 December 2021	18	-	18

11. Right of use asset

	Right of use asset £'000	Total £'000
Cost		
At 31 December 2020	212	212
Additions	-	-
At 31 December 2021	212	212
Depreciation		
At 31 December 2020	187	187
Depreciation	25	25
At 31 December 2021	212	212
Net book value		
At 31 December 2020	25	25
At 31 December 2021	-	-

12. Intangible assets

	Development costs £'000	Software £'000	Total £'000
Cost			
At 31 December 2020	4,615	17	4,632
Additions	656	-	656
Disposals	-	(17)	(17)
At 31 December 2021	5,271	-	5,271
Amortisation			
At 31 December 2020	3,680	17	3,697
Charge for the year	644	-	644
Disposals	-	(17)	(17)
At 31 December 2021	4,324	-	4,324
Net book value			
At 31 December 2020	935	-	935
At 31 December 2021	947	-	947

13. Trade and other receivables

	31 December 2021 £'000	31 December 2020 £'000
Trade receivables	575	547
Prepayments	96	104
Other receivables	331	215
VAT receivable	-	25
Total trade and other receivables	1,002	891

14. Cash and cash equivalents

	31 December 2021 £'000	31 December 2020 £'000
Cash at bank and in hand	244	298
Total cash and cash equivalents	244	298

15. Trade and other payables

	31 December 2021 £'000	31 December 2020 £'000
Trade payables	190	282
Accruals	117	52
Social security & other taxes payable	382	60
Total trade and other payables	689	394

16. Lease liabilities

	31 December 2021	31 December 2020
	£'000	£'000
Short term lease liability	-	36
		36
Long term lease liability	-	-
	-	-

17. Borrowings

	31 December 2021	31 December 2020
	£'000	£'000
Bounce Back loan	46	50
Paycheck Protection Program loan	-	73
Total borrowings	46	123
Current	6	3
Non-current	40	120
Total borrowings	46	123

The Bounce Back loan is a UK Government backed loan provided as part of the Coronavirus support package. No repayments are required for the first 12 months. After which, the loan incurs interest at 2.5% per annum and is repayable over a period of 10 years.

The Paycheck Protection Program loan was provided under the US Government's CARES Act. It was forgiven in its entirety during 2021.

18. Share capital and reserves

	Issued Ordinary shares of	Share premium	Merger relief reserve	Reverse acquisition reserve	Accumulated deficit	Other reserves	Total	
	Number	Nominal value £'000	£'000	£'000	£'000	£'000	£'000	
At 31 Dec 2019	186,250,692	5,588	9,995	2,501	(2,881)	(13,958)	838	2,083
At 1 Jan 2020 of 0.03	186,250,692	5,588	9,995	2,501	(2,881)	(13,958)	838	2,083
Issue of shares	33,333,333	1,000	-	-	-	-	-	1,000
Loss for the year	-	-	-	-	-	(1,683)	-	(1,683)
Issue of share options	-	-	-	-	-	-	13	13
Foreign currency translation reserve	-	-	-	-	-	-	89	89
At 31 Dec 2020	219,584,025	6,588	9,995	2,501	(2,881)	(15,641)	940	1,502
At 1 Jan 2021 of 0.03	219,584,025	6,588	9,995	2,501	(2,881)	(15,641)	940	1,502
Issue of shares	21,666,666	650	240	-	-	-	-	890
Loss for the year	-	-	-	-	-	(1,032)	-	(1,032)
Issue of share options	-	-	-	-	-	-	277	277
Cancellation of share options	-	-	-	-	-	533	(533)	-
Foreign currency translation reserve	-	-	-	-	-	-	(21)	(21)
At 31 Dec 2021	241,250,691	7,238	10,235	2,501	(2,881)	(16,140)	663	1,616

On 4 February 2021, 1,333,333 ordinary shares of £0.03 were issued at par.

On 9 March 2021, 8,333,333 ordinary shares of £0.03 were issued at par.

On 3 November 2021, 12,000,000 ordinary shares of £0.03 were issued at £0.05.

On 8 March 2022, 2,112,500 ordinary shares of £0.03 were issued at £0.05.

On 23 August 2022, a General Meeting was held whereby it was resolved that each share be subdivided into one ordinary share of 0.1 pence which have the same rights and restrictions as each Existing Ordinary Share and one Deferred Share of 2.9 pence. It was also resolved that each Deferred Share would have no rights to receive dividends or vote.

On 27 September, 1,492,382,250 ordinary shares of 0.1 pence were issued at par.

All shares of the Company rank pari passu in all respects.

Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserves	Cumulative fair value of share options and warrants granted and recognised as an expense in the Income Statement and equity portion of convertible loan.
Merger relief reserve	Merger relief reserve arises from the 100% acquisition of Big Sofa Technologies Limited in December 2016 whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006.
Reverse acquisition reserve	Effect on equity of the reverse acquisition of Big Sofa Technologies Limited
Retained earnings	Retained earnings represents all other net gains and losses and transactions with shareholders (example dividends) not recognised elsewhere.

19. Share-based payments

The Company operates an Enterprise Management Incentive (EMI) scheme for employees and directors.

Share and warrant based payment charged to the Group's profit or loss for the period were as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
	£'000	£'000
Options issued to employees and directors of parent	13	13
Options issued to employees of subsidiary	-	-
Included in share-based payments	13	13
Warrants issued for services received	-	-
Total share-based payments	13	13

The table below set outs the number and weighted average exercise price (WAEP) of, and movements in, the Company's share options scheme in the period:

Share options

	31 December 2021		31 December 2020	
	Number	WAEP (£)	Number	WAEP (£)
At 1 January	17,868,276	0.04	22,762,454	0.04
Granted during the year	37,608,030	0.03	-	-
Forfeited/lapsed during the year	(16,490,668)	0.04	(4,894,178)	0.10
At 31 December	38,985,638	0.03	17,868,276	0.04

There were no options exercised during the period.

The following share options of the Company were outstanding in respect of Ordinary shares at 31 December

**Big Sofa Technologies Group Ltd
options scheme
31 December 2021**

EMI scheme	
Number of options	38,985,638
Exercise price range	3 - 17p
Exercise period	December 2017 - December 2031

The weighted average remaining contractual life for the EMI share options outstanding at 31 December 2021 was 10 years.

The fair value of equity settled share options granted under the Group's share option schemes is estimated as at the date of grant using the Black Scholes model. The following table lists the inputs and key output to the model:

**Big Sofa Technologies Group Ltd
options scheme
31 December 2021**

	EMI
Weighted average fair value at grant date (£)	0.0122
Weighted average share price (£)	0.03
Exercise price (£)	0.03
Expected volatility	60%
Expected options life (years)	10
Expected dividends	-
Risk-free interest rate	1.37%

Warrants

	31 December 2021		31 December 2020	
	Number	WAEP (£)	Number	WAEP (£)
At 1 January	3,011,649	0.17	3,011,649	0.17
Granted during the year	-	-	-	-
Forfeited/lapsed during the year	-	-	-	-
At 31 December	3,011,649	0.17	3,011,649	0.17

The fair value of the warrants is estimated as at the date of grant using the Black Scholes model. The following table lists the inputs and key output to the model:

31 December 2021

Weighted average share price £	0.03
Weighted average fair value at grant date £	0.0122
Expected volatility	60%
Expected options life – years	3
Expected dividends	-
Risk-free interest rate	1.37%

20. Related Party Transactions

During the period the Company entered into the following transactions with related parties:

Related party	Transaction	Note	31 December 2021	31 December 2020
			£	£
Ipsos Group S.A.	Sales	1	(697,872)	(685,351)
Metcalfe Consultancy Limited	Non-executive director fees	2	30,000	28,000
Nick Mustoe	Non-executive director fees		30,000	28,000
Parkwood Associates Limited	Non-executive director fees	3	12,500	-
Amounts outstanding as at year end were as follows				
Ipsos Group S.A.			(100,876)	(147,137)
Metcalfe Consultancy Limited			6,000	-
Parkwood Associates Limited			12,500	-

1. Ipsos Mori UK Limited, a subsidiary of Ipsos Group S.A., has a 11.3% holding in the company.
2. Mr. Steven Metcalfe, a non-executive director of Big Sofa Technologies Group Ltd is a director of and has an interest in Metcalfe Consultancy Limited.
3. Mr. Andrew Briggs, a non-executive director of Big Sofa Technologies Group Ltd is a director of and has an interest in Parkwood Associates Limited.

21. Events subsequent to the reporting date

On 8 March 2022, 2,112,500 ordinary shares of £0.03 were issued at £0.05.

On 23 August 2022, a General Meeting was held whereby it was resolved that each share be subdivided into one ordinary share of 0.1 pence which have the same rights and restrictions as each Existing Ordinary Share and one Deferred Share of 2.9 pence. It was also resolved that each Deferred Share would have no rights to receive dividends or vote.

On 27 September, 1,492,382,250 ordinary shares of 0.1 pence were issued at par.

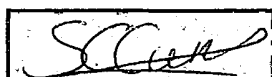
22. Ultimate controlling party

There is no ultimate controlling party of the Company.

COMPANY STATEMENT OF FINANCIAL POSITION

		31 December 2021	31 December 2020
	Notes	£'000	£'000
Non-current assets			
Right of use asset	4	-	25
Total non-current assets		-	25
Current assets			
Trade and other receivables	5	116	131
Cash and cash equivalents	6	69	139
Total current assets		185	270
Total assets		185	295
Current liabilities			
Trade and other payables	7	29	140
Lease liability	8	-	36
Total current liabilities		29	176
Non-current liabilities			
Lease liability		-	-
Total non-current liabilities		-	-
Total liabilities		29	176
Net assets		156	119
Share capital	9	7,238	6,588
Share premium		10,235	9,995
Merger Relief Reserve		2,501	2,501
Share-based payment reserve		549	805
Retained losses		(20,367)	(19,770)
Total equity		156	119

These financial statements were approved and authorised for issue by the board of directors on 30 September 2022 and were signed on its behalf by:



Sam Curtis
Chief Executive Officer
Company Registration Number: 07847321

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Merger Relief reserve £'000	Share- based Payment Reserve £'000	Retained losses £'000	Total £'000
Equity as at 1 January 2019	4,163	9,545	2,501	673	(16,391)	491
Profit / (loss) for the year	-	-	-	-	(2,332)	(2,332)
Total comprehensive profit / (loss)	-	-	-	-	(2,332)	(2,332)
Issue of shares	1,425	475	-	-	-	1,900
Cost of share issue	-	(25)	-	-	-	(25)
Issue of share options	-	-	-	119	-	119
Equity as at 31 December 2019	5,588	9,995	2,501	792	(18,723)	153
Equity as at 1 January 2020	5,588	9,995	2,501	792	(18,723)	153
Profit / (loss) for the year	-	-	-	-	(1,047)	(1,047)
Total comprehensive profit / (loss)	-	-	-	-	(1,047)	(1,047)
Issue of shares	1,000	-	-	-	-	1,000
Issue of share options	-	-	-	13	-	13
Equity as at 31 December 2020	6,588	9,995	2,501	805	(19,770)	119
Equity as at 1 January 2021	6,588	9,995	2,501	805	(19,770)	119
Profit / (loss) for the year	-	-	-	-	(1,130)	(1,130)
Total comprehensive profit / (loss)	-	-	-	-	(1,130)	(1,130)
Issue of shares	650	240	-	-	-	890
Issue of share options	-	-	-	277	-	277
Cancellation of share options	-	-	-	(533)	533	-
Equity as at 31 December 2021	7,238	10,235	2,501	549	(20,367)	156

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Cash flows from operating activities		
Operating profit / (loss) before taxation	(1,130)	(1,047)
Adjustments for:		
Share options charge	277	13
Depreciation	25	108
Finance cost	-	4
Payment of director fees with share issue	60	-
Operating loss before working capital changes	(768)	(922)
Changes in working capital		
Decrease / (Increase) in trade and other receivables	15	(44)
(Decrease) in trade and other payables	(111)	(6)
Cash (used in) / generated by operations	(864)	(972)
Net cash outflow from operating activities	(864)	(972)
Investing activities		
Loans to subsidiary undertakings	-	-
Net cash flows used in investing activities	-	-
Financing activities		
Proceeds from issue of share capital	830	1,000
Payments related to lease liability	(36)	(33)
Net cash flows from financing activities	794	967
Net change in cash and cash equivalents	(70)	(5)
Cash and cash equivalents at the beginning of the year	139	144
Cash and cash equivalents at the end of the year	69	139

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

The accounting policies that are applicable, as set out in note 2 to the consolidated financial statements have been applied together with the following accounting policies below that have been consistently in the preparation of these Big Sofa Technologies Group Ltd ("the Company") financial statements.

Basis of preparation

The financial statements of Big Sofa Technologies Group Ltd have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). There were no material amendments for all periods presented on the adoption of FRS 10, following the transition from IFRS to FRS 101. The financial statements have been prepared under the historical cost convention, as modified and in accordance with the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(IV) of IAS 1 – a reconciliation of the share capital at beginning and end of the period;
- b) the requirements of paragraphs 134 – 136 of IAS 1 'Presentation of Financial Statements' to disclose the management of the capital of the Company;
- c) the requirements of paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose the new or revised standards that have not been adopted and information about their likely impact;
- d) all of the disclosure requirements of IFRS 7 'Financial Instruments: Disclosures';
- e) the requirements of paragraph 17 of IAS 24, 'Related Party Disclosures' to disclose key management personnel; and
- f) the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiaries which is a party to the transaction is wholly owned by such a member.

Investments in subsidiaries

The Company's investment in its subsidiaries is carried at cost less provision for any impairment. Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. The carrying value is tested for impairment when there is an indication that the value of the investment might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement. The Board review the subsidiary forecasts to determine whether any provision impairment is required and where the forecasts indicate future profitability, no impairment provision is made.

Share-based payments

The accounting policy for share-based payments is disclosed in note 2 to the consolidated financial statements.

Taxation

The accounting policy for taxation is disclosed in note 2 to the consolidated financial statements.

Critical accounting estimates and judgments

The preparation of financial information in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

- 1. Measurements of the share-based payment and taxation. These are detailed in the Group accounts under note 2. Accounting Policies – Summary of critical accounting estimates and judgements.
- 2. Impairment of investment impairment. This is detailed in the accounting policy Investment in subsidiaries above

2. Company income statement

The Company has taken advantage of Section 408 of the Companies Act 2006 in not presenting its own income statement. The Company's loss for the year was £1,130,000 (2020 loss: £1,047,000) and is included within the consolidated statement of comprehensive income.

3. Staff costs

The cost of employees (including directors) during the period was made up as follows:

	31 December 2021	31 December 2020
	£'000	£'000
Salaries (including directors)	240	311
Directors fees	73	56
Share-based payments (relating to employees)	(256)	13
Total staff costs	57	380

4. Right of use asset

	Right of use asset £'000	Total £'000
Cost		
At 31 December 2020	212	212
Additions	-	-
At 31 December 2021	212	212
Depreciation		
At 31 December 2020	187	187
Depreciation	25	25
At 31 December 2021	212	212
Net book value		
At 31 December 2020	25	25
At 31 December 2021	-	-

5. Trade and other receivables

	31 December 2021	31 December 2020
	£'000	£'000
Prepayments	86	74
Other receivables	30	57
Total trade and other receivables	116	131

All amounts are due within twelve months. No amounts are past due.

6. Cash and cash equivalents

	31 December 2021 £'000	31 December 2020 £'000
Cash at bank and in hand	69	139
Total cash and cash equivalents	69	139

7. Trade and other payables

	31 December 2021 £'000	31 December 2020 £'000
Trade payables	24	119
Accruals	5	21
Total trade and other payables	29	140

8. Lease liability

	31 December 2021 £'000	31 December 2020 £'000
Short term lease liability	-	36
	-	36
Long term lease liability	-	-
	-	-

9. Share capital

For details of share capital see note 18 of the consolidated financial statements.

10. Share-based payments

For details of share-based payments see note 19 of the consolidated financial statements.

11. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with Big Sofa Technologies Limited and Big Sofa Technologies Inc which are both wholly owned subsidiaries of Big Sofa Technologies Group Ltd.

There are no other related party transactions other than those relating to Directors that have been disclosed in note 20 to the consolidated statements.

12. Contingent liabilities

The Company has no contingent liabilities.

13. Ultimate controlling party

The Company does not have an ultimate controlling party.

14. Events after reporting date

For details of events after reporting date see note 21 of the consolidated financial statements.

OFFICERS AND ADVISORS

Directors: Nick Mustoe; Non-Executive Chairman
Sam Curtis; Chief Executive Officer
Matt Lynch; Chief Strategy Officer
Steven Metcalfe; Non-Executive Director
John Haworth; Non-Executive Director
Kirsty Fuller; Non-Executive Director
Andrew Briggs; Non-Executive Director

Company registered office: Finsgate
5-7 Cranwood Street
London
EC1V 9EE

Bankers: Coutts
440 Strand
London
WC2R 0QS

Accountants: Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London EC1V 9EE

Solicitors: BPE Solicitors LLP
St. James House
St. James Square
Cheltenham GL50 3PR

Registrars: Link Asset Services
The Registry
34 Beckenham Road
Beckenham
BR3 4TU

Company Number: 07847321

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