MQA Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 09123512

MQA Limited

Company Information

Directors	J R Stuart M J Jbara S D Jagoe A E Rupert
Company secretary	Reed Smith Corporate Services Limited
Registered number	09123512
Registered office	The Broadgate Tower Third Floor 20 Primrose Street London United Kingdom EC2A 2RS
Independent auditor	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD

MQA Limited

Contents

Introduction

The Directors present their Strategic Report together with the financial statements for the year ended 31 December 2021.

Business review

MQA Limited (MQA or 'the Company') was established to exploit intellectual property (IP) developed by Bob Stuart, Peter Craven and Malcolm Law: a team that began collaborating 40 years ago and has a collective 100 years of experience in high-quality music recording, coding, and playback.

The IP embodies a new approach to digital audio coding, based on recent advances in neuroscience and a new understanding of the importance of distortion in the time domain. The IP enables the originally generated audio – from the bit stream that is approved in the studio or created live during a concert - to be delivered to a listener. Further, MQA is backward compatible with existing formats which allows it to be played on billions of devices in the hands of consumers currently.

The business plan is driven by creating demand for MQA's technologies on the consumer end through favorable relationships with content creators and services. MQA provides tools that enable content creators, distributors, and broadcasters to produce, encode, and transmit content and licenses decoding and rendering technologies to the manufacturers of consumer electronics to ensure that content is experienced in its original quality with an assurance of provenance.

Key drivers:

- MQA has established approximately 132 consumer product license agreements to-date.
- MQA has executed format licenses and equity deeds with all major music companies and the independent music trade group, Merlin – creating a natural, growing catalogue of new music prepared using MQA's technology.
- Unique Enabler: MQA's technology efficiency supports smartphone playback of authenticated, master quality sound – making it possible for services to reach 100% of the music consumer base. Competitors use less advanced technology which cannot provide the combination of data efficiency, assurance of provenance and quality of sound that MQA provides.

The key commercial activities in 2021 included:

Completion of 22 new agreements including Steinway Lyngdorf, Helm Audio, and Razer as well as additional China-based DAP and DAC companies.

These deals are harnessed through the increased demand for those products due to the growth in the subscriber based with MQA-capable music services.

Principal risks and uncertainties

- To activate MQA on a music service, the labels and services must agree on terms for the improved service. MQA is not party to those agreements and is limited in its ability to accelerate the completion of those agreements.
- The global pandemic continues to put stress on supply chains with a noticeable impact on chip supplies. Chip shortages result in reduced finished goods inventory for our licences and associated reduced sellthrough.
- While 2021 saw expansion of high-quality audio among the largest streaming services, the variety of offerings and mixed marketing messages often focus on customer retention rather than premium value for high quality audio.
- Perceptions regarding the eventual rollout of 5G have created confusion as to whether MQA's improved data efficiency will be required.
- Ongoing responsibility to achieve profitability with the time provided by available cash resources.

MQA's continued ability to expand acceptance and support from major copyright holders and music journalists as well as live music promoters and video entertainment production companies, the expanding base of MQA-licensed playback consumer devices, and MQA's product roadmap give the board confidence that MQA is well positioned to succeed.

Future development

MQA's business development has expanded to address the problems of audio quality with low data rate connections such as Bluetooth audio. In some cases, licensees have approached MQA to help them solve issues they may be having at the application or semiconductor level. The introduction of new MQA technologies in 2022 will reflect the expansion. Business development will be driven by expansion of recorded music content availability and extensions of MQA's product technology. We continue to see growth in China despite the lack of a new DP partner in that market. MQA-CD has been an effective format for creating awareness with China and Greater China markets

Intellectual Property

Although MQA Limited is principally a software company, the value of its core intellectual property ("IP") is not reflected in its balance sheet due to the nature of how it arose.

Prior to the formation of MQA as a company, the research and development underpinning the MQA software and patents was carried out by Meridian Audio Limited and a 3rd party engineering advisory firm. The IP held by Meridian (representing 66.7% of the value of all the MQA IP) was sold to Muse Holdings S.A.R.L ("Muse") for consideration of £13m. Muse subsequently, subscribed for £15m in cash in the share capital upon incorporation of MQA Limited. At the same time, Muse and the 3rd party engineering firm entered into an asset transfer agreement with MQA Limited under the terms of which the IP was transferred to the Company, at the earlier of certain revenue targets being hit, or 2 years. The total value of the IP, based on the amount paid by Muse to Meridian, was £20m at date of incorporation. The Company's Balance Sheet holds the IP at the consideration paid of nil, and the underlying value of the IP is not reflected on the Balance Sheet.

Subsequent expenditure on Development of IP through 2021 has been £10m. This expenditure is in direct support of MQA's IP portfolio; however, it does not meet the criteria for capitalization consistent with MQA's accounting practices and in accordance with UK GAAP.

Working capital

MQA is fortunate to have the continued support of our longtime founding funder, Reinet Investments S.C.A. As of this report, MQA has obtained commitments for operations through Q1 2023. When considering the investment to date and the significant potential of MQA's latest technology developments, particularly in scalable, wireless applications, we remain confident that we will obtain additional funding commitments during those discussions in Q1 2023.

MQA management has shown it is able to manage costs responsibly and aligned with revenue development.

Key performance indicators

The board consider the key performance indicators to strategic licensing agreements and revenue growth. In support of these, the board will:

- Support new product development and deployment of encoders and decoders in devices and services.
- Focus on initiatives that will secure licences with strategic partners with the ability to help MQA achieve scale.
- Monitor development of hardware revenues as well as emerging service revenues.
- Monitor service and licensing revenues generated serving the creative community in the areas of encoding and analog-to-digital audio conversion.

COVID-19 impact within 2021

The global pandemic had a measurable impact on partner supply chains and consumer confidence in 2021. MQA managed costs to offset shortfalls in revenue, resulting in a projected cash balance in line with the 2021 budget.

For 2022, we see a return of consumer electronic sales while travel limitations continue to have a negative impact on our ability to develop new relationships or deeper relationships as it relates to our strategic talks.

It was difficult, however, to establish deeper relationships during lockdown. Therefore, the Covid-19 impacts were felt when working to establish strategic engagement and broader connections.

Impact from the Russian invasion on Ukraine

The invasion of Ukraine by Russia has had a measurable impact on our team. As a UK-based company, the impact on fuel supplies and associated costs of living creates employee anxiety as well as employee retention risk.

Having converted to a remote work model due to COVID-19, the extended time spent at home results in an increased use of home heating fuel for our UK-based employees. The increased cost of fuel, therefore, is sharply felt by our personnel. Regular, informal conversations with employee evidence the financial stress introduced. As a loss-making startup, we are limited in our ability to fully offset those cost-of-living increases for our employees. There are UK-based engineering firms who have been very aggressive in providing these subsidies. While we do not have any examples of an employee departure for this reason, we know that this raises the risk around key talent retention.

This report was approved by the board on 26 December 2022 and signed on its behalf.

M J Jbara
Director

Directors' Report
For the Year Ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

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 Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The loss for the year, after taxation, amounted to £4,305,689 (2020: £4,396,165).

The Directors do not recommend payment of a dividend (2020: £Nil).

Directors

The Directors who served during the year were:

J R Stuart
M J Jbara
S D Jagoe
A E Rupert

Environmental matters

The Group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Group has complied with all applicable legislation and regulations.

Future developments

The Company's future developments are shown in the Strategic Report.

Going concern

The cashflow forecasts show that further funding will be required to continue as a going concern. The directors, with support of Reinet Investments S.C.A. ('Reinet'), the majority shareholder, have commenced a process to raise third party funding from the investors who are active in the music industry.

In the event that such new funding is not provided, the Directors have reason to believe that Reinet will continue to support the Company and Group, although this cannot be guaranteed. There is thus a material uncertainty which may cast significant doubt over the Company's and Group's ability to continue as going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

The global economy has continued to be impacted by the COVID-19 pandemic and restrictions imposed by governments around the world to travel and working practices.

The Group made a loss in the year of £4,305,689 (2020: £4,396,165) but has net current assets of £2,597,993 (2020: £674,861). The Company made a loss in the year of £4,309,008 (2020: £4,335,912) but has net current assets of £2,541,766 (2020: £609,363).

The global pandemic had a measurable impact on partner supply chains and consumer confidence in 2020. MQA managed costs to offset shortfalls in revenue, resulting in a projected cash balance in line with the 2020 budget.

For 2021, the Group saw a return of consumer electronic sales, returning revenue to expected levels, whilst having a negative impact on the Group's ability to develop new or deeper relationships. Therefore, the COVID-19 impact was felt when working to establish strategic engagement and broader connections.

Cash generated from revenues for 2021 totalled £680,000, cash outlay amounted to £4.4 million and the Group obtained £4.9 million of additional funding. As a result the Group held cash balances of £2.2 million at the end of 2021.

The Directors have performed an assessment of going concern, giving due consideration to the Group's and Company's historical and current income, together with its forward-looking projections. These forward-looking projections include a cash flow forecast for a period including 12 months from the date of approval of these financial statements. In January 2022 the Group obtained confirmation of further funding of £2.1 million to be drawn down by 31 March 2023.

The cashflow projections show that, with the additional funding secured in January 2022, the Group and Company will still require further funding in order to continue to trade as going concerns and to meet their liabilities as they fall due in the foreseeable future, being at least twelve months from the signing of these financial statements. There are different scenarios being considered by the board. Based on the above, the Directors consider that the Group and Company will be a going concern for the period of at least 12 months from the date of approval of these financial statements and have therefore prepared the financial statements on a going concern basis.

Directors' Report (continued)
For the Year Ended 31 December 2021

Disclosure of information to auditor

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 and the Group's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 December 2022 and signed on its behalf.

M J Jbara
Director

Independent Auditor's Report to the Members of MQA Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of MQA Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income the Consolidated Balance Sheet, the Company Balance Sheet , the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2.1 to the financial statements, which summarises the Directors' considerations over going concern and, in particular that the Group and Parent Company are reliant on further funding being obtained either from third parties or failing that its shareholder, which is guaranteed. As stated in note 2.1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, compliance with the Companies Act 2006, UK GAAP and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

- We had discussions with management regarding known or suspected instances of non-compliance with laws and regulations and fraud;
- We challenged assumptions made by management in their significant accounting policies and estimates; and
- We sample tested manual journal entries, in particular any journal entries posted with unusual characteristics.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of MQA Limited (continued)

Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Owen Pettifor
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Owen Pettifor (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Guildford
United Kingdom

Date: 26 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	**657,631**	459,820
Cost of sales		**(8,278)**	(49,033)
Gross profit		**649,353**	410,787
Administrative expenses		**(4,499,152)**	(4,498,722)
Operating loss	5	**(3,849,799)**	(4,087,935)
Interest receivable and similar income	9	**220**	5,310
Interest payable and similar expenses	10	**(539,128)**	(395,594)
Loss before taxation		**(4,388,707)**	(4,478,219)
Tax on loss	11	**83,018**	82,054
Loss for the financial year		**(4,305,689)**	(4,396,165)
Foreign currency translation		**(12,590)**	55,309
Other comprehensive income for the year		**(12,590)**	55,309
Total comprehensive income for the year		**(4,318,279)**	(4,340,856)
Loss for the year attributable to:			
Owners of the Parent Company		**(4,305,689)**	(4,396,165)
Total comprehensive loss for the year attributable to:			
Owners of the Parent Company		**(4,318,279)**	(4,340,856)

All amounts relate to continuing operations.

The notes on pages 19 to 36 form part of these financial statements.

MQA Limited
Registered number:09123512

Consolidated Balance Sheet
As at 31 December 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	12		**87,502**		167,615
Tangible assets	13		**62,587**		40,504
Investments	14		**49,498**		1
			199,587		208,120
Current assets					
Stocks	15	**37,236**		22,985	
Debtors: amounts falling due within one year	16	**370,764**		449,505	
Cash at bank and in hand	17	**2,450,886**		1,157,015	
		2,858,886		1,629,505	
Creditors: amounts falling due within one year	18	**(260,893)**		(954,644)	
Net current assets			**2,597,993**		674,861
Total assets less current liabilities			**2,797,580**		882,981
Creditors: amounts falling due after more than one year	19		**(11,876,986)**		(7,446,468)
Net liabilities			**(9,079,406)**		(6,563,487)
Capital and reserves					
Called up share capital	22		**14**		14
Share premium account	23		**22,307,250**		22,307,250
Foreign exchange reserve	23		**19,755**		32,345
Convertible loan note reserve	23		**4,931,466**		3,129,106
Profit and loss account	23		**(36,337,891)**		(32,032,202)
			(9,079,406)		(6,563,487)

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

on 26 December 2022

M J Jbara
Director

The notes on pages 19 to 36 form part of these financial statements.

MQA Limited
Registered number:09123512

Company Balance Sheet
As at 31 December 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	12		**87,502**		167,615
Tangible assets	13		**62,587**		40,504
Investments	14		**49,578**		81
			199,667		208,200
Current assets					
Stocks	15	**37,236**		22,985	
Debtors: amounts falling due within one year	16	**370,764**		449,505	
Cash at bank and in hand	17	**2,394,660**		1,091,517	
		2,802,660		1,564,007	
Creditors: amounts falling due within one year	18	**(260,894)**		(954,644)	
Net current assets			**2,541,766**		609,363
Total assets less current liabilities			**2,741,433**		817,563
Creditors: amounts falling due after more than one year	19		**(11,876,986)**		(7,446,468)
Net liabilities			**(9,135,553)**		(6,628,905)
Capital and reserves					
Called up share capital	22		**14**		14
Share premium account	23		**22,307,250**		22,307,250
Convertible loan note reserve	23		**4,931,466**		3,129,106
Profit and loss account	23		**(36,374,283)**		(32,065,275)
			(9,135,553)		(6,628,905)

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the Parent Company for the year was £4,309,008 (2020: loss of £4,335,912).

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

on 26 December 2022

M J Jbara
Director

The notes on pages 19 to 36 form part of these financial statements.

MQA Limited

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital	Share premium account	Foreign exchange reserve	Convertible loan note reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021	**14**	**22,307,250**	**32,345**	**3,129,106**	**(32,032,202)**	**(6,563,487)**
Comprehensive loss for the year						
Loss for the year	-	-	-	-	**(4,305,689)**	**(4,305,689)**
Foreign exchange difference	-	-	**(12,590)**	-	-	**(12,590)**
Other comprehensive loss for the year	-	-	**(12,590)**	-	-	**(12,590)**
Total comprehensive loss for the year	-	-	**(12,590)**	-	**(4,305,689)**	**(4,318,279)**
Contributions by and distributions to owners						
Convertible loan notes issued during the year	-	-	-	**1,802,360**	-	**1,802,360**
Total transactions with owners	-	-	-	**1,802,360**	-	**1,802,360**
At 31 December 2021	**14**	**22,307,250**	**19,755**	**4,931,466**	**(36,337,891)**	**(9,079,406)**

The notes on pages 19 to 36 form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Foreign exchange reserve	Convertible loan note reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2020	14	22,307,250	(22,964)	3,104,415	(27,636,037)	(2,247,322)
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(4,396,165)	(4,396,165)
Foreign exchange difference	-	-	55,309	-	-	55,309
Other comprehensive income for the year	-	-	55,309	-	-	55,309
Total comprehensive income/(loss) for the year	-	-	55,309	-	(4,396,165)	(4,340,856)
Contributions by and distributions to owners						
Convertible loan notes issued during the year	-	-	-	24,691	-	24,691
Total transactions with owners	-	-	-	24,691	-	24,691
At 31 December 2020	14	22,307,250	32,345	3,129,106	(32,032,202)	(6,563,487)

The notes on pages 19 to 36 form part of these financial statements.

Company Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital	Share premium account	Convertible loan note reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	14	22,307,250	3,129,106	(32,065,275)	(6,628,905)
Comprehensive loss for the year					
Loss for the year	-	-	-	(4,309,008)	(4,309,008)
Total comprehensive loss for the year	-	-	-	(4,309,008)	(4,309,008)
Contributions by and distributions to owners					
Convertible loan notes issued during the year	-	-	1,802,360	-	1,802,360
Total transactions with owners	-	-	1,802,360	-	1,802,360
At 31 December 2021	14	22,307,250	4,931,466	(36,374,283)	(9,135,553)

Company Statement of Changes in Equity
For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Convertible loan note reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	14	22,307,250	3,104,415	(27,729,363)	(2,317,684)
Comprehensive loss for the year					
Loss for the year	-	-	-	(4,335,912)	(4,335,912)
Total comprehensive loss for the year	-	-	-	(4,335,912)	(4,335,912)
Contributions by and distributions to owners					
Convertible loan notes issued during the year	-	-	24,691	-	24,691
Total transactions with owners	-	-	24,691	-	24,691
At 31 December 2020	14	22,307,250	3,129,106	(32,065,275)	(6,628,905)

The notes on pages 19 to 36 form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities		
Loss for the financial year	**(4,305,689)**	(4,396,165)
Adjustments for:		
Amortisation of intangible assets	**80,113**	80,114
Depreciation of tangible assets	**22,224**	16,955
Interest payable	**539,128**	395,594
Interest receivable	**(220)**	(5,310)
Taxation charge	**(83,018)**	(82,054)
Increase in stocks	**(14,251)**	(16,779)
Decrease/(increase) in debtors	**28,820**	(46,678)
Increase/(decrease) in creditors	**43,426**	(50,798)
Corporation tax received	**82,054**	144,001
Net cash generated from operating activities	**(3,607,413)**	(3,961,120)
Cash flows from investing activities		
Purchase of tangible fixed assets	**(42,919)**	(17,070)
Interest received	**220**	5,310
Net cash from investing activities	**(42,699)**	(11,760)
Cash flows from financing activities		
Issue of equity loan notes	**1,802,360**	24,691
Other new loans	**3,141,390**	53,309
Net cash used in financing activities	**4,943,750**	78,000
Net increase/(decrease) in cash and cash equivalents	**1,293,638**	(3,894,880)
Cash and cash equivalents at beginning of year	**1,157,015**	5,051,895
Foreign exchange movement	**233**	-
Cash and cash equivalents at the end of year	**2,450,886**	1,157,015
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**2,450,886**	1,157,015
	2,450,886	1,157,015

1. General information

MQA Limited is a private company incorporated in England and Wales under the Companies Act 2006. It is a company limited by shares. The address of the registered office is given on the Company Information page and the nature of the Company's operations and principal activities are given in the Strategic Report and Directors' Report.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiary ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Parent Company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the Parent Company would be identical;
- No cash flow statement or net debt reconciliation has been presented for the Parent Company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole; and
- The exemption under section 408 of the Companies Act 2006 to not present the Parent Company's Statement of Comprehensive Income.

2. Accounting policies (continued)

2.3 Going concern

The cashflow forecasts show that further funding will be required to continue as a going concern. The directors, with support of Reinet Investments S.C.A. ('Reinet'), the majority shareholder, have commenced a process to raise third party funding from the investors who are active in the music industry.

In the event that such new funding is not provided, the Directors have every reason to believe that Reinet will continue to support the Company and Group, although this cannot be guaranteed. There is thus a material uncertainty which may cast significant doubt over the Company's and Group's ability to continue as going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

The global economy has continued to be impacted by the COVID-19 pandemic and restrictions imposed by governments around the world to travel and working practices.

The Group made a loss in the year of £4,305,689 (2020: £4,396,165) but has net current assets of £2,597,993 (2020: £674,861). The Company made a loss in the year of £4,309,008 (2020: £4,335,912) but has net current assets of £2,541,766 (2019: £609,363).

The global pandemic had a measurable impact on partner supply chains and consumer confidence in 2020. MQA managed costs to offset shortfalls in revenue, resulting in a projected cash balance in line with the 2020 budget.

For 2021, the Group saw a return of consumer electronic sales, returning revenue to expected levels, whilst having a negative impact on the Group's ability to develop new or deeper relationships. Therefore, the Covid-19 impact was felt when working to establish strategic engagement and broader connections.

Cash generated from revenues for 2021 totalled £680,000, cash outlay amounted to £4.4 million and the Group obtained £4.9 million of additional funding. As a result the Group held cash balances of £2.2 million at the end of 2021.

The Directors have performed an assessment of going concern, giving due consideration to the Company's historical and current income, together with its forward-looking projections. These forward-looking projections include a cash flow forecast for a period including 12 months from the date of approval of these financial statements. In January 2022 the Group obtained confirmation of further funding of £2.1 million to be drawn down by 31 March 2023.

The cashflow projections show that, on top of the additional funding secured in January 2022, the Group and Company will still require further funding in order to continue to trade as going concerns and to meet their liabilities as they fall due in the foreseeable future, being at least twelve months from the signing of these financial statements. There are different scenarios being considered by the board but if required Reinet has expressed their continued commitment to support the Group and Company. Based on the above together with the Directors' assessment of Reinet's ability to provide the required support, the Directors consider that the Group and Company will be a going concern for the period of at least 12 months from the date of approval of these financial statements and have therefore prepared the financial statements on a going concern basis.

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 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, as shown below.

Depreciation is provided on the following basis:

Plant and machinery	- 25% straight line
Computer equipment	- 25% 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 the Consolidated Statement of Comprehensive Income.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged to the Consolidated Statement of Comprehensive Income within Administrative expenses.

The estimated useful lives range as follows:

Portal development and website	-	4 years straight line

2. Accounting policies (continued)

2.7 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 to 6 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.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2. Accounting policies (continued)

2.11 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks, other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in the case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Consolidated Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income. All other foreign exchange gains and losses are also presented in the Consolidated Statement of Comprehensive Income.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.14 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income 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.

2.15 *Operating leases: Lessee*

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.19 Convertible debt

Proceeds from convertible loan notes are allocated between liabilities and equity. The liability component is recognised as the fair value of a similar liability with the residual amount being recognised as the equity component.

2. Accounting policies (continued)

2.20 Taxation

Tax is recognised in the Consolidated Statement of Comprehensive Income 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 balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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;

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future

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 Balance Sheet date.

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

In preparing these financial statements, the Directors have made the following judgements:

- Determining the equity element of the convertible loan notes. The equity component is calculated as the difference between the NPV of future interest payments and the nominal value of the loan. Judgements are applied when calculating the discount rate applied including the size of the business and the industry it operates in.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Group.

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Amortisation of intangible fixed assets	**80,113**	80,114
Depreciation of tangible fixed assets	**22,224**	16,955
Exchange differences	**5,560**	67,981
Defined contribution pension cost	**124,797**	80,160
Operating lease payments	**115,000**	115,000

6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	**25,650**	20,500
Fees payable to the Group's auditor in respect of other services	**36,100**	9,750

7. Employees

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	**2,078,161**	1,835,579	**1,745,216**	1,540,151
Social security costs	**171,573**	212,422	**171,573**	163,763
Cost of defined contribution scheme	**90,843**	80,160	**86,865**	75,787
	2,340,577	2,128,161	**2,003,654**	1,779,701

The average monthly number of employees, including the Directors, during the year was as follows:

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Administration	**30**	25	29	24

8. Directors' remuneration

	2021	2020
	£	£
Directors' emoluments	**696,005**	717,828
Company contributions to defined contribution pension schemes	**3,978**	4,319
	699,983	722,147

During the year retirement benefits were accruing to 1 Directors (2020: 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £397,214 (2020: £423,472).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £3,978 (2020: £4,319).

The key management personnel of the Group and Company are the Directors and therefore advantage has been taken of the exemption available under FRS 102 33.7A not to disclose key management personnel remuneration.

9. Interest receivable and similar income

	2021	2020
	£	£
Other interest receivable	**220**	5,310

10. Interest payable and similar expenses

	2021	2020
	£	£
Other loan interest payable	**539,128**	395,594

11. Taxation

	2021	2020
	£	£
Corporation tax		
Current tax on losses for the year	**(83,018)**	(82,054)
Total current tax	**(83,018)**	(82,054)

11. Taxation (continued)

Factors affecting tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	**(4,388,707)**	(4,478,219)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	**(833,854)**	(850,862)
Effects of:		
Expenses not deductible for tax purposes	**333**	74,747
Deferred tax not recognised	**3,133,843**	1,392,234
Remeasurement of deferred tax for changes in tax rate	**(2,319,794)**	(616,119)
Research and development credit	**(83,019)**	(82,054)
Other disallowables	**19,473**	-
Total tax credit for the year	**(83,018)**	(82,054)

Factors that may affect future tax charges

There is an unrecognised deferred tax asset at the year end of £9,665,810 (2020: £6,629,622) in respect of taxable losses in MQA Limited of £38,709,492 (2020: £34,892,751). The Directors have not recognised this on the basis there is insufficient certainty as to whether future revenue will exceed costs to generate sufficient, taxable profits to warrant the recognition of this asset.

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, 25% effective from 1 April 2023) have been substantively enacted. This will impact the Group's tax charge accordingly.

12. Intangible assets

Group and Company

	Portal development and website £
Cost	
At 1 January 2021	**320,451**
At 31 December 2021	**320,451**
Amortisation	
At 1 January 2021	**152,836**
Charge for the year	**80,113**
At 31 December 2021	**232,949**
Net book value	
At 31 December 2021	**87,502**
At 31 December 2020	167,615

All of the Group's intangible fixed assets are held in the Parent Company.

13. Tangible fixed assets

Group and Company

	Plant and machinery £	Computer equipment £	Total £
Cost			
At 1 January 2021	-	75,791	75,791
Additions	35,007	9,300	44,307
At 31 December 2021	35,007	85,091	120,098
Depreciation			
At 1 January 2021	-	35,287	35,287
Charge for the year	4,903	17,321	22,224
At 31 December 2021	4,903	52,608	57,511
Net book value			
At 31 December 2021	30,104	32,483	62,587
At 31 December 2020	-	40,504	40,504

14. Fixed asset investments

Company

	Investments in subsidiary companies £	Other investment £	Total £
Cost			
At 1 January 2021	81	-	81
Additions	-	49,497	49,497
At 31 December 2021	81	49,497	49,578

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
MQA Inc.	This company incurs costs in respect of US employees of the group	Ordinary	100%
MQA Trustees Limited	Non-trading, dormant entity	Ordinary	100%

The registered office of MQA Inc. is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, USA.

The registered office of MQA Trustees Limited is The Broadgate Tower, Third Floor, 20 Primrose Street, London EC2A 2RS.

Other investments

Other investments are shares in other unlisted companies which are measured at fair value.

15. Stocks

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Finished goods and goods for resale	37,236	22,985	37,236	22,985

16. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	-	77,782	-	77,782
Other debtors	**147,201**	203,618	**147,201**	203,618
Prepayments and accrued income	**223,563**	168,105	**223,563**	168,105
	370,764	449,505	**370,764**	449,505

The impairment loss recognised in the year in respect of bad and doubtful debts was £364,782 (2020: £392,205) for the Company only in respect of intercompany debtors. There was no impairment loss recognised in the year for the Group (2020: £Nil).

Amounts owed by group companies are unsecured, interest free and repayable on demand.

17. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	**2,450,886**	1,157,015	**2,394,660**	1,091,517

18. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Other loans	-	750,000	-	750,000
Trade creditors	**32,233**	23,282	**32,233**	23,282
Other taxation and social security	**58,001**	56,854	**58,001**	56,854
Other creditors	**24,261**	24,432	**24,261**	24,432
Accruals and deferred income	**146,398**	100,076	**146,399**	100,076
	260,893	954,644	**260,894**	954,644

19. Creditors: Amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Other loans	**11,876,986**	7,446,468	**11,876,986**	7,446,468

Other loans relate to the debt element of the convertible loan notes. Interest is charged at 4% per annum and the loan notes mature in September 2023 unless converted at an earlier date.

20. Analysis of net debt

	At 1 January 2021 £	Cash flows £	Non-cash movements £	Other non-cash changes £	At 31 December 2021 £
Cash at bank and in hand	1,157,015	1,293,638	233	-	2,450,886
Debt due after 1 year	(7,446,468)	(3,141,390)	(539,128)	(750,000)	(11,876,986)
Debt due within 1 year	(750,000)	-	-	750,000	-
	(7,039,453)	(1,847,752)	(538,895)	-	(9,426,100)

Non-cash movements comprise:

- Foreign exchange movement on the Group's non-sterling bank balances of £233; and
- Interest accrued in the year of £539,128.

21. Loans

An analysis of the maturity of loans is given below:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due within one year				
Other loans	-	750,000	-	750,000
Amounts falling due 1-2 years				
Other loans	**11,876,986**	7,446,468	**11,876,986**	7,446,468
	11,876,986	8,196,468	**11,876,986**	8,196,468

22. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
12,504 (2020 - 12,504) Ordinary shares of £0.001 each	**12**	12
1,910 (2020 - 1,910) B Ordinary shares of £0.001 each	**2**	2
	14	14

The Ordinary shares have the right to a dividend, subject to shareholder agreement.

The Ordinary B shares have the right to a dividend only after 1 January 2021. After such time, the dividend will be equal to the Ordinary share dividend.

The Ordinary shares carry one vote; the Ordinary B shares do not carry any votes.

23. Reserves

The Group and the Company have the following reserves:

Share premium account

The share premium reserve relates to amounts paid or services provided for share capital in excess of nominal value.

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

In addition, the Group has the following reserve:

Foreign currency translation reserve

The foreign currency translation reserve relates to the differences arising on consolidation as the subsidiary company, MQA Inc., figures are in USD.

Convertible loan note reserve

The convertible loan note reserve represents the equity proportion of the convertible loan notes issued by the group.

24. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £124,797 (2020: £116,034). Contributions totalling £11,941 (2020: £10,511) were payable to the fund at the Balance Sheet date.

25. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	**115,000**	115,000	**115,000**	115,000
Later than 1 year and not later than 5 years	**47,900**	47,900	**47,900**	47,900
	162,900	162,900	**162,900**	162,900

26. Related party transactions

The Company holds a loan from Muse Holdings SARL, a parent company. The loan amount of £750,000 (2020: £750,000) was settled in the year by issuing convertible loan notes to that value.

During the year Meridian Audio Limited, a company of which S D Jagoe is a director and Muse Holdings Sarl and J R Stuart are shareholders, raised invoices for central recharges totalling £Nil (2020: £264,996). At the year end a balance of £32,983 (2020: £24,583) was outstanding and due to Meridian Audio Limited.

27. Controlling party

In the opinion of the Directors, Reinet Investments S.C.A. is the ultimate controlling party. The registered office of Reinet Investments S.C.A is 35 Boulevard Prince Henri, L-1724, Luxembourg, Grand Duchy of Luxembourg.

The accounts of MQA Limited are not included in the consolidated accounts of any other entity.