

UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
GOBSMACK HOLDINGS LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2020

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GOBSMACK HOLDINGS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS: H Allen
P N Jones
R J Williams
Ms L M Toplis

SECRETARY: Ms L M Toplis

REGISTERED OFFICE: Thremhall Park
Start Hill
Bishop's Stortford
Hertfordshire
CM22 7WE

REGISTERED NUMBER: 09829448 (England and Wales)

ACCOUNTANTS: Tayler Bradshaw
Cambridge House
16 High Street
Saffron Walden
Essex
CB10 1AX

BALANCE SHEET
31 DECEMBER 2020

	Notes	31/12/20 £	£	31/12/19 £	£
FIXED ASSETS					
Intangible assets	4		204,928		929,001
Tangible assets	5		30,251		10,124
Investments	6		50,101		50,101
			285,280		989,226
CURRENT ASSETS					
Debtors	7	1,584,108		505,735	
Cash at bank		1,509,572		92,320	
		3,093,680		598,055	
CREDITORS					
Amounts falling due within one year (including convertible debt)	8	4,879,714		4,895,291	
NET CURRENT LIABILITIES			(1,786,034)		(4,297,236)
TOTAL ASSETS LESS CURRENT LIABILITIES			(1,500,754)		(3,308,010)
CAPITAL AND RESERVES					
Called up share capital	9		503		321
Share premium			13,686,346		6,418,629
Other reserves			47,466		47,466
Retained earnings			(15,235,069)		(9,774,426)
SHAREHOLDERS' FUNDS			(1,500,754)		(3,308,010)

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

BALANCE SHEET - continued
31 DECEMBER 2020

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 16 September 2021 and were signed on its behalf by:

H Allen - Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. STATUTORY INFORMATION

Gobsmack Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about Gobsmack Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Going concern

The ongoing worldwide pandemic of Covid-19 poses a threat to the short-term performance of the Company and assessments of the financial impact on the business are ongoing. It is possible that trade will suffer as a direct result of Covid-19, given that most business focus is channelled away from marketing and loyalty programmes at the moment and counterparties are therefore taking longer to make decisions on new marketing projects. However, Gobsmack is taking the opportunity to assist its clients and future prospects by offering solutions for digital deflection, permitting much reduced reliance on physical call centres. This is generating additional interest in the Company and its products, as businesses worldwide recognise the importance of rapid digital transformation. Business development continues, although it is likely to be slower moving than before the pandemic. Due to the uncertainty around the longevity of the Covid-19 crisis and the economic impact, the Company has taken measures to reduce its cash burn and cost burn.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of considering takes into account trade discounts, settlement discounts and volume rebates.

Intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Development costs	5 years straight line
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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	2 years straight line
Computers	2 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the estimates of shares that will eventually vest. A corresponding adjustments is made to equity.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 43 (2019 - 20) .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

4. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST	
At 1 January 2020	1,103,522
Additions	204,928
Disposals	(1,103,522)
At 31 December 2020	<u>204,928</u>
AMORTISATION	
At 1 January 2020	174,521
Eliminated on disposal	(174,521)
At 31 December 2020	<u>-</u>
NET BOOK VALUE	
At 31 December 2020	<u>204,928</u>
At 31 December 2019	<u>929,001</u>

5. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 January 2020	18,898
Additions	<u>42,251</u>
At 31 December 2020	<u>61,149</u>
DEPRECIATION	
At 1 January 2020	8,774
Charge for year	<u>22,124</u>
At 31 December 2020	<u>30,898</u>
NET BOOK VALUE	
At 31 December 2020	<u>30,251</u>
At 31 December 2019	<u>10,124</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

6. FIXED ASSET INVESTMENTS

	Shares in group undertakin £
COST	
At 1 January 2020 and 31 December 2020	<u>50,101</u>
NET BOOK VALUE	
At 31 December 2020	<u>50,101</u>
At 31 December 2019	<u>50,101</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/20 £	31/12/19 £
Trade debtors	35,328	103,249
Amounts owed by group undertakings	374,092	-
Other debtors	<u>1,174,688</u>	<u>402,486</u>
	<u>1,584,108</u>	<u>505,735</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/20 £	31/12/19 £
Trade creditors	2,430,074	3,977,980
Amounts owed to group undertakings	561,152	130,826
Taxation and social security	81,492	91,264
Other creditors	<u>1,806,996</u>	<u>695,221</u>
	<u>4,879,714</u>	<u>4,895,291</u>

A number of loan notes were issued in the year at par for £1,070,800, loan notes issued in 2019 with the value of £419,975 were also outstanding at the balance sheet date. The loan notes are convertible into a minimum of 988 or maximum 2800 ordinary shares dependent upon the value of any share issues in the intervening period. Interest is charged at a rate of 10% per annum. The loan notes will be redeemed at par on 30 June 2022 if they have not been converted to shares by that date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

9. CALLED UP SHARE CAPITAL

****ERROR - CONFLICTS FOUND BETWEEN POSTINGS AND SHARE REGISTER - PLEASE REVIEW EXCEPTION REPORT (EXR).**

Allotted, issued and fully paid:		Nominal value:	31/12/20	31/12/19
Number:	Class:		£	£
12,203	Ordinary	1p	503	321
6	Ordinary Growth	1p	-	-
12	Ordinary Ratchet	1p	-	-
			<u>503</u>	<u>321</u>

Growth shares

The Growth Shares allow the holders to participate in the proceeds arising from the liquidation or exit of the Company: pari passu with 1p nominal Ordinary Shares in respect of the first £4.5m of proceeds; above this limit, at a preferred amount until the participation rate of all Growth Shareholders is equivalent to that holding 924 Ordinary Shares; and beyond this point, the Growth Shares collectively continue to receive the equivalent of holding 924 Ordinary Shares.

Ratchet shares

Holders of Ratchet Shares have the right to participate in the exit proceeds based on the terms on which external Ordinary Shareholders subscribing to the original private placement (pursuant to a private placement document) effect an ultimate exit from the company and the returns generated for such shareholders.

A maximum ratchet participation equivalent to 4,819 Ordinary Shares is permitted if external Ordinary Shareholders subscribing to the original private placement (pursuant to a private placement where new Ordinary shares were issued at a price of £310.56 per Ordinary Share) generate a minimum internal rate of return ("IRR") prior to exercise of the Ratchet of 70.0% per annum on their original subscription for Ordinary Shares.

A sliding scale of Ratchet award is available with a minimum award of 1,928 Ordinary Shares (4.7% of the post Ratchet exercise Ordinary Shares) provided such shareholders receive a minimum IRR prior to exercise of the ratchet of 40%.

10. POST BALANCE SHEET EVENTS

On 14 June 2021 the £1,070,800 loan notes issued in 2020 were converted to share capital.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

11. SHARE-BASED PAYMENT TRANSACTIONS

	Number of share options		Weighted average exercise price	
	2020 Number	2019 Number	2020 £	2019 £
Outstanding at 1 January 2020	706	2,764	0.01	0.01
Forfeited	-	(255)	-	0.01
Exercised	-	(1,803)	-	0.01
Outstanding at 31 December 2020	<u>706</u>	<u>706</u>	<u>0.01</u>	<u>0.01</u>
Exercisable at 31 December 2020	<u>706</u>		<u>0.01</u>	
			2020	2019
£	£			
Expenses recognised in the year				
Arising from equity settled share based payment transactions			<u>-</u>	<u>128,603</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.