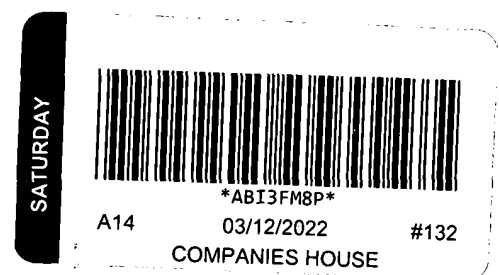


Prosapient Limited

Annual Report and Financial Statements

For the year ended 31 December 2021



Company Registration No. 10704431 (England and Wales)

Prosapient Limited

Company Information

Directors	N Gold S Holliday T Hoppe M Polishchuk J Shlosberg R Toms M Wroe	(Appointed 23 November 2021)
Secretary	Clarks Nominees Limited	
Company number	10704431	
Registered office	100 Gray's Inn Road London WC1X 8AL	
Auditor	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP	

Prosapient Limited

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Prosapient Limited

Strategic Report

For the year ended 31 December 2021

The directors present their strategic report on Prosapient Limited and its subsidiaries (together the 'Group') for the year ended 31 December 2021.

Fair review of the business

The principal activity of the Group is a Primary Research platform, assisting our clients to make smarter decisions. Amongst the services provided, we locate and conduct interviews with industry experts and create bespoke surveys.

The results for the Group are set out in the Consolidated Statement of Comprehensive Income on page 8.

Turnover of £19,947,888 (2020: £7,790,000) increased by 156% year on year, which reflects both growth with our existing client base as well as new clients.

The average number of employees in the year has increased to 120.

The Group incurred a loss of £1,705,579 (2020: £1,071,636 loss) in the financial year. Net assets subsequently decreased to £6,311,020.

Principal risks and uncertainties

COVID-19

The COVID-19 pandemic proved to be a period of uncertainty for everyone. However, our employees were successfully able to work from home for the periods of lockdown and were subsequently reintroduced back to the office environment. The nature of our business is such that remote working is entirely achievable, with limited impact on our service levels to clients.

Global macro-economic environment

At the date of this report, there continues to be uncertainty surrounding the global macro-economic backdrop. A combination of factors including soaring inflation, the Ukraine crisis, the prospect of recession and challenging stock market conditions has resulted in a slowdown in global M&A activity. With our clients less busy, we expect a reduction in demand to impact our revenues, although not meaningfully.

Ukraine

It has been a very difficult time for many of our colleagues based in Ukraine and this uncertainty persists at the date of this report. The firm has approximately 30 product developers based there. The firm has been supporting these individuals in terms of relocating where possible, but it undoubtedly remains a very challenging period for them. The firm's priority is, of course, their well-being. That said, the disruption to both the support element of the firm's platform and future product development pipeline has been thankfully limited.

Key performance indicators

The principal KPI for the firm is revenue growth. This has shown significant progress over the year rising from £7,790,000 to £19,947,888, a 156% increase (2020: 54%).

Future developments

The firm looks forward to another successful year ahead, with an expectation of again materially outpacing industry growth, as the firm continues to take market share.

On behalf of the board



N Gold
Director

30 November 2022

Prosapient Limited

Directors' Report

For the year ended 31 December 2021

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

Principal activities

The principal activity of the company and group continued to be that as detailed in the Strategic Report.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

N Gold	(Appointed 23 November 2021)
S Holliday	
T Hoppe	
M Polishchuk	
J Shlosberg	
R Toms	
M Wroe	

Auditor

Moore Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put forward at a general meeting.


Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



N Gold
Director

30 November 2022

Prosapient Limited

Directors' Responsibilities Statement

For the year ended 31 December 2021

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Prosapient Limited

Independent Auditor's Report

To the Members of Prosapient Limited

Opinion

We have audited the financial statements of Prosapient Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

Prosapient Limited

Independent Auditor's Report (Continued)

To the Members of Prosapient Limited

Opinions on other matters prescribed by the Companies Act 2006

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

Other matter

The comparative figures in the financial statements were not audited as the company and group did not require a statutory audit under the Companies Act 2006 in the prior year.

Matters on which we are required to report by exception

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 and the Directors' Report.

We have nothing to report in respect of the following matters where 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 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.

Prosapient Limited

Independent Auditor's Report (Continued)

To the Members of Prosapient Limited

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Prosapient Limited

Independent Auditor's Report (Continued)

To the Members of Prosapient Limited

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Banton (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

30 NOVEMBER 2022

Chartered Accountants
Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

Prosapient Limited

Group Statement of Comprehensive Income

For the year ended 31 December 2021

		2021	Unaudited 2020 as restated
	Notes	£	£
Turnover	3	19,947,888	7,790,000
Cost of sales		(7,761,893)	(3,115,930)
Gross profit		12,185,995	4,674,070
Administrative expenses		(13,869,278)	(5,699,101)
Operating loss	4	(1,683,283)	(1,025,031)
Tax on loss	8	(22,296)	(46,605)
Loss for the financial year		(1,705,579)	(1,071,636)
Other comprehensive income			
Currency translation differences		1,045	-
Total comprehensive income for the year		(1,704,534)	(1,071,636)

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

Prosapient Limited

Group Balance Sheet

As at 31 December 2021

		2021		Unaudited 2020 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	9		2,954,918		1,145,730
Tangible assets	10		296,641		152,799
			<u>3,251,559</u>		<u>1,298,529</u>
Current assets					
Debtors	13	5,306,800		3,402,517	
Cash at bank and in hand		1,332,920		5,713,281	
		<u>6,639,720</u>		<u>9,115,798</u>	
Creditors: amounts falling due within one year	14	(2,662,048)		(2,268,535)	
Net current assets			<u>3,977,672</u>		<u>6,847,263</u>
Total assets less current liabilities			<u>7,229,231</u>		<u>8,145,792</u>
Provisions for liabilities	15	(918,211)		(367,822)	
			<u>(918,211)</u>		<u>(367,822)</u>
Net assets			<u><u>6,311,020</u></u>		<u><u>7,777,970</u></u>
Capital and reserves					
Called up share capital	18		2		2
Share premium account			11,103,827		11,102,827
Profit and loss reserves			(4,792,809)		(3,324,859)
Total equity			<u><u>6,311,020</u></u>		<u><u>7,777,970</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30/11/2022 and are signed on its behalf by:


N Gold
Director

Prosapient Limited

Company Balance Sheet

As at 31 December 2021

		2021		Unaudited 2020 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	9		2,954,918		1,145,730
Tangible assets	10		217,926		132,278
Investments	11		14		8
			<u>3,172,858</u>		<u>1,278,016</u>
Current assets					
Debtors	13	5,238,136		3,441,360	
Cash at bank and in hand		1,265,883		5,708,080	
		<u>6,504,019</u>		<u>9,149,440</u>	
Creditors: amounts falling due within one year	14	<u>(2,794,856)</u>		<u>(2,376,789)</u>	
Net current assets			<u>3,709,163</u>		<u>6,772,651</u>
Total assets less current liabilities			<u>6,882,021</u>		<u>8,050,667</u>
Provisions for liabilities	15	<u>(918,211)</u>		<u>(367,822)</u>	
			<u>(918,211)</u>		<u>(367,822)</u>
Net assets			<u>5,963,810</u>		<u>7,682,845</u>
Capital and reserves					
Called up share capital	18		2		2
Share premium account			11,103,827		11,102,827
Profit and loss reserves			<u>(5,140,019)</u>		<u>(3,419,984)</u>
Total equity			<u>5,963,810</u>		<u>7,682,845</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,956,619 (2020 - £890,021 loss as restated).

The financial statements were approved by the board of directors and authorised for issue on 30/11/2022 and are signed on its behalf by:


N Gold
Director

Company Registration No. 10704431

Prosapient Limited

Group Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2020 (unaudited)		17	3,955,743	(2,384,769)	1,570,991
Year ended 31 December 2020:					
Loss and total comprehensive income for the year (unaudited)		-	-	(873,599)	(873,599)
Issue of share capital (unaudited)	18	3	7,147,066	-	7,147,069
Credit to equity for share option charges (unaudited)	17	-	-	131,546	131,546
Balance at 31 December 2020 prior to restatement (unaudited)		20	11,102,809	(3,126,822)	7,976,007
Prior year adjustments	26	(18)	18	902,908	902,908
Balance at 31 December 2020 restated (unaudited)		2	11,102,827	(2,223,914)	8,878,915
Year ended 31 December 2021:					
Loss for the year		-	-	(1,705,579)	(1,705,579)
Other comprehensive income:					
Currency translation differences		-	-	1,045	1,045
Total comprehensive income for the year		-	-	(1,704,534)	(1,704,534)
Issue of share capital	18	-	1,000	-	1,000
Credit to equity for share option charges	17	-	-	236,584	236,584
Balance at 31 December 2021		2	11,103,827	(3,691,864)	7,411,965

Prosapient Limited

Company Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2020 (unaudited)		17	3,955,743	(2,418,687)	1,537,073
Year ended 31 December 2020:					
Loss and total comprehensive income for the year (unaudited)		-	-	(1,792,929)	(1,792,929)
Issue of share capital (unaudited)	18	3	7,147,066	-	7,147,069
Credit to equity for share option charges (unaudited)	17	-	-	131,546	131,546
Balance at 31 December 2020 prior to restatement (unaudited)		20	11,102,809	(4,080,070)	7,022,759
Prior year adjustments	26	(18)	18	902,908	902,908
Balance at 31 December 2020 restated (unaudited)		2	11,102,827	(3,177,162)	7,925,667
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(1,956,619)	(1,956,619)
Issue of share capital	18	-	1,000	-	1,000
Credit to equity for share option charges	17	-	-	236,584	236,584
Balance at 31 December 2021		2	11,103,827	(4,897,197)	6,206,632

Prosapient Limited

Group Statement of Cash Flows

For the year ended 31 December 2021

		2021		Unaudited 2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	24	(1,723,205)		(1,343,578)	
Income taxes paid		(245,473)		(89,108)	
Net cash outflow from operating activities		(1,968,678)		(1,432,686)	
Investing activities					
Purchase of intangible assets		(2,126,774)		(1,155,768)	
Purchase of tangible fixed assets		(286,954)		-	
Net cash used in investing activities		(2,413,728)		(1,155,768)	
Financing activities					
Proceeds from issue of shares		1,000		7,147,066	
Net cash generated from financing activities			1,000		7,147,066
Net (decrease)/increase in cash and cash equivalents			(4,381,406)		4,558,612
Cash and cash equivalents at beginning of year		5,713,281		1,154,669	
Effect of foreign exchange rates		1,045		-	
Cash and cash equivalents at end of year		<u>1,332,920</u>		<u>5,713,281</u>	

Prosapient Limited

Notes to the Financial Statements

For the year ended 31 December 2021

1 Accounting policies

Company information

Prosapient Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 100 Gray's Inn Road, London, WC1X 8AL.

The group consists of Prosapient Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The comparatives for the year ended 31 December 2020 are unaudited.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Prosapient Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

As at 31 December 2021 the consolidated balance sheet shows net assets of £6,331,020 (2020: £7,777,970) including cash funds of £1,332,920 (2020: £5,713,281). However, during the year the group incurred a loss of £1,704,534 (2020: £1,071,636 loss as restated).

The directors have prepared detailed cashflow forecasts to 31 December 2023 which show that the group will be able to meet its liabilities as they fall due. In addition, the group raised net equity funding of £4,495,000 in the period March 2022 to June 2022.

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.6 Research and development expenditure

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.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.7 Intangible fixed assets other than goodwill

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

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Development costs	5 years straight line
-------------------	-----------------------

1.8 Tangible fixed assets

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

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

Leasehold improvements	Over 30 months
Fixtures and fittings	25% straight line
Computers	25% 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 recognised in the profit and loss account.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

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

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.18 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 estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.19 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

2 Judgements and key sources of estimation uncertainty

(Continued)

Useful economic life of development costs

Assumptions are made on the useful economic life of the development costs and, if shortened, would increase the amortisation charge recognised in the financial statements. Development costs are detailed in note 9.

Capitalisation of development costs

Management have identified costs that meet the capitalisation criteria. Management must make several judgements in determining that the development costs demonstrate all of the criteria detailed in FRS102 section 18.8H. The development costs carrying value at 31 December 2021 was £2,954,918 as detailed in note 9.

Recognition of deferred tax assets

Deferred tax assets are recognised to the extent that it is considered probable that those assets will be recoverable. This includes an assessment of when those assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset assets when they do reverse.

This requires assumptions regarding the future profitability of the group for the 12 months from the date of signing of the financial statements, and as this is inherently uncertain, no deferred tax asset in relation to tax losses has been recognised in the financial statements. The group has trading losses of £5.487m (2020: £3.246m as restated) carried forward at 31 December 2021.

3 Turnover and other revenue

	2021	Unaudited 2020
	£	£
Turnover analysed by class of business		
Expert Calls	16,756,753	6,650,652
Surveys	3,043,719	792,136
Other	147,416	347,212
	<u>19,947,888</u>	<u>7,790,000</u>

4 Operating loss

	2021	Unaudited 2020
	£	£
Operating loss for the year is stated after charging:		
Exchange losses	65,590	81,448
Research expenditure	301,704	73,989
Depreciation of owned tangible fixed assets	143,112	94,265
Amortisation of intangible assets	283,506	10,038
Impairment of intangible assets	34,080	-
Share-based payments	236,584	131,546
Operating lease charges	<u>401,497</u>	<u>394,853</u>

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

5 Auditor's remuneration

	2021	Unaudited 2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	25,000	-

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Unaudited		Unaudited
Group	2020	Company	2020
2021	Number	2021	Number
Number		Number	
120	68	120	68

Their aggregate remuneration comprised:

	Unaudited		Unaudited
Group	2020	Company	2020
2021	£	2021	£
£		£	
Wages and salaries	9,505,994	4,198,755	7,368,060
Social security costs	930,569	323,128	719,985
Pension costs	99,692	37,470	99,692
	10,536,255	4,559,353	8,187,737

The disclosure above includes wages and salaries and social security costs of £1,122,928 (2020: £774,699) and £26,843 (2020: £24,315) respectively which have been capitalised as development costs in the year.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

7 Directors' remuneration

	2021	Unaudited 2020
	£	£
Director's fees	26,200	37,366
Remuneration for qualifying services	494,289	312,622
Company pension contributions to defined contribution schemes	2,527	1,314
	<u>523,016</u>	<u>351,302</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020: 1)

The directors consider that the key management personnel for reporting purposes are the directors themselves.

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021	Unaudited 2020
	£	£
Director's fees	26,200	-
Remuneration for qualifying services	163,334	153,461
Company pension contributions to defined contribution schemes	-	1,209
	<u>189,534</u>	<u>154,670</u>

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

8 Taxation

	2021	Unaudited 2020 as restated
	£	£
Current tax		
UK corporation tax on profits for the current period	(528,093)	(196,217)
Deferred tax		
Origination and reversal of timing differences	550,389	242,822
Total tax charge	22,296	46,605

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021	Unaudited 2020 as restated
	£	£
Loss before taxation	(1,683,283)	(1,025,031)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2020:19%)	(319,823)	(194,756)
Unutilised tax losses carried forward	361,950	184,014
Research and development tax credit	(551,231)	(200,000)
Other non-reversing timing differences	550,389	242,822
Capital allowances in excess of depreciation	(18,989)	14,525
Taxation charge	22,296	46,605

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

9 Intangible fixed assets

Group and Company	Development costs £
Cost	
At 1 January 2021 as restated	1,155,768
Additions	2,126,774
At 31 December 2021	3,282,542
Amortisation and impairment	
At 31 January 2021 as restated	10,038
Amortisation charged for the year	283,506
Impairment losses	34,080
At 31 December 2021	327,624
Carrying amount	
At 31 December 2021	2,954,918
At 31 December 2020	1,145,730

10 Tangible fixed assets

Group	Leasehold improvements £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 January 2021 (unaudited)	186,597	31,615	95,101	313,313
Additions	9,894	1,711	275,349	286,954
At 31 December 2021	196,491	33,326	370,450	600,267
Depreciation and impairment				
At 1 January 2021 (unaudited)	124,398	12,462	23,654	160,514
Depreciation charged in the year	62,630	12,049	68,433	143,112
At 31 December 2021	187,028	24,511	92,087	303,626
Carrying amount				
At 31 December 2021	9,463	8,815	278,363	296,641
At 31 December 2020 (unaudited)	62,199	19,153	71,447	152,799

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

10 Tangible fixed assets

(Continued)

Company	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 January 2021 (unaudited)	186,597	25,838	80,357	292,792
Additions	9,894	-	190,563	200,457
At 31 December 2021	196,491	25,838	270,920	493,249
Depreciation and impairment				
At 1 January 2021 (unaudited)	124,398	12,462	23,654	160,514
Depreciation charged in the year	62,630	7,774	44,405	114,809
At 31 December 2021	187,028	20,236	68,059	275,323
Carrying amount				
At 31 December 2021	9,463	5,602	202,861	217,926
At 31 December 2020 (unaudited)	62,199	13,376	56,703	132,278

11 Fixed asset investments

		Group	Unaudited	Company	Unaudited
	Notes	2021	2020	2021	2020
		£	£	£	£
Investments in subsidiaries	12	-	-	14	8

Movements in fixed asset investments

Company	Shares in subsidiaries
	£
Cost or valuation	
At 31 January 2021 (unaudited)	8
Additions	6
At 31 December 2021	14
Carrying amount	
At 31 December 2021	14
At 31 December 2020 (unaudited)	8

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Country of incorporation	Nature of business
Prosapient Inc	United States	Market research and public opinion pooling
Prosapient Canada Inc	Canada	Market research and public opinion pooling
Prosapient Technologies, Sociedad Limitada	Spain	Dormant

The company directly owns 100% of the Ordinary share capital of all of its subsidiaries.

The registered office of Prosapient Inc is 509 W North Street, Raleigh, North Carolina, 27603.

The registered office of Prosapient Canada Inc is Suite 400, 199 Bay Street, Toronto Ontario, M5L 1A9, Canada.

The registered office of Prosapient Technologies, Sociedad Limitada is SL-B-01992155, Paseo de Gracia, 50, 5, 08007, Barcelona.

Prosapient Technologies, Sociedade Limitada is in the process of being dissolved.

Prosapient Canada Inc was incorporated on 28 September 2021.

13 Debtors

	Group 2021	Unaudited 2020	Company 2021	Unaudited 2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,722,153	1,319,144	2,722,153	1,319,144
Corporation tax recoverable	500,000	276,823	500,000	276,823
Amounts owed by group undertakings	-	-	2,176	47,399
Other debtors	86,836	52,725	84,551	44,169
Prepayments and accrued income	1,783,453	1,545,825	1,721,256	1,545,825
	<u>5,092,442</u>	<u>3,194,517</u>	<u>5,030,136</u>	<u>3,233,360</u>
Amounts falling due after more than one year:				
Other debtors	<u>214,358</u>	<u>208,000</u>	<u>208,000</u>	<u>208,000</u>
Total debtors	<u>5,306,800</u>	<u>3,402,517</u>	<u>5,238,136</u>	<u>3,441,360</u>

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

13 Debtors

(Continued)

The company is subject to a receivables finance agreement dated 20 July 2020 with an aggregate £5m facility available to the company.

The company is subject to a fixed and floating charge on its assets in respect of a debenture dated 7 January 2022.

14 Creditors: amounts falling due within one year

	Group	Unaudited	Company	Unaudited
	2021	2020	2021	2020
		as restated		as restated
	£	£	£	£
Trade creditors	851,010	144,723	840,075	138,974
Amounts owed to group undertakings	-	-	323,171	116,984
Other taxation and social security	423,498	326,879	423,498	326,879
Other creditors	249,111	326,988	137,725	326,984
Accruals and deferred income	1,138,429	1,469,945	1,070,387	1,466,968
	<u>2,662,048</u>	<u>2,268,535</u>	<u>2,794,856</u>	<u>2,376,789</u>

15 Provisions for liabilities

	Group	Unaudited	Company	Unaudited
	2021	2020	2021	2020
		as restated		as restated
	£	£	£	£
Dilapidations	125,000	125,000	125,000	125,000
Deferred tax	793,211	242,822	793,211	242,822
	<u>918,211</u>	<u>367,822</u>	<u>918,211</u>	<u>367,822</u>

The dilapidations provision is in respect of the company's leasehold property at 100 Gray's Inn Road, London, WC1X 8AL.

On 22 July 2022 the landlord gave notice under the lease break clause resulting in the dilapidations no longer being due from that date.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

15 Provisions for liabilities

(Continued)

Movements on provisions:

Group and Company	Dilapidations £	Deferred tax £	Total £
At 1 January 2021 (as restated)	125,000	242,822	367,822
Additional provisions in the year	-	550,389	550,389
At 31 December 2021	<u>125,000</u>	<u>793,211</u>	<u>918,211</u>

Deferred tax assets are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group 2021 £	Unaudited 2020 as restated £	Company 2021 £	Unaudited 2020 as restated £
Accelerated capital allowances	<u>793,211</u>	<u>242,822</u>	<u>793,211</u>	<u>242,822</u>

The company and group have estimated trade losses of £5,487,893 (2020: £3,245,357 as restated) available to carry forward against future taxable profits. A deferred tax asset has not been recognised at 31 December 2021 or 31 December 2020 due to the uncertainty of the timing of recurring future taxable profits against which the losses can be utilised.

16 Retirement benefit schemes

	2021 £	Unaudited 2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>99,692</u>	<u>37,470</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

17 Share-based payment transactions

The Company operates an EMI Share option Scheme for its employees. Upon vesting, each option allows the holder to purchase one ordinary share at the pre-agreed option price.

Group	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 January 2021	160,371	160,371	0.24	0.16
Granted	71,414	-	0.24	-
Forfeited	(53,002)	-	0.24	-
Outstanding at 31 December 2021	178,783	160,371	0.24	0.16
Exercisable at 31 December 2021	34,196	34,143	0.09	0.05

In the year ended 31 December 2021, 71,414 options were granted and no options were exercised. As at 31 December 2021, there were 178,783 options outstanding.

The fair value of the options granted was determined using the Black-Scholes option pricing model. The calculation takes into account no future dividends, a volatility rate of 20% based on expected share price and a vesting period of 3.5 years. The risk free rate was determined at between 0.19% and 1.43%.

The share option charge in the financial statements is £236,584 (2020: £131,546).

18 Share capital

Group and company	2021 Number	Unaudited 2020 as restated	2021 £	Unaudited 2020 as restated
		Number		£
Ordinary share capital				
Issued and fully paid				
Ordinary of £0.000001 each	1,601,660	1,601,660	2	2
A Ordinary of £0.000001 each	9,600	12,000	-	-
Series A1 of £0.000001 each	331,316	328,916	-	-
Series A2 of £0.000001 each	164,844	164,844	-	-
Deferred of £0.000001 each	21,600	21,600	-	-
Growth of £0.000001 each	22,746	-	-	-
	2,151,766	2,129,020	2	2

On 19 February 2021 2,400 A Ordinary shares of £0.000001 were redesignated as 2,400 Series A1 shares of £0.000001.

On 15 April 2021 22,746 Growth shares of £0.000001 were issued at £0.04396.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

19 Financial commitments, guarantees and contingent liabilities

The company is subject to a fixed charge in respect of a rent deposit date 10 October 2021.

20 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Unaudited		Unaudited	
	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Within one year	261,305	163,805	261,305	163,805
Between two and five years	75,833	335,833	75,833	335,833
	<u>337,138</u>	<u>499,638</u>	<u>337,138</u>	<u>499,638</u>

21 Events after the reporting date

In the period March to June 2022 the company issued 5,227 A Ordinary shares, 5,066 Ordinary shares, 54,932 Series A1 shares and 100,068 Series A2 shares, all of £0.000001 per share, for a total consideration of £4,650,574.

The company became subject to a fixed and floating charge on its assets in respect of a debenture dated 7 January 2022, as detailed in note 13.

22 Related party transactions

During the year M Wroe, a director of the company, invoiced the company consultancy fees of £26,200 (2020: £37,366) The balance due to M Wroe at 31 December 2021 was £Nil (2020: £Nil).

On 15 April 2021 M Wroe signed a subscription agreement with the company for 22,746 Growth shares of £0.000001 each for £1,000. The company has a call option to purchase the shares under certain conditions.

During the year Smedvig Capital Nominee Limited, a company of which R Toms is a director, charged the company an annual monitoring fee of £50,000 (2020: £50,000). Smedvig Capital Nominee Limited were charged £3,705 (2020: £Nil) in the year, which is included in prepayments and accrued income at 31 December 2021.

23 Controlling party

There is no single controlling party.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

24 Cash absorbed by group operations

	2021	Unaudited 2020 as restated
	£	£
Loss for the year after tax	(1,705,579)	(1,071,636)
Adjustments for:		
Taxation charged	22,296	46,605
Amortisation and impairment of intangible assets	317,586	10,038
Depreciation and impairment of tangible fixed assets	143,112	94,265
Equity settled share based payment expense	236,584	131,546
Increase in provisions	550,389	242,822
Movements in working capital:		
Increase in debtors	(1,681,106)	(1,563,969)
Increase in creditors	393,513	766,751
Cash absorbed by operations	(1,723,205)	(1,343,578)

25 Analysis of changes in net funds - group

	Unaudited 1 January 2021	Cash flows	Exchange rate movements	31 December 2021
	£	£	£	£
Cash at bank and in hand	5,713,281	(4,381,406)	1,045	1,332,920

26 Prior period adjustments

The prior year comparatives have been adjusted for the correction of share capital and the P&L reserve in respect of Prosapient Limited. The share capital and share premium have decreased and increased respectively by £18 with no impact on the result.

The directors determined in the year that the group's costs incurred in the ongoing development of the Research Platform should be capitalised as certain costs met the criteria, under FRS 102 section 18.8H. Accordingly, the directors capitalised costs of £1,155,268 and charged amortisation of £10,038 in the year ended 31 December 2020. The directors have recognised a deferred tax liability in respect of the accelerated capital allowances. The overall increase in net assets and decrease in the loss for the year was £902,908.