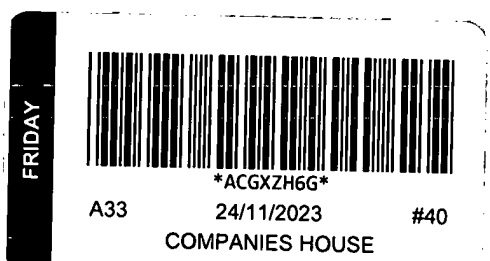


Prosapient Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

Company Registration No. 10704431 (England and Wales)



Prosapient Limited

Company Information

Directors	N Gold S Holliday T Hoppe M Polishchuk R Toms
Secretary	Bird & Bird Company Secretaries Limited
Company number	10704431
Registered office	Floor 5 33 Holborn London EC1N 2HT
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 2022

The directors present their strategic report on Prosapient Limited and its subsidiaries (together the 'Group') for the year ended 31 December 2022.

Fair review of the business

The principal activity of the Group is a Primary Research platform, assisting our clients to make smarter decisions. Our flagship product connects clients with industry experts who provide their insight via conference calls, messages and written work. We also create bespoke surveys to gather insights for our clients from a larger population of respondents.

The results for the Group are set out in the Consolidated Statement of Comprehensive Income on page 9.

Turnover of £29,383,647 (2021: £19,947,888) increased by 47% 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 242 (2021:155).

The Group incurred a loss of £1,981,188 (2021: £1,704,534 loss) in the financial year. Net assets increased to £8,856,920 (2021: £6,311,020).

Principal risks and uncertainties

Global macro-economic environment

At the date of this report, there continues to be uncertainty surrounding the global macro-economic backdrop. Rising inflation, the continuing Ukraine crisis, the prospect of recession and challenging stock market conditions have all resulted in a slowdown in global M&A activity. As is common with many other businesses, the Group is exposed to these market and economic risks. We expect these factors to have an impact on our revenues.

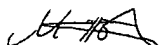
Key performance indicators

The principal KPI for the firm is revenue growth. This has shown significant progress over the year rising from £19,947,888 to £29,383,647, a 47% increase (2021: 61% increase).

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



M Polishchuk
Director

20 November 2023

Prosapient Limited

Directors' Report

For the year ended 31 December 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

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 9.

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

Research and development

The group continues to invest in and develop its AI platform.

Post balance sheet events

The following events have occurred after the balance sheet date but before the financial statements were authorised for issue:

New Office Lease Agreement

On 11 April 2023, the company entered into a new office lease agreement for part of 5th Floor, 33 Holborn, London, spanning 16,238 square feet. The lease is set to expire on 1 October 2026. This agreement is not reflected in the group balance sheet as of 31 December 2022. The lease agreement has been recognised as a non-adjusting event as it does not affect the financial position of the company or group as at the balance sheet date.

Issue of Unsecured Loan Notes

On 3 November 2023, the company issued unsecured loan notes with a total principal value of £1,500,000. The loan notes carry an interest rate of 16% per annum, payable quarterly. The first principal repayment is scheduled for 2025. The interest expense related to these loan notes will be recognised in the income statement over the period of the loan. The loan notes have been recognised as a non-adjusting event as they do not affect the financial position of the company or group as at the balance sheet date.

Issue of new shares

On 16 October 2023, the company completed out the following share issuances:

- i. The issuance of £1,499,997 worth of new shares by means of a subscription for 79,281 preferred shares, each having a nominal value of £0.000001, in the capital of the company.
- ii. Additionally, the company issued 777 series A1 Bonus Shares, each having a nominal value of £0.000001.

The issue of shares has been recognised as a non-adjusting event as they do not affect the financial position of the company or group as at the balance sheet date.

Prosapient Limited

Directors' Report (Continued)

For the year ended 31 December 2022

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	
S Holliday	
T Hoppe	
M Polishchuk	
J Shlosberg	(Resigned 1 December 2022)
R Toms	
M Wroe	(Resigned 30 June 2023)

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution proposing that the auditor, Moore Kingston Smith LLP, be reappointed will be put at a General Meeting.

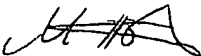
Energy and carbon report

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



M Polishchuk
Director

20 November 2023

Prosapient Limited

Directors' Responsibilities Statement

For the year ended 31 December 2022

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 2022 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 2022 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.

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 their 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.

Prosapient Limited

Independent Auditor's Report (Continued)

To the Members of Prosapient Limited

Auditor's responsibilities for the audit of the financial statements

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.

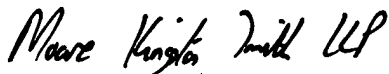
Prosapient Limited

Independent Auditor's Report (Continued)

To the Members of Prosapient Limited

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

21 NOVEMBER 2023

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 2022

	Notes	2022 £	2021 £
Turnover	3	29,383,647	19,947,888
Cost of sales		(11,664,055)	(7,761,893)
Gross profit		17,719,592	12,185,995
Administrative expenses		(19,738,318)	(13,869,278)
Operating loss	4	(2,018,726)	(1,683,283)
Interest payable and similar expenses	8	(3,772)	-
Loss before taxation		(2,022,498)	(1,683,283)
Tax on loss	9	(42,511)	(22,296)
Loss for the financial year		(2,065,009)	(1,705,579)
Other comprehensive income			
Currency translation differences		83,821	1,045
Total comprehensive income for the year		(1,981,188)	(1,704,534)

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.

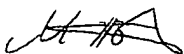
Prosapient Limited

Group Balance Sheet

As at 31 December 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	10	4,614,478		2,954,918	
Tangible assets	11	324,116		296,641	
		<u>4,938,594</u>		<u>3,251,559</u>	
Current assets					
Debtors	14	6,194,704		5,306,800	
Cash at bank and in hand		2,021,128		1,332,920	
		<u>8,215,832</u>		<u>6,639,720</u>	
Creditors: amounts falling due within one year	15	<u>(2,976,053)</u>		<u>(2,662,048)</u>	
Net current assets		<u>5,239,779</u>		<u>3,977,672</u>	
Total assets less current liabilities		<u>10,178,373</u>		<u>7,229,231</u>	
Provisions for liabilities					
Provisions	16	<u>(1,321,453)</u>		<u>(918,211)</u>	
		<u>(1,321,453)</u>		<u>(918,211)</u>	
Net assets		<u>8,856,920</u>		<u>6,311,020</u>	
Capital and reserves					
Called up share capital	19		2		2
Share premium account		15,598,428		11,103,827	
Profit and loss reserves		<u>(6,741,510)</u>		<u>(4,792,809)</u>	
Total equity		<u>8,856,920</u>		<u>6,311,020</u>	

The financial statements were approved by the board of directors and authorised for issue on 20 November 2023 and are signed on its behalf by:



M Polishchuk
Director

Prosapient Limited


Company Balance Sheet

As at 31 December 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	10	4,614,478		2,954,918	
Tangible assets	11	171,333		217,926	
Investments	12	14		14	
		<u>4,785,825</u>		<u>3,172,858</u>	
Current assets					
Debtors	14	6,063,166	5,238,136		
Cash at bank and in hand		1,812,110	1,265,883		
		<u>7,875,276</u>	<u>6,504,019</u>		
Creditors: amounts falling due within one year	15	<u>(3,436,647)</u>	<u>(2,794,856)</u>		
Net current assets		<u>4,438,629</u>		<u>3,709,163</u>	
Total assets less current liabilities		<u>9,224,454</u>		<u>6,882,021</u>	
Provisions for liabilities					
Provisions	16	<u>(1,321,453)</u>	<u>(918,211)</u>	<u>(918,211)</u>	
Net assets		<u>7,903,001</u>		<u>5,963,810</u>	
Capital and reserves					
Called up share capital	19	2	2		
Share premium account		15,598,428	11,103,827		
Profit and loss reserves		<u>(7,695,429)</u>	<u>(5,140,019)</u>		
Total equity		<u>7,903,001</u>	<u>5,963,810</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 £2,587,897 (2021: £1,956,619 loss).

The financial statements were approved by the board of directors and authorised for issue on 20 November 2023 and are signed on its behalf by:



M Polishchuk
Director

Company Registration No. 10704431

Prosapient Limited

Group Statement of Changes in Equity For the year ended 31 December 2022

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2021		2	11,102,827	(3,324,859)	7,777,970
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	19	-	1,000	-	1,000
Credit to equity for equity settled share-based payments	18	-	-	236,584	236,584
Balance at 31 December 2021		2	11,103,827	(4,792,809)	6,311,020
Year ended 31 December 2022:					
Loss for the year		-	-	(2,065,009)	(2,065,009)
Other comprehensive income:					
Currency translation differences		-	-	83,821	83,821
Total comprehensive income for the year		-	-	(1,981,188)	(1,981,188)
Issue of share capital	19	-	4,650,000	-	4,650,000
Share issue expenses	19	-	(155,399)	-	(155,399)
Credit to equity for equity settled share-based payments	18	-	-	32,487	32,487
Balance at 31 December 2022		2	15,598,428	(6,741,510)	8,856,920

Prosapient Limited

Company Statement of Changes in Equity

For the year ended 31 December 2022

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2021		2	11,102,827	(3,419,984)	7,682,845
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(1,956,619)	(1,956,619)
Issue of share capital	19	-	1,000	-	1,000
Credit to equity for equity settled share-based payments	18	-	-	236,584	236,584
Balance at 31 December 2021		2	11,103,827	(5,140,019)	5,963,810
Year ended 31 December 2022:					
Loss and total comprehensive income for the year		-	-	(2,587,897)	(2,587,897)
Issue of share capital	19	-	4,650,000	-	4,650,000
Share issue expenses	19	-	(155,399)	-	(155,399)
Credit to equity for equity settled share-based payments	18	-	-	32,487	32,487
Balance at 31 December 2022		2	15,598,428	(7,695,429)	7,903,001

Prosapient Limited

Group Statement of Cash Flows

For the year ended 31 December 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	25	(706,351)		(1,723,205)	
Interest paid		(3,772)		-	
Income taxes paid		(521,299)		(245,473)	
Net cash outflow from operating activities		(1,231,422)		(1,968,678)	
Investing activities					
Purchase of intangible assets		(2,507,580)		(2,126,774)	
Purchase of tangible fixed assets		(151,212)		(286,954)	
Net cash used in investing activities		(2,658,792)		(2,413,728)	
Financing activities					
Proceeds from issue of shares		4,650,000		1,000	
Share issue expenses paid		(155,399)		-	
Net cash generated from financing activities		4,494,601		1,000	
Net increase/(decrease) in cash and cash equivalents		604,387		(4,381,406)	
Cash and cash equivalents at beginning of year		1,332,920		5,713,281	
Effect of foreign exchange rates		83,821		1,045	
Cash and cash equivalents at end of year		2,021,128		1,332,920	

Prosapient Limited

Notes to the Financial Statements

For the year ended 31 December 2022

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 Floor 5, 33 Holborn, London, United Kingdom, EC1N 2HT.

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 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 2022. 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 2022

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 2022 the group balance sheet shows net assets of £8,856,920 (2021: £6,311,020) including cash funds of £2,021,128 (2021: £1,332,920). However, during the year the group incurred a loss of £1,981,188 (2021: £1,704,534 loss).

The company issued 79,281 preferred shares of £0.000001 raising gross proceeds of £1,499,9997 on 16 October 2023. In addition the company issued loan notes totalling £1,500,000 on 3 November 2023.

The directors have prepared detailed cashflow forecasts to 31 December 2024 which show that the group will be able to meet its liabilities as they fall due.

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 2022

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
-------------------	-----------------------

The useful lives have been determined as 5 years because the directors consider this period to be the industry standard which is appropriate to the company and group.

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 2022

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 2022

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 2022

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 2022

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 2022

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 2022

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 10.

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 2022 was £4,614,478 as detailed in note 10.

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 £8.004m (2021: £5.487m) carried forward at 31 December 2022.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Expert calls	25,352,124	16,756,753
Surveys	3,638,413	3,043,719
Other	393,110	147,416
	<u>29,383,647</u>	<u>19,947,888</u>

4 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(31,424)	65,590
Research and development costs	8,034	301,704
Depreciation of owned tangible fixed assets	128,740	143,112
Amortisation of intangible assets	848,020	283,506
Impairment of intangible assets	-	34,080
Share-based payments	32,487	236,584
Operating lease charges	<u>525,357</u>	<u>401,497</u>

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	39,325	31,350

6 Employees

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

Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
242	155	159	116

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	15,252,632	9,505,994	10,818,135	7,368,060
Social security costs	1,434,581	930,569	1,122,369	719,985
Pension costs	176,182	99,692	131,280	99,692
	16,863,395	10,536,255	12,071,784	8,187,737

The disclosure above includes wages and salaries and social security costs of £1,977,018 (2021: £1,122,928) and £30,651 (2021: £26,843) 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 2022

7 Directors' remuneration

	2022 £	2021 £
Directors' fees	-	26,200
Remuneration for qualifying services	814,191	494,289
Company pension contributions to defined contribution schemes	3,747	2,527
	<u>817,938</u>	<u>523,016</u>

Remuneration for qualifying services includes £133,875 (2021: £nil) in respect of compensation for loan of office.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021: 2)

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:

	2022 £	2021 £
Director's fees	-	26,200
Remuneration for qualifying services	310,636	163,334
Company pension contributions to defined contribution schemes	1,211	-
	<u>311,847</u>	<u>189,534</u>

Remuneration for qualifying services includes £133,875 (2021: £nil) in respect of compensation for loan of office.

8 Interest payable and similar expenses

	2022 £	2021 £
Other finance costs:		
Other interest	<u>3,772</u>	<u>-</u>

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	(360,731)	(528,093)
Deferred tax		
Origination and reversal of timing differences	403,242	550,389
Total tax charge	42,511	22,296

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:

	2022 £	2021 £
Loss before taxation	(2,022,498)	(1,683,283)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2021:19%)	(384,275)	(319,823)
Unutilised tax losses carried forward	523,544	361,950
Research and development tax credit	(500,000)	(551,231)
Other timing differences	403,242	550,389
Capital allowances in excess of depreciation	-	(18,989)
Taxation charge	42,511	22,296

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

10 Intangible fixed assets

Group	Development costs £
Cost	
At 1 January 2022	3,282,542
Additions	2,507,580
	<u>5,790,122</u>
At 31 December 2022	
Amortisation and impairment	
At 1 January 2022	327,624
Amortisation charged for the year	848,020
	<u>1,175,644</u>
At 31 December 2022	
Carrying amount	
At 31 December 2022	<u>4,614,478</u>
At 31 December 2021	<u>2,954,918</u>
Company	Development costs £
Cost	
At 1 January 2022	3,282,542
Additions	2,507,580
	<u>5,790,122</u>
At 31 December 2022	
Amortisation and impairment	
At 1 January 2022	327,624
Amortisation charged for the year	848,020
	<u>1,175,644</u>
At 31 December 2022	
Carrying amount	
At 31 December 2022	<u>4,614,478</u>
At 31 December 2021	<u>2,954,918</u>

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

11 Tangible fixed assets

Group	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 January 2022	196,491	33,326	370,450	600,267
Additions	6,276	630	144,306	151,212
Exchange adjustments	-	307	12,307	12,614
At 31 December 2022	202,767	34,263	527,063	764,093
Depreciation and impairment				
At 1 January 2022	187,028	24,511	92,087	303,626
Depreciation charged in the year	8,748	6,002	113,990	128,740
Exchange adjustments	-	-	7,611	7,611
At 31 December 2022	195,776	30,513	213,688	439,977
Carrying amount				
At 31 December 2022	6,991	3,750	313,375	324,116
At 31 December 2021	9,463	8,815	278,363	296,641

Company	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 January 2022	196,491	25,838	270,920	493,249
Additions	6,276	-	33,233	39,509
At 31 December 2022	202,767	25,838	304,153	532,758
Depreciation and impairment				
At 1 January 2022	187,028	20,236	68,059	275,323
Depreciation charged in the year	8,748	5,372	71,982	86,102
At 31 December 2022	195,776	25,608	140,041	361,425
Carrying amount				
At 31 December 2022	6,991	230	164,112	171,333
At 31 December 2021	9,463	5,602	202,861	217,926

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

12 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	13	-	-	14	14

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022 and 31 December 2022	14
Carrying amount	
At 31 December 2022	14
At 31 December 2021	14

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business
Prosapient Inc	United States	Market research and public opinion pooling
Prosapient Canada Inc	Canada	Market research and public opinion pooling

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

The registered office of Prosapient Inc is 555 Fayetteville Street, Suite 700, Raleigh, NC 27601.

The registered office of Prosapient Canada Inc is 1255 Bay Street, Toronto, Ontario, M5R 2A9.

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

Prosapient Technologies, Sociedade Limitada was dissolved in September 2023.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

14 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	3,081,538	2,722,153	3,081,541	2,722,153
Corporation tax recoverable	978,788	500,000	988,548	500,000
Amounts owed by group undertakings	-	-	122,375	2,176
Other debtors	374,176	86,836	295,000	84,551
Prepayments and accrued income	1,760,202	1,783,453	1,575,702	1,721,256
	<u>6,194,704</u>	<u>5,092,442</u>	<u>6,063,166</u>	<u>5,030,136</u>
Amounts falling due after more than one year:				
Other debtors	-	214,358	-	208,000
	<u>-</u>	<u>214,358</u>	<u>-</u>	<u>208,000</u>
Total debtors	<u>6,194,704</u>	<u>5,306,800</u>	<u>6,063,166</u>	<u>5,238,136</u>

The company was subject to a receivables finance agreement dated 20 July 2020 with an aggregate £5m facility available to the company throughout the year and until 17 October 2023.

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

15 Creditors: amounts falling due within one year

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Trade creditors	481,023	851,010	466,405	840,075
Amounts owed to group undertakings	-	-	572,869	323,171
Other taxation and social security	465,895	423,498	465,901	423,498
Other creditors	66,042	249,111	66,042	137,725
Accruals and deferred income	1,963,093	1,138,429	1,865,430	1,070,387
	<u>2,976,053</u>	<u>2,662,048</u>	<u>3,436,647</u>	<u>2,794,856</u>

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

16 Provisions for liabilities

	Group 2022 £	2021 £	Company 2022 £	2021 £
Dilapidations	125,000	125,000	125,000	125,000
Deferred tax	1,196,453	793,211	1,196,453	793,211
	<u>1,321,453</u>	<u>918,211</u>	<u>1,321,453</u>	<u>918,211</u>

Movements on provisions:

	£
At 1 January 2022	918,211
Charge to P&L	403,242
At 31 December 2022	<u>1,321,453</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 2022 £	2021 £	Company 2022 £	2021 £
Accelerated capital allowances	<u>1,196,453</u>	<u>793,211</u>	<u>1,196,453</u>	<u>793,211</u>

The company and group have estimated trade losses of £8,004,121 (2021: £5,487,893) available to carry forward against future taxable profits. A deferred tax asset has not been recognised at 31 December 2022 or 31 December 2021 due to the uncertainty of the timing of recurring future taxable profits against which the losses can be utilised.

17 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>176,182</u>	<u>99,692</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.

18 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.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

18 Share-based payment transactions

(Continued)

Group	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 January 2022	178,383	160,371	0.16	0.16
Granted	200,954	71,414	-	0.24
Forfeited	(22,128)	(53,022)	-	0.24
Exercised	(10,293)	-	-	-
Outstanding at 31 December 2022	<u>346,916</u>	<u>178,383</u>	<u>0.16</u>	<u>0.16</u>
Exercisable at 31 December 2022	<u>94,112</u>	<u>34,196</u>	<u>0.09</u>	<u>0.05</u>

In the year ended 31 December 2022, 200,954 options were granted and 10,293 options were exercised. As at 31 December 2022, there were 346,916 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 £32,487 (2021: £236,584)

19 Share capital

Group and company	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary of £0.000001	1,602,339	1,601,660	2	2
A Ordinary of £0.000001	15,327	9,600	-	-
Series A1 of £0.000001	390,270	331,316	-	-
Series A2 of £0.000001	265,277	164,844	-	-
Deferred of £0.000001	21,600	21,600	-	-
Growth of £0.000001	22,746	22,746	-	-
	<u>2,317,559</u>	<u>2,151,766</u>	<u>2</u>	<u>2</u>

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

19 Share capital

(Continued)

On 18 February 2022 4,387 Ordinary shares of £0.000001 each were redesignated as 4,387 Series A1 shares of £0.000001 each.

On 4 April 2022 50,432 Series A1 shares and 72,238 Series A2 shares of £0.000001 each were issued at £30 each.

On 20 April 2022 5,066 Ordinary shares and 5,227 A Ordinary shares of £0.000001 each were issued at par.

On 29 June 2022 4,135 Series A1 and 28,195 Series A2 shares of £0.000001 each were issued at £30 each.

On 31 December 2022 500 A Ordinary shares of £0.000001 were issued at par.

20 Financial commitments, guarantees and contingent liabilities

The company was subject to a fixed charge in respect of a rent deposit date 10 October 2021 until April 2023 when the fixed charge was satisfied in full.

21 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:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	406,027	261,305	187,857	261,305
Between two and five years	691,001	75,833	36,602	75,833
	<u>1,097,028</u>	<u>337,138</u>	<u>224,459</u>	<u>337,138</u>

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

22 Events after the reporting date

The following events have occurred after the balance sheet date but before the financial statements were authorised for issue:

New Office Lease Agreement

On 11 April 2023, the company entered into a new office lease agreement for part of 5th Floor, 33 Holborn, London, spanning 16,238 square feet. The lease is set to expire on 1 October 2026. This agreement is not reflected in the group balance sheet as of 31 December 2022. The lease agreement has been recognised as a non-adjusting event as it does not affect the financial position of the company or group as at the balance sheet date.

Issue of Unsecured Loan Notes

On 3 November 2023, the company issued unsecured loan notes with a total principal value of £1,500,000. The loan notes carry an interest rate of 16% per annum, payable quarterly. The first principal repayment is scheduled for 2025. The interest expense related to these loan notes will be recognised in the income statement over the period of the loan. The loan notes have been recognised as a non-adjusting event as they do not affect the financial position of the company or group as at the balance sheet date.

Issue of new shares

On 16 October 2023, the company completed out the following share issuances:

- i. The issuance of £1,499,997 worth of new shares by means of a subscription for 79,281 preferred shares, each having a nominal value of £0.000001, in the capital of the company.
- iii. Additionally, the company issued 777 series A1 Bonus Shares, each having a nominal value of £0.000001.

The issue of shares has been recognised as a non-adjusting event as they do not affect the financial position of the company or group as at the balance sheet date.

23 Related party transactions

During the year M Wroe, a director of the company, invoiced the company consultancy fees of £Nil (2021: £26,200).

During the year Smedvig Capital Nominee Limited, a company of which R Toms is a director, charged the company £50,000 (2021: £50,000) an annual monitoring fee. Smedvig Capital Nominee Limited were charged £4,518 (2021: £3,705) in the year, of which £2,113 (2021: £3,785) is included in prepayments and accrued income at 31 December 2022.

24 Controlling party

There is no single controlling party.

Prosapient Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

25 Cash absorbed by group operations

	2022 £	2021 £
Loss for the year after tax	(2,065,009)	(1,705,579)
Adjustments for:		
Taxation charged	42,511	22,296
Finance costs	3,772	-
Amortisation and impairment of intangible assets	848,020	317,586
Depreciation and impairment of tangible fixed assets	128,740	143,112
Equity settled share based payment expense	32,487	236,584
Increase in provisions	403,242	550,389
Movements in working capital:		
Increase in debtors	(409,116)	(1,681,106)
Increase in creditors	309,002	393,513
Cash absorbed by operations	(706,351)	(1,723,205)

26 Analysis of changes in net funds - group

	1 January 2022	Cash flows	Effect of foreign exchange rates	31 December 2022
	£	£	£	£
Cash at bank and in hand	1,332,920	604,387	83,821	2,021,128