

## **Exaudio Capital Limited**

Annual report and financial statements

Company Registration No. 13751119

31 December 2022

WEDNESDAY



\*ACCFIAW8\*

A13

20/09/2023

#158

COMPANIES HOUSE

## **Contents**

Officers and Advisers	3
Strategic Report	4
Directors' Report	6
Independent Auditor's Report	8
Consolidated Statement of Profit and Loss and Other Comprehensive Income	12
Consolidated Balance Sheet	13
Company Balance Sheet	14
Consolidated Statement of Changes in Equity	15
Company Statement of Changes in Equity	16
Consolidated Cash Flow Statement	17
Notes (forming part of the financial statements)	18

## **Officers and Advisers**

### **DIRECTOR**

Tom Eric Chaloner  
Alison Drake  
Katya Olga Hawrylak  
Mark Coleridge Scott

### **REGISTERED OFFICE**

12 Flitcroft Street  
London  
England  
WC2H 8DL

### **REGISTERED NUMBER**

13751119

### **AUDITOR**

Moore Kingston Smith LLP  
Charlotte Building  
17 Gresse Street  
London  
W1T 1QL

### **BUSINESS ADDRESS**

12 Flitcroft Street  
London  
England  
WC2H 8DL

## Strategic Report

The Directors present their strategic report for Exaudio Capital Limited (the "Company") together and the audited consolidated financial statements of Exaudio Capital Limited and its subsidiaries (the "Group") for the period, 18 November 2021 to 31 December 2022.

The Company is incorporated in Great Britain and registered in England and Wales.

The consolidated financial statements of the Group have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

### PRINCIPAL ACTIVITIES

The principal activity of Exaudio Capital Limited is a holding company. The principal activity of the Company's subsidiaries is the provision of market research, consultancy, marketing, and communication services. The Group will continue to operate in these sectors for the foreseeable future. The Directors have provided an analysis of the Group's performance in the results section within the Directors' Report.

### KEY PERFORMANCE INDICATORS (KPIs)

KPIs are used within the business to manage the performance of the whole business, management, and staff. The main financial KPIs relate to net revenue and operating profit.

During the period, the Group reported Net revenue of £22,096,992 and an operating profit before depreciation, amortisation and acquisition costs of £2,868,690 and an operating loss of £839,513. The net operating margin was -2.10%. The Group had net current assets of £5,262,430 and net liabilities of £1,293,709 as at 31 December 2022.

### RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group have been considered and the Directors believe that the appropriate controls and strategies are in place to reduce these to an acceptable level.

The Directors consider the principal risks of the business to be:

#### *Client relationships*

Long term client relationships are essential for our success. The risk from losing key clients is mitigated by the profile of our client base, and the number of clients we have. We have a good spread of long established client relationships across the business sectors that we specialise in.

#### *Economic Uncertainty*

Rising inflation and interest rates are likely to have an impact on the company over the coming year. Targets have been set with a focus on achieving sustainable profitable growth that reflect long term objectives. In addition to a downturn in the world's economies, the company may be affected by changes in economic, political, judicial, administrative, taxation and other regulatory and unforeseen matters.

#### *Key staff*

Our directors and key staff are fundamental to the servicing of existing business and winning of new clients. All senior staff participate in long term incentive arrangements, and all staff participate in a company-wide annual bonus scheme.

#### *Supplier relationships*

We undertake periodic reviews of supplier relationships to avoid over dependence on any one supplier.

## Strategic Report *(continued)*

### FINANCIAL RISK MANAGEMENT

The Group's activities may be exposed to certain financial risks, including foreign exchange risk, liquidity risk and credit risk.

#### *Liquidity risk*

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient liquid financial assets to meet those requirements.

#### *Credit risk*

Credit risk predominately arises from trade receivables. The Group generates its revenues from corporate clients with the risk being mitigated by ensuring accurate and timely invoicing to customers combined with strong credit control procedures. Partial payment in advance for some high values projects is required.

#### *Foreign exchange risk*

The Directors seek to minimise foreign exchange risk through a range of initiatives including where possible matching the revenue currency to the anticipated currency of direct costs.

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

On behalf of the board

DocuSigned by:

*Alison Drake*

A99A7C3C-E311-471F-97FF-09D41B48711C

Alison Drake  
Director

Date: 31 July 2023 | 16:16 BST

## Director's Report

The director presents the annual report and financial statements for the period ended 31 December 2022.

### Principle activities

The principal activity of the company continued to be that of a holding company.

### Directors

The director who held office during the year were as follows:

Tom Eric Chaloner  
Alison Drake  
Katya Olga Hawrylak  
Mark Coleridge Scott

### Results and Dividends

The Group results for the year are set out in the Consolidated Statement of Profit and Loss and Other Comprehensive Income. Parent company results can be seen on the Company balance sheet.

The directors do not recommend the payment of a dividend.

### Going Concern

The Group reported a profit before taking into consideration depreciation, amortisation and acquisition costs in 2022 of £2,868,690, and an operating loss of £839,513. At the year end, the group reported a loss of £1,784,209 and the liabilities exceed the assets for the period which result in a net liabilities of £1,293,709. The Group has reported profits and net assets to the date of approval of these financial statements and is forecasting to continue to do so in the year to December 2023. The directors have at the time of approving the financial statements, a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Group and company will have sufficient projected funds, to meet its liabilities as they fall due for that period.

As a result, the directors are confident that the Group and Company will be able to continue to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements, and therefore has prepared the financial statements on a going concern basis.

### Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and the director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Political contributions

Neither the Group nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

**Director's Report** *(continued)***Auditor**

Moore Kingston Smith LLP have indicated their willingness to continue in office and in accordance with section 489 of the Companies Act 2006, a resolution proposing them to be reappointed as auditor of the Company will be put to the Annual General Meeting.

**Statement of director's responsibilities in respect of the Strategic Report, Director's Report and the financial statements**

The director is responsible for preparing the Strategic Report, Director's Report and the Group and parent company financial statements in accordance with applicable law and regulations.

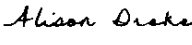
Company law requires the director prepares Group and parent company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards (IFRSs as adopted by the UK) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), in accordance with UK-adopted International Accounting Standards.

Under company law, the director 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 parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- for the parent company financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations or have no realistic alternative but to do so.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and Group enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and parent company and to prevent and detect fraud and other irregularities.

By order of the board

DocuSigned by:  
  
D4EDDC7E12C341C  
**Alison Drake**  
Director

Date: 31 July 2023 | 16:16 BST

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXAUDIO CAPITAL LIMITED**

### **Opinion**

We have audited the financial statements of Exaudio Capital Limited (the 'parent company') and its subsidiaries ('the group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and, as regards to the consolidated financial statements, IFRS as adopted by the UK. In regards to the parent company financial statements, United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (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 of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 or 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 there is 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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXAUDIO CAPITAL LIMITED** *(continued)*

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company 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, 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 director**

As explained more fully in the director's responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXAUDIO CAPITAL LIMITED** *(continued)*

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.

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, International Financial Reporting Standards as adopted by the UK, UK adopted International Accounting Standards, and UK taxation legislation.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXAUDIO CAPTIAL LIMITED** *(continued)*

- 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 which 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 company's members as a body, for our work, for this report, or for the opinions we have formed.

*Moore Kingston Smith LLP*

**Ian Graham (Senior Statutory Auditor)**  
**for and on behalf of Moore Kingston Smith LLP**

**Chartered Accountants**  
**Statutory Auditor**  
17 Gresse Street  
London  
W1T 1QL

Date: 31st July 2023

**Consolidated Statement of Profit and Loss and Other Comprehensive Income**  
*for the period ended 31 December 2022*

	Note	Period from 18 Nov 2021 to 31 Dec 2022 £
<b>Revenue</b>	2	<b>39,990,630</b>
Third-party project costs		(17,893,638)
<b>Net revenue</b>		<b>22,096,992</b>
Operating expenses less depreciation, amortisation and acquisition costs	3	(19,228,302)
<b>Operating profit before depreciation, amortisation and acquisition costs</b>		<b>2,868,690</b>
Depreciation and amortisation		(2,690,647)
Acquisition costs		(1,017,556)
<b>Operating loss</b>		<b>(839,513)</b>
Financial income	4	271
Financial expense	4	(2,032,286)
<b>Loss before taxation</b>		<b>(2,871,528)</b>
Taxation	6	967,110
<b>Loss for the period</b>		<b>(1,904,418)</b>
<b>Other comprehensive income:</b>		
Exchange differences on translation of foreign operations		120,209
<b>Other comprehensive income for the period</b>		<b>120,209</b>
<b>Total comprehensive expense for the period</b>		<b>(1,784,209)</b>

The results are derived from continuing operations. The notes on pages 18 to 38 form an integral part of these financial statements.

Exchange differences on translation of foreign operations will not be recycled to the profit and loss account.

**Consolidated Balance Sheet**  
*at 31 December 2022*

	Note	2022 £
Intangible assets	7	19,209,934
Right-of-use asset	8	765,331
Property, plant & equipment	9	427,583
Other receivables falling due after more than one year	15	302,138
<b>Non-current assets</b>		<b>20,704,986</b>
Trade receivables	13	5,321,916
Contract assets	14	1,919,723
Other receivables	15	854,433
Current tax assets		97,467
Cash and cash equivalents		5,986,380
<b>Current assets</b>		<b>14,179,919</b>
Trade and other payables	16	(6,679,964)
Contract liabilities	14	(1,771,260)
Current tax liabilities		(17,684)
Lease liabilities	17	(448,581)
<b>Current liabilities</b>		<b>(8,917,489)</b>
<b>Net current assets</b>		<b>5,262,430</b>
<b>Total assets less current liabilities</b>		<b>25,967,416</b>
Lease liabilities	17	(314,961)
Provisions	18	(100,000)
Borrowings	19	(5,348,750)
Preference shares	19	(17,109,209)
Deferred tax liabilities	20	(4,388,205)
<b>Non-current liabilities</b>		<b>(27,261,125)</b>
<b>Net liabilities</b>		<b>(1,293,709)</b>
<b>Equity</b>		
Share capital	21	4,905
Share premium	22	485,595
Foreign currency translation reserve		120,209
Retained earnings		(1,904,418)
<b>Total equity</b>		<b>(1,293,709)</b>

The notes on pages 18 to 38 form an integral part of these financial statements.

31 July 2023 | 16:16 BST

These financial statements were approved by the board of directors on ..... and were signed on its behalf by:

DocuSigned by:  
*Alison Drake*  
Alison Drake — D4EDDC7E12C341C  
Director

**Company Balance Sheet**  
*at 31 December 2022*

	Note	2022 £
Investments	10	17,382,338
<b>Non-current assets</b>		<b>17,382,338</b>
Other receivables	15	606,997
Cash and cash equivalents		134,415
<b>Current assets</b>		<b>741,412</b>
Trade and other payables	16	(121,981)
<b>Current liabilities</b>		<b>(121,981)</b>
<b>Net current assets</b>		<b>619,431</b>
<b>Total assets less current liabilities</b>		<b>18,001,769</b>
Borrowings	19	(5,348,750)
Preference shares	19	(17,109,209)
<b>Non-current liabilities</b>		<b>(22,457,959)</b>
<b>Net liabilities</b>		<b>(4,456,190)</b>
<b>Equity</b>		
Share capital	21	4,905
Share premium	22	485,595
Retained earnings		(4,946,690)
<b>Total equity</b>		<b>(4,456,190)</b>

The notes on pages 18 to 38 form an integral part of these financial statements.

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 £4,946,690.

31 July 2023 | 16:16 BST

These financial statements were approved by the board of directors on ..... and were signed on its behalf by:

**Alison Drake**  
Director

DocuSigned by:  
*Alison Drake*  
D4ED3C7E12C341C

Company number: 13751119

**Consolidated Statement of Changes in Equity**  
*for the period ended 31 December 2022*

	Share capital £	Share premium £	Translation reserve £	Retained earnings £	Total equity £
<b>At 18 November 2021</b>	-	-	-	-	-
Loss for the period	-	-	-	(1,904,418)	(2,903,846)
Exchange differences on translation of foreign operations	-	-	120,209	-	120,209
Shares issued (notes 21 & 22)	4,905	485,595	-	-	490,500
<b>At 31 December 2022</b>	<b>4,905</b>	<b>485,595</b>	<b>120,209</b>	<b>(2,768,410)</b>	<b>(2,413,346)</b>

The notes on pages 18 to 38 form an integral part of these financial statements.

Share capital is the amount subscribed for shares at nominal value.

Share premium is the amount subscribed for share in excess of the nominal value.

All share issues were transactions with owners in their capacity as owners.

Translation reserve related to the retranslation of foreign subsidiaries into the functional currency of the Group.

Retained earnings represents the cumulative earnings of the Group attributable to equity shareholders.

**Company Statement of Changes in Equity**  
*for the period ended 31 December 2022*

	Share capital £	Share premium £	Retained earnings £	Total equity £
<b>At 18 November 2021</b>	-	-	-	-
Loss for the period	-	-	(4,946,690)	(4,946,690)
Shares issued (notes 21 & 22)	4,905	485,595	-	490,500
<b>At 31 December 2022</b>	<b>4,905</b>	<b>485,595</b>	<b>(4,946,690)</b>	<b>(4,456,190)</b>

The notes on pages 18 to 38 form an integral part of these financial statements.

Share capital is the amount subscribed for shares at nominal value.

Share premium is the amount subscribed for share in excess of the nominal value.

All share issues were transactions with owners in their capacity as owners.



**Consolidated Cash Flow Statement**  
*for the period ended 31 December 2022*

	Note	Period from 18 Nov 2021 to 31 Dec 2022 £
<b>Operating activities</b>		
<b>Cash used in operations</b>	23	<b>(2,069,223)</b>
Interest paid		(1,990,682)
Income tax paid		(13,630)
<b>Net cash outflows from operating activities</b>		<b>(4,073,535)</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary (net of cash acquired)		(12,332,410)
Purchase of property, plant and equipment		(196,948)
Proceeds on disposal of property, plant and equipment		2,665
Interest received		271
<b>Net cash outflows from investing activities</b>		<b>(12,526,422)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares		490,500
Proceeds from issuance of preference shares		17,109,209
Drawdown of bank loans (net of arrangement fees)		5,348,750
Principal element of lease payments		(482,332)
<b>Net cash flows from financing activities</b>		<b>22,466,127</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,866,171</b>
Cash and cash equivalents at the beginning of the year		-
Effect of exchange rate fluctuations on cash held		120,209
<b>Cash and cash equivalents at the end of the year</b>		<b>5,986,380</b>

The notes on pages 18 to 38 form an integral part of these financial statements.

## **Notes** *(forming part of the financial statements)*

### **1 Accounting policies**

Exaudio Capital Limited (the "Company") is a private company incorporated by shares and domiciled in the UK. The registered number is 13751119 and the registered address is 12 Flitcroft Street, London, England, WC2H 8DL.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared and approved by the directors in accordance with UK-adopted International Accounting Standards ("Adopted IFRSs"), in accordance with International Accounting Standards.

The Company has elected to prepare its parent company financial statements in accordance with FRS 101 Reduced Disclosure Framework.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

#### **Basis of preparation (Group)**

The financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards, IFRIC interpretations and the Companies Act 2006 as applicable to companies reporting under IFRS.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Monetary amounts in these financial statements are rounded to the nearest £.

#### **Basis of preparation (Company)**

The financial statements of the Company were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards, IFRIC interpretations but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and Disclosures of transactions with a management entity that provides key management personnel services to the Company.

#### **1.1 Measurement convention**

The financial statements are prepared on the historical cost basis, as modified by the revaluation of certain financial instruments.

#### **1.2 Functional & Presentational Currency**

The financial statements and notes for the Group and Company are presented in British Pounds Sterling ("GBP"), which is the Company's functional currency, as the majority of the Company's transactions are denominated in GBP as it is the currency of the primary economic environment in which the entity operates.

Monetary amounts in these financial statements are rounded to the nearest £.

**Notes (continued)****1 Accounting policies (continued)****1.3 Going concern**

The Group reported a profit before taking into consideration depreciation, amortisation and acquisition costs in 2022 of £2,868,690, and an operating loss of £839,513. At the year end, the group reported a loss of £1,784,209 and the liabilities exceed the assets for the period which result in a net liabilities of £1,293,709. The Group has reported profits and net assets to the date of approval of these financial statements and is forecasting to continue to do so in the year to December 2023. The directors have at the time of approving the financial statements, a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Group and company will have sufficient projected funds, to meet its liabilities as they fall due for that period.

As a result, the directors are confident that the Group and Company will be able to continue to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of the financial statements, and therefore has prepared the financial statements on a going concern basis.

**1.4 Basis of consolidation****Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

**Transactions eliminated on consolidation**

Inter-company transactions, balances and unrealised gains are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**1.5 Foreign currency**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, GBP, at foreign exchange rates ruling at the balance sheet date. The incomes and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

The prevailing rate of exchange used at the balance sheet date was £1.00 to:

- \$1.2039 – USD
- \$1.6136 – SGD
- \$9.3824 – HKD

The average rate of exchange used for the profit and loss was £1.00 to:

- \$1.2362 – USD
- \$1.7033 – SGD
- \$9.6791 – HKD

**Notes (continued)****1 Accounting policies (continued)****1.6 Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

*Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

*Investments*

Investments in associates and subsidiaries are carried at cost less impairment, if any.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances.

*Loans and borrowings*

Loans and borrowings are recognised initially at fair value. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

*Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

**1.7 Intangible assets acquired as part of a business combination**

In accordance with IFRS 3 (revised) Business combinations, intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Identified intangible assets acquired as part of a business combination are customer relationships. These intangible assets have a finite useful economic life and are carried at cost less accumulated amortisation. Amortisation is recognised as an operating expense and calculated using the straight-line method over the expected life of the asset as follows:

- Customer Relationships 10 years

Intangible assets acquired as part of a business combination are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. Intangible assets acquired as part of a business combination which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses and reversal of impairment losses are recognised in the income statement as an operating expense.

**1.8 Property and equipment**

Property and equipment are stated at cost, less accumulated depreciation, and accumulated impairment losses.

Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Depreciation is charged to the income statement as an operating expense on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. The estimated useful lives are as follows:

- Leasehold improvements Over the lease term
- Office costs 4 years
- Computer equipment 3 years
- Right-of-use asset Lessor of the lease term and useful life of the asset

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Property, plant and equipment are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any property, plant and equipment that has suffered an impairment is

## Notes (continued)

### 1 Accounting policies (continued)

reviewed for possible reversal of the impairment at each reporting date. Impairment losses and reversal of impairment losses are recognised in the income statement as an operating expense.

#### 1.9 Fixed asset investments

In the Company financial statements, investments in subsidiaries 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.

#### 1.10 Revenue recognition and Third-Party project costs

##### i. Revenue recognition

The Group's revenues are principally derived from the provision of market research, consultancy, marketing, and communication services. There is some revenue from the sale of printed goods.

Revenue is measured based on the consideration specified in a contract, exclusive of value-added tax, with a customer and excludes, where applicable, any amounts collected on behalf of third parties. Revenue is recognised either over time or at a point in time, when (or as) the Group satisfies performance obligations and control of the product or service is transferred to the customer.

In most instances, promised goods or services in a contract are not considered distinct, or represent a series of services that are substantially the same with the same pattern of transfer to the customer and therefore are accounted for as a single performance obligation. However, where there are contracts with goods or services that are capable of being distinct or multiple products or services are provided, the total transaction price is allocated amongst the various performance obligations based on the relative standalone selling prices to the client.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

##### ii. Revenue from consulting, market research, consultancy, marketing, and communication services

Revenue derived from the provision of market research, consultancy, marketing, and communication services are generally under fixed price contracts with single performance obligations. Contracts rarely extend beyond 12 months and clients are billed based on a payments schedule over the term of the contract. Invoices are generally payable by customers within 30 to 60 days.

Revenue is recognised over time because either the customer receives and uses the benefits simultaneously or the Group's performance does not create an asset with alternative use and the Group has an enforceable right to payment for performance to date.

The proportion of revenue recognised is based on milestones completed, or actual labour hours spent compared to total expected hours, as appropriate to the contract. Estimates of the extent of progress towards completion are revised if circumstances change with changes to estimated revenues being recognised in the period in which the circumstances which give rise to revision become known to management.

Some contracts include variable consideration in the form of volume-based rebate arrangements. Variable consideration is estimated using the most likely amount payable and deducted from the transaction value of each contract.

##### iii. Sale of printed goods

Revenue derived from the sale of printed goods is recognised and billed at the point in time when the printed materials are delivered. Invoices are generally payable by customers within 30 to 60 days. Revenue excludes amounts where the Group collects amounts on behalf of third-parties.

##### iv. Third-party project costs

Third-party project costs comprise amounts payable to external suppliers where they are retained at the Group's discretion to perform part of a specific performance obligation where the Group has full exposure to the benefits and risk of the contract with the client. Third-party project costs do not include direct labour costs. Revenue from third party project costs is recognised when the cost is incurred and is generally recognised without mark-up.

**Notes (continued)****1 Accounting policies (continued)***v. Costs to obtain a contract*

Costs that would have been incurred regardless of whether the contract is obtained, for example costs of developing a proposal, are recognised as incurred. The Group incurs incremental costs to obtain a contract, principally in the form of sales commissions. As the amortisation period of these costs, if capitalised, would be less than one year, the Group makes use of the practical expedient in IFRS 15 and expenses them as incurred. These costs are included in operating expenses.

*vi. Contract assets and liabilities*

The Group recognises consideration received in respect of unsatisfied performance obligations as contract liabilities in the Consolidated Balance Sheet. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises a contract asset in the Consolidated Balance Sheet.

**1.11 Expenses***Financing income and expenses*

Interest income and interest payable is recognised in profit or loss as it accrues. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

**1.12 Leasing**

Leases with a lease term of less than 12 months or with a low value have been expensed to the income statement on a straight-line basis. All other leases are recognised as a right-of-use asset and corresponding lease liability from the commencement date of the lease.

Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, are initially measured using the index or rate at the commencement date, and
- lease payments to be made under reasonably certain extension options.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined the lessee's incremental borrowing rate is used, being the rate that would be paid to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

The Group is exposed to potential future increases in variable lease payment based on an index or rate that are not included in the lease liability until they take effect, at which point the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement and the principal element reduces the lease liability.

Right-of-use assets are initially measured at cost comprising:

- the amount of the initial measurement of the lease liability;
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term, including extension options that are reasonably certain to be exercised.

**1.13 Provisions**

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources will be required to settle this obligation and
- a reliable estimate of the amount of the obligation can be made.

Expected future cash flows to settle the provision are discounted to present value.

**Notes (continued)****1 Accounting policies (continued)****1.14 Share capital**

Ordinary shares are classified as equity.

**1.15 Preference shares**

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. They have been recognised at fair value. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

**1.16 Taxation**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is income tax recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying value in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill nor from the initial recognition of an asset or liability, other than resulting from a business combination that does not affect the accounting profit or loss or the taxable profit or loss.

Deferred tax assets are only recognised to the extent that it is probable that they can be utilised against future taxable profits.

Deferred tax is calculated at the tax rates that are enacted or substantially enacted and expected to apply in the period when the liability is settled, or the asset is realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**1.17 Adoption of standards effective in the financial year**

The financial statements are prepared in accordance with UK-adopted International Accounting Standards in force at the reporting date.

**New and Revised Standards**

There were no new standards implemented before the year end requiring implementation. There were a number of amendments in issue, none of which had any material impact on the Group.

**IFRS in issue but not applied in the current financial statements**

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for periods ending 31 December 2022 and have not been early adopted by the Group.

These standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities, and which have not therefore been adopted in preparing these financial statements.

**1.18 Translation reserve**

Within equity, there is a reserve for foreign currency translation. This reserve is comprised of foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into £.

**Notes (continued)****1 Accounting policies (continued)****1.19 Critical accounting estimates and areas of judgement**

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

There are no significant judgements made in preparing the consolidated financial statements.

By their nature, the use of estimates means actual results could differ from these estimates. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates are reviewed on an ongoing basis and any revisions to estimates are recognised prospectively.

The estimates that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

*i. Impairment of investments*

The recoverable amount of investments is based on future cash flows for the individual investments. In determining whether any impairment is required, management makes a number of estimates in respect of future cash flows and future earnings growth. Following their assessment and review, the directors have determined no impairment is necessary.

*ii. Acquisition accounting*

Estimation is often required in determining the identifiable intangible assets acquired as part of a business combination that must be recognised as an asset in the Group's consolidated financial statements. Estimation is required in determining both the fair value of all identified assets, liabilities acquired, any contingent consideration and in particular intangible assets.

In determining these fair values, a range of assumptions are used, including forecast revenue, discount rates, and attrition rates that are specifically related to the intangible asset being valued. The useful economic lives of these assets are estimated using management's best estimates and reassessed annually. If the useful economic lives of the Group intangible assets were one year shorter, the carrying value of intangible assets at 31 December 2022 would be £236k lower.



**Notes (continued)****2 Revenue**

The Group derives revenue from the transfer of goods and services over time and at a point in time based and from the following geographical segments, based on the location of the client:

	<b>Period from 18 Nov 2021 to 31 Dec 2022</b>
	<b>£</b>
Timing of revenue recognition from external sales:	
Revenue recognised over-time	24,707,679
Revenue recognised at a point in time	15,282,951
<b>Total revenue</b>	<b>39,990,630</b>

	<b>Period from 18 Nov 2021 to 31 Dec 2022</b>
	<b>£</b>
Revenue from external sales by geography:	
United Kingdom	24,882,705
Rest of Europe	2,238,431
United States of America	11,807,365
Rest of the World	1,062,130
<b>Total revenue</b>	<b>39,990,630</b>

**3 Operating expenses and auditor's remuneration**

Included in operating loss and loss before taxation are the following:

		<b>Period from 18 Nov 2021 to 31 Dec 2022</b>
	<b>Note</b>	<b>£</b>
Operating Expenses:		
Staff costs	5	15,231,452
Amortisation of intangible assets	7	1,998,856
Depreciations of right-of-use assets	8	411,625
Depreciation of property, plant and equipment	9	280,166
Profit on disposal of property, plant and equipment		(239)
Net foreign exchange profit		(153,837)
Auditor's remuneration		121,800
Other administrative costs		5,046,683
<b>Total operating expenses</b>		<b>22,936,505</b>

During the period, the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors.

*Auditor's remuneration:*

	<b>Period from 18 Nov 2021 to 31 Dec 2022</b>
	<b>£</b>
Fees payable to Moore Kingston Smith LLP for:	
Audit of these financial statements	26,400
Audit of subsidiary financial statements	65,450
Preparation of these financial statements	4,400
Preparation of subsidiary financial statements	8,250
Tax advisory services	17,300
<b>Total auditor remuneration</b>	<b>121,800</b>

**Notes (continued)****4 Finance income and expenses**

	Period from 18 Nov 2021 to 31 Dec 2022
	£
<b>Finance income</b>	
Interest receivable	271
<b>Finance expense</b>	
Interest payable on bank loans	481,473
Interest payable on preference shares	1,509,209
Interest payable in respect of lease liabilities	41,604
<b>Total finance expenses</b>	<b>2,032,286</b>

**5 Staff numbers and costs**

The average monthly number of persons (including directors) employed by the Group by function and geographical area, during the year were as follows:

	Period from 18 Nov 2021 to 31 Dec 2022
	No.
<b>Staff numbers</b>	
Project staff	206
Administrative and management	44
	<b>250</b>

The aggregate staff costs of these persons were as follows:

	Period from 18 Nov 2021 to 31 Dec 2022
	£
<b>Staff costs:</b>	
Wages and salaries	13,088,793
Social security costs	1,377,386
Contributions to defined contribution pension plans	765,273
<b>Total staff costs</b>	<b>15,231,452</b>

Included in the above are the following amounts expensed in relation to directors:

	Period from 18 Nov 2021 to 31 Dec 2022
	£
<b>Director remuneration:</b>	
Remuneration for qualifying services	412,435
Pension costs	16,800
<b>Total director remuneration</b>	<b>429,235</b>

The number of directors for who retirement benefits are accruing under defined contribution schemes amounted to 1.

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

	Period from 18 Nov 2021 to 31 Dec 2022
	£
<b>Director remuneration:</b>	
Remuneration for qualifying services	235,897
Pension costs	-
<b>Total highest paid director remuneration</b>	<b>235,897</b>

**Notes** *(continued)***6 Taxation**

		<b>Period from 18 Nov 2021 to 31 Dec 2022</b>
	<b>Note</b>	<b>£</b>
<b>Current tax</b>		
Current tax on profits in the period		(19,503)
Adjustments in relation to prior periods		(46,650)
<b>Deferred tax</b>		
Origination and reversal of timing differences	20	(900,957)
<b>Total tax credit for period</b>		<b>(967,110)</b>

The charge for the period can be reconciled to the loss per the income statement as follows:

	<b>Period from 18 Nov 2021 to 31 Dec 2022</b>
	<b>£</b>
Profit/(Loss) before taxation	<b>(2,871,528)</b>
Tax calculated at the applicable rate based on profit for the year	<b>(545,590)</b>
Fixed asset differences	(2,181)
Expenses not deductible for tax purposes	237,838
Income not taxable for tax purposes	(76,000)
Adjustments to brought forward values	(950)
Other permanent differences	(499,714)
Losses carried back	46,650
Losses carried forward	(404,989)
Group income	(437,000)
Exempt distribution income	433,438
Group relief surrendered	1
Adjustment in respect of prior periods	(46,650)
Remeasurement of deferred tax for changes in tax rates	(100,849)
Movement in deferred tax not recognised	428,886
<b>Total tax credit</b>	<b>(967,110)</b>

**Notes (continued)****7 Intangible assets**

<b>Group</b>	<b>Note</b>	<b>Customer Relationships £</b>	<b>Total £</b>
<b>Cost</b>			
At 18 November 2021		-	-
Acquired through business combinations	11	21,208,790	21,208,790
At 31 December 2022		<b>21,208,790</b>	<b>21,208,790</b>
<b>Accumulated amortisation</b>			
At 18 November 2021		-	-
Charge in the period		1,998,856	1,998,856
At 31 December 2022		<b>1,998,856</b>	<b>1,998,856</b>
<b>Net book value</b>			
At 31 December 2022		<b>19,209,934</b>	<b>19,209,934</b>
At 18 November 2021		-	-

Amortisation of intangible assets is included in the income statement within operating expenses. There are 9 years of amortisation remaining.

The Company had no intangible fixed assets at 31 December 2022 or 18 November 2021.

**Notes** *(continued)***8 Right-of-use assets**

<b>Group</b>	<b>Note</b>	<b>Leasehold property £</b>	<b>Total £</b>
<b>Cost</b>			
At 18 November 2021		-	-
Acquired through business combinations	11	1,176,956	1,176,956
At 31 December 2022		<b>1,176,956</b>	<b>1,176,956</b>
<b>Accumulated depreciation</b>			
At 18 November 2021		-	-
Charge in the period		411,625	411,625
At 31 December 2022		<b>411,625</b>	<b>411,625</b>
<b>Net book value</b>			
<b>At 31 December 2022</b>		<b>765,331</b>	<b>765,331</b>
At 18 November 2021		-	-

Depreciation of right-of-use assets is included in the income statement within operating expenses.

The Company had no right-of-use assets at 31 December 2022 or 18 November 2021.

**Notes (continued)****9 Property, plant and equipment**

Group	Note	Leasehold improvements £	Office costs £	Computer equipment £	Total £
<b>Cost</b>					
At 18 November 2021		-	-	-	-
Acquired through business combinations	11	87,445	82,381	340,230	510,056
Additions		30,042	16,767	150,139	196,948
Disposals		-	-	(3,639)	(3,639)
Exchange differences		4,782	2,793	27,045	34,620
At 31 December 2022		<b>122,269</b>	<b>101,941</b>	<b>513,775</b>	<b>737,985</b>
<b>Accumulated depreciation</b>					
At 18 November 2021		-	-	-	-
Charge in the period		36,931	38,774	204,461	280,166
Disposals		-	-	(1,213)	(1,213)
Exchange differences		4,782	2,441	24,226	31,449
At 31 December 2022		<b>41,713</b>	<b>41,215</b>	<b>227,474</b>	<b>310,402</b>
<b>Net book value</b>					
At 31 December 2022		<b>80,556</b>	<b>60,726</b>	<b>286,301</b>	<b>427,583</b>

At 18 November 2021

Depreciation of tangible fixed assets is included in the income statement within operating expenses.

The Company had no tangible fixed assets at 31 December 2022 or 18 November 2021.

**10 Fixed asset investments**

Company	Note	Subsidiaries £	Total £
<b>Cost or market value</b>			
At 18 November 2021		-	-
Additions in the period	12	19,291,498	19,291,498
Impairment in the period		(1,909,160)	(1,909,160)
At 31 December 2022		<b>17,382,338</b>	<b>17,382,338</b>
<b>Net book value</b>			
At 31 December 2022		<b>17,382,338</b>	<b>17,382,338</b>

At 18 November 2021

On 21 January 2022, Exaudio Capital Limited acquired the entire share capital of DTA Group Limited for consideration of £15,715,388.

On 15 June 2022, Exaudio Capital Limited acquired newly issued shares within DTA Group Limited for consideration of £3,576,110.

The investment in DTA Group Limited was impaired in the period due to the carrying amount exceeding the net present value of future cashflows.

As permitted by section 479A of the Companies Act 2006, the subsidiary, DTA Group Limited, is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts. In order to meet this exemption, the Company will give guarantees under section 479C of the Companies Act 2006.

**Notes (continued)****11 Acquisitions****DTA Group**

On 21<sup>st</sup> January 2022, the Group acquired the entire share capital of DTA Group Limited ("DTAG"), a digital technology advisory group based in the United Kingdom.

DTAG has contributed £40m to revenue and £641k of profit before tax for the period between the date of acquisition and the balance sheet date. Had DTAG been consolidated from 1 January 2022 the consolidated income statement for the year ended 31 December 2022 would show revenue of £12m and loss before tax of £749k.

Details of the fair value of assets acquired and liabilities assumed, goodwill and purchase consideration are as follows:

	£
Customer relationship	21,208,790
Property, plant and equipment	510,056
Right-of-use asset	1,176,956
Trade receivables	4,119,467
Contract assets	3,499,429
Other receivables	363,229
Cash and cash equivalents	3,382,979
Trade and other payables	(2,780,286)
Contract liabilities	(2,347,490)
Lease liabilities	(1,204,270)
Provisions	(100,000)
Deferred tax liabilities	(5,289,163)
Other liabilities	(6,824,309)
<b>Net identifiable assets acquired</b>	<b>15,715,388</b>
Goodwill arising on acquisition	-
<b>Total purchase consideration</b>	<b>15,715,388</b>

The fair value of the purchase consideration at the acquisition date is as follows:

	£
Cash consideration	15,715,388
<b>Total purchase consideration</b>	<b>15,715,388</b>

**12 Subsidiaries**

The Group consists of the parent company, Exaudio Capital Limited, and a number of subsidiaries which are owned 100% by the Group. These subsidiaries are set out below:

Company	Registered office address	Country
DTA Group Limited	12 Fliteoft Street, London, England, WC2H 8DL	UK
DTAG Inc	1209 Orange Street, Wilmington, DE 19081	USA
2CV Limited	12 Fliteoft Street, London, England, WC2H 8DL	UK
2CV Pte Limited	78B Tras Street, 079017	Singapore
2CV Inc	4551 Gencoe Avenue, Suite 350, Marina Del Rey, LA, CA	USA
The Value Engineers Limited	12 Fliteoft Street, London, England, WC2H 8DL	UK
TVE Inc	1209 Orange Street, Wilmington, DE 19081	USA
Signal Agency Limited	Jessop House, Jessop Avenue, Cheltenham, GL50 3SH	UK

**Notes (continued)****13 Trade receivables**

	<b>2022</b>
	<b>£</b>
Trade receivables	5,321,916

The average credit period taken on the provision of services was 39 days.

There were no material expected loss allowances recognised on trade receivables in the period ended 31 December 2022.

The Directors consider that the carrying value of trade receivables approximates to fair value.

**14 Contract assets and liabilities**

	<b>Note</b>	<b>Contract Assets</b>	<b>Contract Liabilities</b>
		<b>£</b>	<b>£</b>
At 18 November 2021		-	-
Acquired through business combinations	11	3,499,429	(2,347,490)
Cash received, excluding amounts recognised as revenue in the period		-	576,230
Revenue recognised as a result of changes in the measure of progress in the period in excess of amounts billed to clients		(1,579,706)	-
At 31 December 2022		<b>1,919,723</b>	<b>(1,771,260)</b>

The Group has applied the practical expedient permitted by IFRS 15 not to disclose the transaction price allocated to performance obligations unsatisfied (or partially unsatisfied) at the end of the reporting period as contracts have an original expected duration of less than 12 months.

**15 Other receivables**

	<b>Group 2022</b>	<b>Company 2022</b>
	<b>£</b>	<b>£</b>
<b>Due after more than one year</b>		
Long term deposits	302,138	-
<b>Due within one year</b>		
	<b>Group 2022</b>	<b>Company 2022</b>
	<b>£</b>	<b>£</b>
Prepayments	561,601	-
Other receivables	292,832	-
Intercompany receivables	-	606,997
	<b>854,433</b>	<b>606,997</b>

The Directors consider that the carrying value of the other receivables approximates to fair value.



**Notes (continued)****16 Trade and other payables**

The following are included in trade and other payables falling due within one year:

	<b>Group 2022 £</b>	<b>Company 2022 £</b>
Trade payables	4,329,490	-
Other taxation and social security	617,296	32,110
Accruals	1,481,478	33,112
Other payables	251,700	2,670
Intercompany liabilities	-	54,089
	<b>6,679,964</b>	<b>121,981</b>

The Directors consider that the carrying value of the trade and other payables approximates to fair value.

**17 Lease liabilities**

	<b>Note</b>	<b>Properties 2022 £</b>
At 18 November 2021		-
Acquired through business combinations	11	1,204,270
Interest on lease liabilities		41,604
Lease payments during the period		(482,332)
At 31 December 2022		<b>763,542</b>
Current lease liabilities		448,581
Non-current lease liabilities		314,961
		<b>763,542</b>

**18 Provisions**

	<b>Note</b>	<b>Restoration costs 2022 £</b>
At 18 November 2021		-
Acquired through business combinations	11	100,000
At 31 December 2022		<b>100,000</b>

The Group is required to restore some of its leased offices to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated amount of these costs. These costs have been capitalised as part of the respective right-of-use asset and amortised over the remaining lease terms.

**Notes (continued)****19 Loans and borrowings**

	<b>Group 2022</b>	<b>Company 2022</b>
	<b>£</b>	<b>£</b>
Bank loans	5,348,750	5,348,750
Preference shares	17,109,209	17,109,209
	<b>22,457,959</b>	<b>22,457,959</b>

The Company has debt facilities with Shawbrook Bank Limited ("Shawbrook").

At 31 December 2022 the Shawbrook facilities consisted of a £5.5m term loan. The facility bears interest at a rate of 7% over SONIA, and is committed to 2028.

The facility is repayable in full on the termination date in 2028.

The Company has issued 15,600,000 preference shares for consideration of £15,600,000 in the period.

The preference shares accrue dividends at the rate of 10% per annum.

**20 Deferred tax**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current reporting period.

	<b>2022</b>
	<b>£</b>
At 18 November 2021	-
Acquired through business combinations	(5,289,163)
Deferred tax charged in the Profit and loss account for the period	900,958
<b>At 31 December 2022</b>	<b>(4,388,205)</b>

**Notes (continued)****21 Share capital**

	2022 No.	2022 £
A Ordinary shares of 1p each	375,000	3,750
B Ordinary shares of 1p each	85,000	850
C Ordinary shares of 1p each	30,500	305
	<b>490,500</b>	<b>4,905</b>

On 18 November 2021 A Ordinary shares were subdivided into 100 A Ordinary shares.

On 21 January 2022 374,900 A Ordinary shares were issued for consideration equal to £374,900.

On 21 January 2022 85,000 B Ordinary shares were issued for consideration equal to £85,000.

On 21 January 2022 30,500 C Ordinary shares were issued for consideration equal to £30,500.

A, B and C shares have full, equal rights regarding voting, payment of dividends and distributions.

**22 Share premium**

	2022 £
At 18 November 2021	-
Issue of shares	485,595
<b>At 31 December 2022</b>	<b>485,595</b>

**23 Cash (used in)/generated from operations**

	Period from 18 Nov 2021 to 31 Dec 2022 £
Loss before taxation	(2,871,528)
<b>Adjustments for:</b>	
Finance costs	2,032,286
Finance income	(271)
Profit on disposal of property, plant and equipment	(239)
Amortisation of intangible assets	1,998,856
Depreciation of property, plant and equipment	691,791
Foreign exchange gains on fixed assets	(3,171)
Operating cash flows before movements in working capital	1,847,723
Decrease in trade and other receivables	(416,085)
Increase in trade and other payables	(3,500,861)
<b>Cash generated from/(absorbed by) operations</b>	<b>(2,069,223)</b>

**Notes (continued)****24 Net debt**

The Group believes that reporting net debt, provides a meaningful assessment of the way the Group is funded. The Groups definition of net debt excludes lease financing arrangements.

Net debt comprises of:

	<b>Group</b>	<b>Company</b>
	<b>2022</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	5,986,380	134,415
Bank loans	(5,500,000)	(5,500,000)
Preference shares	(17,109,209)	(17,109,209)
<b>Total net debt</b>	<b>(16,622,829)</b>	<b>(20,965,586)</b>

Movements in net debt can be analysed as follows:

	<b>Group</b>	<b>Company</b>
	<b>2022</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Net increase in cash and cash equivalents	763,542	134,415
<b>Changes in funds/(debt) as a result of cash flows:</b>		
Drawdown of bank loans	(5,500,000)	(5,500,000)
Issue of preference shares	(15,600,000)	(15,600,000)
Preference share dividends	(1,509,209)	(1,509,209)
Movement in net debt in the period	(16,622,829)	(22,474,794)
Net debt at the beginning of the period	-	-
<b>Net debt at the end of the period</b>	<b>(16,622,829)</b>	<b>(22,474,794)</b>

**25 Financial instruments****Categories of financial instruments**

Financial assets are categorised as financial assets at amortised cost. All financial liabilities are categorised as financial liabilities at amortised cost. The Group does not have any derivative financial instruments.

The Directors consider the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

The following table provides an analysis of the Group's non-derivative financial assets and liabilities at 31 December 2022:

	<b>Group</b>	<b>Company</b>
	<b>2022</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Financial assets:</b>		
Cash and cash equivalents	5,986,380	134,415
Trade receivables	5,321,916	-
Contact assets	1,919,723	-
Other receivables (excluding prepayments)	292,832	606,997
	<b>13,520,851</b>	<b>741,412</b>
<b>Financial liabilities:</b>		
Bank loans	5,348,750	5,348,750
Lease liabilities	763,542	-
Trade payables	4,329,490	-
Accruals	1,481,478	-
Preference shares	17,109,209	17,109,209
Other payables	251,700	121,981
	<b>29,284,169</b>	<b>22,579,940</b>

**Notes (continued)****Financial risk management objectives**

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, and foreign exchange risk.

**Foreign currency risk management**

The Group operates in a number of markets across the world and is exposed to foreign exchange risk arising from various currency exposures in respect of cash and cash equivalents, trade receivables and trade payables.

The Group also has subsidiaries located in the USA and Singapore with functional currencies in US dollar, and Singapore dollar, respectively. At 31 December 2022 the net assets of these subsidiaries were £3,625,634. Differences that arise from the translation of these assets to sterling are recognised in other comprehensive income in the period and the cumulative effect as a separate component in equity. The Group does not hedge this translation exposure to its equity.

The following table demonstrates the Group's sensitivity to a 10% increase and decrease in sterling against sterling and euro, on the Group's profit for the period and on the Group's equity. This sensitivity represents management's assessment of the reasonably possible change in foreign exchange rates.

	US Dollar 2022 £	Singapore Dollar 2022 £
<b>Strengthening of sterling by 10%</b>		
On loss for the period	(304,404)	(25,199)
On equity	-	-
<b>Weakening of sterling by 10%</b>		
On loss for the period	33,842	27,720
On equity	-	-

**Interest rate risk management**

The Group's exposure to interest rate risk arises from the Group's long-term debt obligations with floating and fixed interest rates. Floating rate financial instruments comprise of the Group's cash and cash equivalents and borrowings. Fixed rate financial instruments comprise of lease liabilities.

The Group's borrowings were £5.3m. Details of the Group's borrowings are set out in note 21 and details of the Group's lease liabilities are set out in note 19.

The following table demonstrates the sensitivity to reasonable possible changes in interest rates on bank borrowings, with all other variables held constant, on the Group's profit before tax and equity:

	2022 £
<b>Increase in rates of 100 basis points</b>	
Effect on loss before tax and equity	(27,726)
<b>Decrease in rates of 100 basis points</b>	
Effect on loss before tax and equity	27,726

**Notes (continued)****Liquidity risk management**

The Group's treasury policies are designed to ensure that sufficient cash reserves and loan facilities are available to support current and future business requirements.

At 31 December 2022 the Group had no undrawn facilities, cash and cash equivalents of £5,986,380 and no overdraft.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities at 31 December 2022 based on contractual undiscounted payments, including estimated interest payments where applicable:

<b>31 December 2022</b>	<b>Less than 1 year</b>	<b>1 – 5 years</b>	<b>5+ years</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	-	-	5,348,750	5,348,750
Lease liabilities	448,581	314,961	-	763,542
Trade payables	4,329,490	-	-	4,329,490
Accruals	1,481,478	-	-	1,481,478
Other payables	251,700	-	-	251,700
	<b>6,511,249</b>	<b>314,961</b>	<b>5,348,750</b>	<b>12,174,960</b>

**26 Related Parties**

The Group has related party relationships with its subsidiaries.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

During the reporting period, there were no transactions with related parties other than group entities. Furthermore, there were no outstanding balances with related parties other than group entities as of the reporting date.

**27 Ultimate controlling party**

As at 31 December 2022, the immediate parent was Vespa Capital III L.P. a company incorporated in the United Kingdom. The ultimate parent was Vespa Capital Partners Limited, a company incorporated in the United Kingdom. Exaudio Capital Limited is the largest and smallest group into which the entity has been consolidated for the year ended 31 December 2022.