REGISTERED NUMBER: 05696250 (England and Wales)

Reward Gateway (UK) Ltd

Annual Report and Financial Statements

for the Year Ended 30 June 2021

Reward Gateway (UK) Ltd

Contents of the Annual Report and Financial Statements
for the Year Ended 30 June 2021

Reward Gateway (UK) Ltd

Annual Report and Financial Statements
for the Year Ended 30 June 2021

Officers and Professional Advisers

DIRECTORS:	D A Butler R A Boland E Morii
SECRETARY:	Squire Patton Boggs Secretarial Services Limited
REGISTERED OFFICE:	265 Tottenham Court Road London England W1T 7RQ
REGISTERED NUMBER:	05696250 (England and Wales)
AUDITOR:	Deloitte LLP Statutory Auditor Saltire Court 20 Castle Terrace Edinburgh EH1 2DB

Strategic Report
for the Year Ended 30 June 2021

The directors present the Strategic Report for the year ended 30 June 2021.

PRINCIPAL ACTIVITIES
The Company is a subsidiary of RG Engagement Group Limited (the "Group"), which is a leading global player in the employee engagement technology sector. Markets covered include the UK, USA, and Australia, trading under the name Reward Gateway. The Company develops software platforms called SmartHub, for a worldwide client base to allow employers to better connect their organisations to their employees.

The principal activity of the Company in the year under review was the provision of employee engagement technology through its software platform to its customers primarily in Great Britain and Ireland.

REVIEW OF THE BUSINESS
Software as a Service ("SaaS") and fee revenue and related cost of sales has been shown separately from the resale of vouchers in the Statement of Comprehensive Income to assist in understanding its constituent parts. SaaS and fee revenue grew by 8% to £27,902,116 (2020: £25,815,040) due to new business launched in the financial period in addition to upsell of our service fees to our existing customer base. Our voucher resale revenue decreased by 9% to £141,777,308 (2020: £155,449,237), this decrease is due to a higher proportion of our voucher resale being recognised on an agency basis in the current financial period. The underlying voucher resale for revenue recognised as agent increased 39% in the financial period to £271,690,718 (2020: £195,386,031). This was driven by higher usage of the platform and targeted marketing and promotions.

The Company achieved gross profit of £30,988,261 (2020: £28,044,716) and a profit for the financial year after taxation of £10,609,194 (2020: £11,359,946).

Adjusted operating profit was £16,709,908 (2020: £14,195,008) growing at 18% from the prior period. Adjusted operating profit excludes exceptional items, share-based payment charges, amortisation and depreciation. Refer to Note 8 to the financial statements to show the calculation of adjusted operating profit.

The Company achieved its aim of significant market growth from the prior year, winning £2,706,725 of annualised new contract revenue. The directors believe that the Company is well positioned to maintain the growth in the UK in the coming years.

Customer net churn was 2.3% in the period compared to 3.9% in the year ended 30 June 2020. Customer net churn is calculated as the net decrease in fee revenue of the total contract value being renewed. The Directors believe that the bulk of clients at risk of non-renewal have been retained.

The Balance Sheet set out on page 13 of the financial statements demonstrates the Company's financial position.

On 4th August 2021, Reward Gateway Engagement Group Ltd (of which the Company is a material subsidiary) was acquired by new private equity investors; Abry Partners and Castik Capital. The acquisition of Reward Gateway validates the group's strategic vision, expansive growth strategy, and the value its products and services deliver to clients.

KEY PERFORMANCE INDICATORS
- Gross transactional value £441,370,141 (2020: £376,650,309)
- Adjusted operating profit increased 18% to £16,709,908 (2020: £14,195,008)
- Customer net churn 2.3% (2020: 3.9%)
- Cash held at year end of £17.1m (2020: £19.9m)

Strategic Report - continued
for the Year Ended 30 June 2021

SECTION 172(1) STATEMENT
The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company and Company for the benefit of members as a whole. The Board considers that the Company's key stakeholders are its shareholders, employees, customers, suppliers, key partners and the environment. The Directors have fulfilled their obligations in conjunction with the Company's "Leadership Team" giving regard (amongst other matters) to:

a) The likely consequences of any decision in the long term
b) The interests of the company's employees
c) The need to foster the company's business relationships with suppliers, customers and others
d) The impact of the company's operations on the community and the environment
e) The desirability of the company maintaining a reputation for high standards of business conduct, and
f) The need to act fairly as between members of the company.

The following paragraphs summarises how the Directors have fulfilled these duties during the year ended 30 June 2021.

Shareholders
The majority shareholders have Board representation and receive regular information on business performance, including monthly financial performance.

Decision making
The Directors and Leadership team have regard to its stakeholders with the decisions that it makes. During the year under review, Covid-19 continued to have an impact on the Company's stakeholders and the Directors continue to review how the business could provide the best support to these parties. The Company continued to ensure that its clients understood the solutions it has on offer to support them through the pandemic and these have proved invaluable in supporting them with employee engagement, wellbeing and reward. The Company took steps to limit the risk to its employees contracting Covid-19 through a cautious reopening of its offices, following local government advice. The Company's IT infrastructure, already in place before the pandemic, meant that every employee could already effectively and securely work remotely. The Company's People team have focused on supporting the mental health of the Company's employees through the pandemic with a wide range of wellbeing initiatives.

Employee engagement, culture and environment
The Directors recognise the critical importance of its employees and culture as the heart of its ability to deliver innovative solutions that ensure client success.

Reward Gateway uses its own communication product to keep employees informed. There is a weekly CEO video update ('Vlog') along with other Leadership team ad hoc Vlogs during the year. Written weekly and ad hoc articles are also used to communicate within Reward Gateway. During the year there were 333 Vlogs and written articles. The Company's values are embedded into employee communications and are well understood by its employees. In addition, Annual and half yearly employee conferences are held which, amongst other things, updates employees on the company financial and sales performance, strategy, product enhancements, People strategy and community initiatives. Anonymous feedback is regularly obtained from its employees on a range of items.

Employees are encouraged to get involved in external community activities by granting employees three additional days leave a year to participate and an additional day is given for participation to allow employees to attend an event or support an occasion which enhances equality or social justice.

The Company also promotes the discussion and understanding of issues that impact its employees and the wider community through employee run forums, articles on its communications platform and discussion on the communication tool "Slack". Diversity and mental health have been two of the areas that have been part of these activities.

Energy and carbon reporting
The Company has taken advantage of the exemption in Part 7A of schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 from the carbon reporting disclosure as it is a subsidiary undertaking and is included in the consolidated financial statements of RG Engagement Group Limited. Copies of the consolidated financial statements of RG

Engagement Group Limited can be obtained from 265 Tottenham Court Road, London, W1T 7RQ.

Business relationships
The Company's mission is "Let's make the world a better place to work". Ensuring that it delivers innovative solutions to achieve success for its customers requires a high level of engagement and partnership throughout a product's life cycle. This is achieved through working in conjunction with its clients, retail partners and benefit providers. The principal teams involved with this are the Company's Product Development, Engineering, Retail, Business development, Client Success and Implementation teams

PRINCIPAL RISKS AND UNCERTAINTIES
The main financial risks arising from the Company's financial instruments are liquidity risk, credit risk, currency risk and industry risk. The directors review and agree policies for managing each of these risks and they are summarised in the Director's report on page 5.

Approved by the Board of Directors and signed on its behalf by:

....
E Morii - Director

Date: 8 November 2021

265 Tottenham Court Road
London
England
W1T 7RQ

Reward Gateway (UK) Ltd

Directors' Report
for the Year Ended 30 June 2021

The directors present their Annual Report and the audited financial statements of Reward Gateway (UK) Ltd (the "Company") for the year ended 30 June 2021.

RESULTS AND DIVIDENDS

The results for the year are set out on page 12.

The directors do not recommend the payment of dividend (2020: £Nil).

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

D A Butler
R A Boland
E Morii

GOING CONCERN

The financial statements have been prepared on the going concern basis on the assumption that the Company will continue in operational existence for the foreseeable future. The Company made a profit in the year of £10,609,194 (2020: £11,359,946) and the Balance Sheet showed net assets of £68,039,801 (2020: £56,768,972) of which £17,088,885 (2020: £19,867,199) of cash was held as at 30 June 2021. The Company has not been significantly affected by Covid-19.

The Directors have prepared detailed cash flow forecasts which are based on their current expectations of trading prospects. The forecasts have been prepared over a period of 12 months from the date of signing these financial statements, and the directors are confident that the Company will be able to meet its liabilities as they fall due. The Directors have also carried out sensitivities and "reverse stress test" on its forecasts and are satisfied with the results. Accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

FUTURE OUTLOOK

The Company is well placed to continue to develop according to its business plan, enjoying a broad spread of clients across many sectors, with the majority on long-term contracts. The Company will continue to focus on developing its international expansion, through its related companies within its corporate ownership structure covering the United States, Europe and Australia, whilst exploring the viability of launching into new territories.

The Directors are confident that the Company's forecasts are achievable. The Board is confident of the Company's outlook for 2022.

PRINCIPAL RISKS

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, currency risk and industry risk.

Liquidity risk

The Company seeks to manage liquidity risk by regular cash and bank covenant forecasting. The Company's funding strategy is to ensure a mix of funding sources offering flexibility and cost effectiveness to match the requirements of the Company.

Credit risk

The principal credit risk arises from trade debtors. For the provision of employee benefit services, credit risk is mitigated by adopting a policy of requesting fees at the start of contracts. For the remainder, the Company, manages credit risk by setting and reviewing credit limits on a regular basis in conjunction with debt ageing and collection history.

PRINCIPAL RISKS - continued

Currency risk

The Company is exposed to currency risk on purchases and trade receivables that are denominated in a currency other than the respective functional currencies of the Company or its branches.

The bulk of the Company's trading is done in GBP. The Company's branch incurs costs in Bulgarian Lev. The Company is therefore subject to a potential foreign exchange risk resulting from movements in the BGN/GBP exchange rates, however to date this has not had a material impact on the financial statements.

Industry risk

The Company has a market-leading product in the employee engagement sector, but there is always a risk of new entrants into the market place undercutting its services. The Company continually looks to improve its product offering and services and believe they are in a good position to withstand new entrants, as well as current competitors.

Failure to retain key executives, officers, managers and technical personnel could adversely affect the Company's operating and financial performance.

The Company is an industry leader at employee engagement and believes it has more than sufficient measures to motivate and retain key employees through its offering of a wide range of benefits over its competitors.

The Company believes it is well-placed with its depth of experienced personnel, which would cover the departure of employees and key management.

The Board reviews and agrees policies for managing each of the above risks. The directors are not aware of any other material risks affecting the Company.

Covid-19

The Directors continue to monitor risks to the Company associated with Covid-19 but do not expect this to have a material impact on the business in the long term.

UK exit from the European Union

On 31 January 2020, the United Kingdom left the European Union. This event has not had, nor is expected to have, a material impact on the business in the long term.

OVERSEAS BRANCHES

In 2015, a branch office, Reward Gateway (UK) Ltd Branch, was set up in Plovdiv, Bulgaria as a branch of Reward Gateway (UK) Ltd. The branch was established to service operational and administrative functions to the Company and has continued to do so in the current year.

RESEARCH AND DEVELOPMENT

The Company continues to invest in creating new products and updating existing products using its inhouse teams in Bulgaria and the UK.

QUALIFYING THIRD-PARTY INDEMNITY PROVISIONS

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

EQUAL OPPORTUNITIES

The Company is committed to an active equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotion, to retirement. It is the Company's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, ethnic or national origin, disability, age, marital or civil partner status, sexual orientation or religion. All decisions relating to employment practices will be objective, free from bias, and based solely upon work criteria and individual merit.

Reward Gateway (UK) Ltd

Directors' Report - continued
for the Year Ended 30 June 2021

EMPLOYEES WITH DISABILITIES

It is the Company's policy that people with disabilities should have full and fair consideration for all vacancies. During the year, the Company continued to demonstrate our commitment to interviewing those people, with disabilities who fulfil the minimum criteria, and endeavouring to retain employees in the workforce if they become disabled during employment. We will actively retrain and adjust their environment where possible to allow them to maximise their potential. We continue to work with external organisations to provide workplace opportunities.

SUBSEQUENT EVENTS

On 4th August 2021, RG Engagement Group Limited, of which the Company is a material subsidiary, was acquired by new private equity investors; Abry Partners and Castik Capital ("the Sale"). The acquisition of Reward Gateway validates the group's strategic vision, expansive growth strategy, and the value its products and services deliver to clients. On the date of the aquisition there was a change in the ultimate controlling party of the Group from RG Investment Holding L.P to ERG Investment S.a.r.l Luxembourg and an affiliate of funds managed by ABRY IX Capital Investors, LLC.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The auditor Deloitte LLP will be proposed for re-appointment in accordance with the provisions of Section 485 of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf by:

....
E Morii -Director

Date: 8 November 2021

265 Tottenham Court Road
London
England
W1T 7RQ

Reward Gateway (UK) Ltd

Directors' Responsibilities Statement
for the Year Ended 30 June 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 *"The Financial Reporting Standard applicable in the UK and Republic of Ireland"*, 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 Company and of the profit or loss of the Company for that period.

In preparing the 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 United Kingdom Accounting Standards, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the Members of Reward Gateway (UK) Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Reward Gateway (UK) Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We 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 Financial Reporting Council's (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 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.

Independent Auditor's Report to the Members of Reward Gateway (UK) Ltd - continued

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 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 company or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which 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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act 2006 and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue recognised in certain retail revenue streams as a result of commission earned, cashback bonuses received from affiliate networks or supplier rebates involves an element of manual calculation, which places reliance on the volume of sales actually made. Therefore, this leads to an increased risk of management manipulation and capacity for error. To address this risk we have reviewed the manual calculations prepared by management and challenged assumptions made.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

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

David Mitchell, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
9 November 2021

Reward Gateway (UK) Ltd
Statement of Comprehensive Income
For the Year Ended 30 June 2021

	Notes	2021 SaaS and fee revenue £	2021 Voucher resale £	2021 Total £	2020 SaaS and fee revenue £	2020 Voucher resale £	2020 Total £
TURNOVER	3	27,902,116	141,777,308	169,679,424	25,815,040	155,449,237	181,264,277
Cost of sales		(383,533)	(138,307,630)	(138,691,163)	(252,398)	(152,967,163)	(153,219,561)
GROSS PROFIT		27,518,583	3,469,678	30,988,261	25,567,642	2,482,074	28,044,716
Administrative expenses				(17,011,916)			(15,551,037)
Exceptional items	4			(1,591,097)			(246,427)
OPERATING PROFIT	7			12,385,248			12,247,252
Interest receivable and similar income	9			10,547			22,691
PROFIT BEFORE TAX				12,395,795			12,269,943
Tax on profit	10			(1,786,601)			(909,997)
PROFIT FOR THE FINANCIAL YEAR				10,609,194			11,359,946
OTHER COMPREHENSIVE INCOME							
Foreign currency transaction difference				18,187			105,745
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR				10,627,381			11,465,691
Gross transactional value	3			441,370,141			376,650,309

All activities derive from continuing operations.

Reward Gateway (UK) Ltd

Balance Sheet
As at 30 June 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Intangible assets	11	5,633,816	4,481,769
Tangible assets	12	579,163	978,669
		6,212,979	5,460,438
CURRENT ASSETS			
Stocks	14	461,060	800,199
Debtors	15	99,607,617	93,619,846
Cash at bank and in hand		17,088,885	19,867,199
		117,157,562	114,287,244
CREDITORS			
Amounts falling due within one year	16	(55,330,740)	(62,978,710)
NET CURRENT ASSETS		61,826,822	51,308,534
TOTAL ASSETS LESS CURRENT LIABILITIES BEING NET ASSETS		68,039,801	56,768,972
CAPITAL AND RESERVES			
Called-up share capital	18	1,206	1,206
Share premium account	19	10,078	10,078
Foreign exchange reserve	19	243,872	225,685
Capital contribution reserve	19	4,622,889	4,622,889
Profit and loss account	19	63,161,756	51,909,114
TOTAL SHAREHOLDERS' FUNDS		68,039,801	56,768,972

The financial statements of Reward Gateway (UK) Ltd (registered number: 05696250) were approved and authorised for issue by the Board of Directors on 8 November 2021 and were signed on its behalf by:

....
E Morii - Director

Reward Gateway (UK) Ltd

Statement of Changes in Equity for the Year Ended 30 June 2021

	Note	Called up share capital £	Share premium £	Capital contribution reserve £	Foreign exchange reserve £	Profit and loss account £	Total £
Balance at 1 July 2019		1,206	10,078	4,622,889	119,940	40,415,030	45,169,143
Profit for the financial year		-	-	-	-	11,359,946	11,359,946
Currency translation differences		-	-	-	105,745	-	105,745
Total comprehensive income		-	-	-	105,745	11,359,946	11,465,691
Share-based payment	5	-	-	-	-	134,138	134,138
Balance at 30 June 2020 and 1 July 2020		1,206	10,078	4,622,889	225,685	51,909,114	56,768,972
Profit for the financial year		-	-	-	-	10,609,194	10,627,381
Currency translation differences		-	-	-	18,187	-	18,187
Total comprehensive income		-	-	-	18,187	10,609,194	10,609,194
Share-based payment	5	-	-	-	-	643,448	643,448
Balance at 30 June 2021		1,206	10,078	4,622,889	243,872	63,161,756	68,309,801

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year unless otherwise disclosed.

General information and basis of accounting
Reward Gateway (UK) Limited is a private company limited by shares registered in England and Wales incorporated in the United Kingdom under the Companies Act 2006 (Company Registration No.05696250). The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Reward Gateway (UK) Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Reward Gateway (UK) Ltd meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Reward Gateway (UK) Ltd is consolidated in the financial statements of its parent, RG Engagement Group Limited, which may be obtained from the address in note 24. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel, share based payments and related party transactions.

Going concern
The financial statements have been prepared on the going concern basis on the assumption that the Company will continue in operational existence for the foreseeable future. The Company made a profit in the year of £10,609,194 (2020:£11,359,946) and the Balance Sheet showed net assets of £68,039,801 (2020: £56,768,972) of which £17,088,885 (2020: £19,867,199) of cash was held as at 30 June 2021. The Company has not been significantly affected by Covid-19.

The Directors have prepared detailed cash flow forecasts which are based on their current expectations of trading prospects. The forecasts have been prepared over a period of 12 months from the date of signing these financial statements, and the directors are confident that the Company will be able to meet its liabilities as they fall due. The Directors have also carried out sensitivities and "reverse stress test" on its forecasts and are satisfied with the results. Accordingly, the Directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Turnover
Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Turnover is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Company's different activities has been met.

Turnover from the provision of Software as a service ("SaaS") and fee revenue is recognised equally over the period the services are delivered to the client.

Turnover from the resale of discounted vouchers is recognised in the period which the voucher have been dispatched to the customer as follows:

- Where the Company purchases vouchers in advance of a customer order revenue is recognised at the purchase price paid by the customer and the cost is recognised in cost of sales for the purchase of the voucher.
- Where the Company has an order from a customer and fulfils the voucher by instantaneously purchasing the voucher from a third-party and transferring it to the customer the profit margin generated on these transactions is recognised within revenue.

1. **ACCOUNTING POLICIES - continued**

Turnover - continued

1) Agent v principal determination
The majority of volume in the gross transactional value generated by the Company is from the provision of discounted vouchers. This type of transaction is distinct from the Company's core business revenue generated from customer contracts.

The Company has a mixture of relationships with retailers and third-party service providers, depending on the voucher offering. Some offerings require purchasing advanced stock, both physical and electronic. Other offerings require prepayment of credit and some other offerings are delivered by a third-party.

The adoption of IFRS 15 by the Company's parent entity placed greater emphasis on the 'control' element of a transaction. In response to this, the Directors of the Company considered each type of voucher offering and determined that the Company act as Principal to the resale of vouchers where the Company are required to purchase advanced stock. This is on the basis that the Company are exposed to the Inventory Risk for these vouchers and can determine the price that the voucher is resold to its members. On balance, under IFRS 15, these factors result in the Company having an element of 'control' over the transaction and therefore is Principal to the arrangement. The Company has adopted the same determination to align the Company accounting policy with that of the Company which is valid under FRS102.

2) Recognition of costs to obtain
The adoption of IFRS 15 by the Group has resulted in a change in the recognition of the costs required to obtain a contract. Under the company previous accounting policy, costs of obtaining a contract were expensed as incurred. IFRS 15 requires that incremental costs of obtaining a contract, such as sales commission, are recognised over the period of the contract which was obtained. As such, sales commission which was expensed as incurred under previous guidance, has been recognised as an asset and will be amortised over the life of the contract period. The Company has adopted the same determination to align the Company accounting policy with that of the Company which is valid under FRS102.

Interest income
Interest income and expenses are reported on an accrual basis, using the effective interest method.

Intangible assets

Software licenses

Intangible assets such as software licences are recognised on business combinations if they are separately identifiable from the acquired entity or give rise to other contractual or legal rights. Identifiable assets are recognised at their fair value at the acquisition date. The identified intangibles are amortised over the useful economic life of the asset.

Development costs
Expenditure on the research phase of an internal project is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all the following conditions are satisfied.

- Completion of the asset is technically feasible so that it will be available for use or sale;
- The Company intends to complete the asset and use or sell it;
- The Company has the ability to use or sell the asset, and the asset will generate probable future economic benefits (over and above cost);
- There are adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred. The cost of an internally generated asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee (other than Director) costs incurred.

Judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. Judgements are based on the information available at the time when costs incurred. In addition, all internal activities related to the research and development of new projects are continuously monitored by the Directors.

1. **ACCOUNTING POLICIES - continued**

Impairment of intangible assets
Assets that are subject to amortisation are reviewed for impairment whenever 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.

Recoverable amount is the higher of fair value less costs of disposal 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.

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. The Company has not reviewed the intangible assets for impairment in the current period because the assets have been included at their revalued amounts subsequent to an independent valuation carried out during the period.

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

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software licences	5 years straight line
Development cost	5 years straight line

Tangible assets
Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. Depreciation

is provided on the following basis:

Fixtures and fittings	3 years straight line
Office equipment	3 years straight line
Computer equipment	3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1. **ACCOUNTING POLICIES - continued**

Impairment of fixed assets
Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Debtors
Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. A provision for bad debt is recognised when there is sufficient doubt over the recoverability of the debtor.

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

1. **ACCOUNTING POLICIES - continued**

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

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

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

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

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

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

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

1. **ACCOUNTING POLICIES - continued**

Finance costs
Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Called up share capital
Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Employee benefits
The Company operates a defined contribution pension plan on behalf of its employees. Amounts contributed are expensed as they fall due. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

Share-based payments
Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

The Company is part of a group share-based payment plan, and it recognises and measures its share-based payment expense as allocated by the group. Employee country of employment (UK, Bulgaria, Australia or the United States) is the basis of allocation across the group.

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 July 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1. ACCOUNTING POLICIES - continued

Pensions

Defined contribution pension plan

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

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

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1. **ACCOUNTING POLICIES - continued**

Exceptional items
Exceptional items, as disclosed on the face of the Statement of Comprehensive Income, are items which due to their materiality and non-recurring nature have been classified separately in order to draw them to the attention of the reader of the financial statements and to highlight the impact of exceptional items on the results of the Company.

Research and development
In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. **JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements under FRS 102 requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Deferred taxation
Deferred tax assets and liabilities have been recognised which are contingent and dependent upon future trading performance, see note 17.

Development costs
Development costs incurred on specific projects are capitalised when certain conditions are satisfied. Careful judgement by the Directors has been applied when deciding whether the recognition requirements for development costs are met i.e. whether there is a future economic benefit arising from the design, testing and development work performed. Judgements are based on the information available at the time of incurring the costs, see note 11 for a breakdown of developments costs capitalised in the year.

Agent vs principal
The Company considered its position in relation to the provision of the following three types of transactions which are distinct from its core business turnover generated from customer contracts. Judgement is based on the specific arrangement of the Company's multiple revenue streams to determine if certain revenue streams should be presented as agent or principal.

a) Provision of discounted vouchers
This is the majority of the volume of the gross transactional value of the Company. The Company has a mixture of relationships with retailers and third-party service providers, depending on the voucher offering. For some offerings, this will require purchasing advanced stock, both physical and electronic. Other offerings require prepayment of credit, and some other offerings are delivered by a third-party.

The Directors considered each type of voucher provision, and concluded that there are two arrangements requiring turnover to be recognised in two ways as either "principal" or "agent". Turnover is recognised as principal where the Company has control over the good or service provided by the voucher in advance of dispatch to the customer.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY - continued

a) Provision of discounted vouchers - continued

- Where the Company purchases vouchers in advance of a customer order the Company is in control of good or service that the voucher entitles the holder to and consequently is the "principal" in the transaction. Turnover is recognised at the purchase price paid by the customer and the cost is recognised in cost of sales for the purchase of the voucher.
- Where the Company has an order from a customer and fulfils the voucher by instantaneously purchasing the voucher from a third-party and transferring it to the customer the Company does not have control over the good or service and acts as an "agent" in the transaction. The profit margin generated on these transactions is recognised within turnover.

b) Cash back transactions
The Company provides access to certain online retailers which settle their discount in the form of cashback, which the Company receives first and then passes on to the members of the scheme. Cash back affiliations then pay the Company, a bonus amount based on volumes. The Directors have considered this turnover stream and consider the Company as agent given:

- The fulfilment of the initial purchase takes place between the member and the retailer.
- There is a credit risk only in the event that the Company chooses to settle a cashback transaction not received by a retailer.
- This is at the Company's discretion.
- There is no inventory risk.
- The Company passes all cashback received onto the member.
- The Company is affectively paid an agency fee in the form of a commission bonus.

c) Salary sacrifice transactions
The Company operated two material salary sacrifice schemes in the period, namely Cycle to Work and Child Care Vouchers.

The Company considers itself an agent in the provision of Cycle to Work and a principle in the provision of Child Care Vouchers based on the following factors:

Cycle to Work:
- The Company is an agent on behalf of the cycle retailer.
- The Company receives its payment in the form of a discount from the retailer.
- The fulfilment is between the retailer and the member.
- There is no inventory or credit risk.

Childcare vouchers
- The Company operates and fulfils its own CCV scheme.
- There is a limited credit risk if funds are not received from clients prior to releasing the CCV vouchers.
- The Company charges a percentage fee to clients to run the scheme, so has the ability to set the price.

Based on the above, and given that in the vast majority of transactions the Company is considered an agent, the Company has taken the decision to present all the above on a net basis on the face of the Consolidated Statement of Comprehensive Income.

Share-based payments
The Company is required to measure the fair value of its share-based payments. The fair value is determined using the Black-Scholes method, which requires certain assumptions regarding market value of the shares at grant, the risk-free rate, share price volatility and the expected life of the share-based payment. The volatility of the Company's share price has been calculated as the average of similar listed companies over the preceding periods. The risk-free rate used is 0.5% and management, including the Directors, have estimated the expected life of most share-based payments issued in the financial period to be one year. Share-based payments of £643,448 (2020: £134,138) were made in the year.

3. TURNOVER

An analysis of turnover by class of business is given below:

	2021	2020
	£	£
SaaS and fee revenue	27,902,116	25,815,040
Voucher resale	141,777,308	155,449,237
	169,679,424	181,264,277

An analysis of turnover by geographical market is given below:

	2021	2020
	£	£
United Kingdom	169,679,424	181,264,278
	169,679,424	181,264,278

Gross transactional value
Gross transactional value represents the provision of core business revenue generated from customer contracts, the provision of discounted vouchers, cash back transactions and salary sacrifice transactions. The metric is an indication of all activity which has been billed by the Company to its clients and vouchers resold through the Company. Gross transactional value from the sale of goods and vouchers is recognised at the net value when significant risks and rewards of ownership of the goods and vouchers have been passed to the buyer, usually on the dispatch of the goods and vouchers. The Company is considered to be an agent for billings of £271,690,718 (2020: £195,386,031) of the total transaction value of £441,370,141 (2020: £376,650,309).

Note 2 further explains the basis for these transactions being recognised on a net basis.

	2021	2020
	£	£
Revenue	169,679,423	181,264,277
Billings and voucher resale for revenue recognised as agency	271,690,718	195,386,031
Gross transactional value	441,370,141	376,650,308

4. EXCEPTIONAL ITEMS

	2021	2020
	£	£
Business sale related items	1,271,867	-
Other	319,230	246,427
	1,591,097	246,427

Exceptional items of £1,271,867 have been incurred in relation to one off professional fees related to the acquisition of Reward Gateway Group. Other exceptional items of £319,230 (2020: £246,427) relate to costs incurred one-off costs and employee severance pay.

5. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	7,979,075	7,895,005
Social security costs	1,315,413	1,292,342
Other pension costs	291,069	256,459
Share-based payments	643,448	134,138
	10,229,005	9,577,944

The average number of employees during the year was as follows:

	2021	2020
	No.	No.
Administration	55	49
Operations	308	293
	363	342

6. DIRECTORS' REMUNERATION

	2021	2020
	£	£
Aggregate directors' emoluments	445,614	423,688
Company contributions to pension schemes	18,750	16,979
	464,364	440,667

During the year, retirement benefits were accruing to 2 directors (2020: 2) in respect of a defined contribution pension scheme with the Company.

The highest paid director received remuneration of £201,389 (2020: £184,090).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,999 (2020: £9,166).

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Auditors' remuneration	45,000	42,000
Foreign exchange differences	384,465	57,067
Operating leases	523,336	563,113
Depreciation of tangible fixed assets	448,295	368,428
Amortisation of intangible assets	1,642,688	1,198,763

The company has not incurred any non audit fees in the year ended 30 June 2021 (2020: None)

8. ADJUSTED OPERATING PROFIT

	2021	2020
	£	£
Adjusted operating profit	16,709,908	14,195,008
Share-based payments	(643,448)	(134,138)
Exceptionals	(1,591,097)	(246,427)
EBITDA	14,475,363	13,831,029
Amortisation	(1,642,688)	(1,198,763)
Depreciation	(447,427)	(368,428)
Operating profit	12,385,248	12,247,152

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£	£
Other interest receivable	10,547	22,691

10. TAX ON PROFIT

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2021 £	2020 £
Current tax:		
UK Corporation tax	1,985,995	1,566,335
Double taxation relief	(145,969)	(17,015)
Foreign taxation	145,969	17,015
Adjustments in respect of prior years	(243,138)	(567,343)
Total current tax	1,742,857	998,992
Deferred tax:		
Current year	(124,819)	25,210
Effect of changes in tax rates	38,122	(3,677)
Adjustments in respect of prior year	130,441	(110,528)
Total deferred tax	43,744	(88,995)
Total tax	1,786,601	909,997

In the 2021 Budget on 3 March 2021 it was announced that the UK corporation tax rate shall increase to 25% from the 2023 tax year. Deferred tax assets and liabilities have therefore been calculated based on the rate of 25% enacted at the balance sheet date (PY: 19%)

Reconciliation of total tax charge included in profit and loss

	2021 £	2020 £
Profit before tax	12,395,795	12,269,943
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	2,355,201	2,331,289
Effects of:		
Expenses not deductible for tax purposes	385,361	187,873
Adjustments to tax charge in respect of previous periods	(112,697)	(677,871)
Effects of overseas tax rates	(155,911)	(221,635)
Company relief claimed	(888,642)	(880,865)
Fixed asset differences	195,125	162,103
Remeasurement of deferred tax for changes in tax rates	8,164	(3,678)
R&D expenditure credits	-	12,781
Total tax charge for the year	1,786,601	909,997

11. INTANGIBLE ASSETS

	Software equipment £	Development cost £	Total £
COST			
At 1 July 2020	550,918	9,252,447	9,803,365
Additions	42,230	2,881,938	2,924,168
Exchange differences	(2,194)	(299,433)	(301,627)
At 30 June 2021	590,954	11,834,952	12,425,906
AMORTISATION			
At 1 July 2020	438,251	4,883,345	5,321,596
Amortisation for year	30,929	1,611,759	1,642,688
Exchange differences	(1,035)	(171,159)	(172,194)
At 30 June 2021	468,145	6,323,945	6,792,090
NET BOOK VALUE			
At 30 June 2021	122,809	5,511,007	5,633,816
At 30 June 2020	112,667	4,369,102	4,481,769

12. TANGIBLE ASSETS

	Computer equipment £	Fixtures and fittings £	Office equipment £	Total £
COST				
At 1 July 2020	945,854	1,894,025	372,711	3,212,590
Additions	98,453	1,110	-	99,563
Disposals	(7,830)	-	-	(7,830)
Exchange differences	(32,269)	(39,807)	(190)	(72,266)
At 30 June 2021	1,004,208	1,855,328	372,521	3,232,057
DEPRECIATION				
At 1 July 2020	479,169	1,396,796	357,956	2,233,921
Charge for year	249,175	190,587	8,533	448,295
Eliminated on disposal	(868)	-	-	(868)
Exchange differences	(15,258)	(13,420)	224	(28,454)
At 30 June 2021	712,218	1,573,963	366,713	2,652,894
NET BOOK VALUE				
At 30 June 2021	291,990	281,365	5,808	579,163
At 30 June 2020	466,685	497,229	14,755	978,669

Depreciation expenses are included within 'administrative expenses'.

13. SUBSIDIARY UNDERTAKINGS

The company has a branch in Bulgaria trading as Reward Gateway Bulgaria.

14. STOCKS

	2021	2020
	£	£
Finished goods for resale	461,060	800,199

There is no material difference between the replacement cost of stocks and the amounts stated above.

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	13,595,945	13,119,340
Amounts owed by Company undertakings	81,176,878	76,509,683
Other debtors	1,958,470	1,038,624
Accrued income	977,689	1,192,688
Prepayments	1,898,635	1,749,790
Deferred tax (note 18)	-	9,721
	99,607,617	93,619,846

All trade receivable amounts are short term. All of the Company's trade and other receivables have been reviewed for indicators of impairment and, where necessary, a provision for impairment provided. The carrying value is considered a fair approximation of their fair value. The Company's management considers that all the above financial assets that are not impaired or past due are of good credit quality, as such no provision has been made against the trade receivable balance (2020: no provision was against the trade receivable balance).

Amounts owed by Company undertakings are interest free due on demand and unsecured.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	40,792,137	39,078,510
Amounts owed to Company undertakings	1,017,512	9,084,989
Other taxation and social security	2,220,083	4,052,139
Accruals	1,508,276	1,968,370
Deferred income	9,270,667	7,904,467
Corporation tax	488,042	890,234
Deferred tax (note 178)	34,023	-
	55,330,740	62,978,710

All amounts are short term. The Directors consider that the carrying value of trade and other payables to be a reasonable approximation of fair value.

Amounts owed to Company undertakings are interest free, repayable on demand and unsecured.

17. DEFERRED TAXATION

	2021
	£
Deferred tax asset at the beginning of the year	9,721
Deferred tax charged to profit for the period	(43,744)
Deferred tax liability at the end of the year	(34,023)

The deferred tax (liability)/asset is made up as follows:

	2021	2020
	£	£
Accelerated capital allowances	(118,929)	496
Other timing differences	84,906	9225
	(34,023)	9,721

18. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
120,553	Ordinary shares	£0.01 each	1,206	1,206

19. RESERVES

Capital contribution reserve
The capital contribution reserve represents contribution received from shareholders that have been recognised directly in equity.

Share premium account
Share premium represents the amount subscribed for share capital in excess of the nominal value.

Foreign exchange reserve
Foreign exchange reserve includes exchange differences arising on translation of foreign operations in accordance with FRS 102.

Profit and loss account
The profit and loss account represents the accumulated profits, losses and distributions of the Company.

20. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £291,069 (2020: £256,459). Pension costs are included in administrative expenses.

21. COMMITMENTS UNDER OPERATING LEASES

At 30 June the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£	£
Not later than 1 year	430,177	437,291
Later than 1 year and not later than 5 years	1,091,554	1,325,169
Later than 5 years	-	41,998
	1,521,731	1,804,458

22. RELATED PARTY TRANSACTIONS

The Company is taking advantage of the exemptions in FRS 102, not to disclose transactions with other wholly owned entities within the Company as it is 100% owned and the financial statements of the Company are publicly available.

D A Butler, a US national and Director of the Company, has a balance due to the Company of £Nil (2020: £103,487) for UK payroll taxes paid on his behalf

23. SUBSEQUENT EVENTS

On 4th August 2021, RG Engagement Group Limited (of which the Company is a material subsidiary) was acquired by new private equity investors; Abry Partners and Castik Capital ("the Sale"). The acquisition of Reward Gateway validates the group's strategic vision, expansive growth strategy, and the value its products and services deliver to clients. On the date of the sale there was a change in the ultimate controlling party of the Group from RG Investment Holding L.P to ERG Investment S.a.r.l Luxembourg and an affiliate of funds managed by ABRY IX Capital Investors, LLC.

24. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Asperity Employee Benefits Company Limited, which is a company incorporated in England and Wales. The largest and smallest level at which the results of this company are consolidated is that headed by RG Engagement Group Limited. Copies of the consolidated financial statements of RG Engagement Group Limited can be obtained from 265 Tottenham Court Road, London, W1T 7RQ.

The ultimate controlling party as of 30 June 2021 and 2020 was RG Investment Holding L.P. On 4th August 2021, RG Investment Holding L.P. sold its investment holding and ceased to be the ultimate controlling party as of that date. The ultimate controlling parties from 4th August 2021 are ERG Investment S.a.r.l Luxembourg and an affiliate of funds managed by ABRY IX Capital Investors, LLC.