

Registered number: 05636614

Crisp Thinking Group Limited

Annual report and financial statements

For the year ended 31 December 2020



Crisp Thinking Group Limited

Company information

Directors

AP Burke
A Ferguson
AJ Hildreth
PW Maude
V Sharma

Registered number

05636614

Registered office

Suite 1
Floor 1
Central Square
29 Wellington Street
Leeds
LS1 4DL

Independent auditors

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Crisp Thinking Group Limited

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Crisp Thinking Group Limited

Strategic report for the year ended 31 December 2020

The directors present their Strategic report for Crisp Thinking Group Limited for the year ended 31 December 2020.

Principal activities and business review

The principal activity of the group and company is the development, sale and delivery of Social Media Safety as a service.

The company is a leading developer of advanced online harms identification technology - across images, videos, text and bad actor profiling complemented by a global team of intelligence analysts.

Key performance indicators

Management use a range of internal performance measures to monitor and manage the business such as financial performance versus budget, operating cash flow and product development milestones.

In order to monitor the growth of the group the key performance indicators are annual recurring revenue, turnover and operating profit.

Annual recurring revenue is defined by the company as the value of contractually guaranteed revenues annualised for contracts that are signed, excluding setup costs and non-recurring fees. The annual recurring revenue increased in the year by 56% to £25,643,389 (2019: £16,423,608).

Turnover increased in the year by 61% to £23,717,837 (2019: £14,768,176). The operating profit/(loss) increased by 186% to a profit of £2,184,013 (2019: loss £2,527,578), due to the Group's strategy of reinvestment to meet future expansion plans through marketing and personnel.

Future developments

We continue to innovate, develop and sell increasingly sophisticated and intelligent technology solutions protecting the social media presence of global brands. Furthermore, we will continue R&D to enhance our AI capabilities further in the fast and accurate detection of online harms within user generated content.

Principal and financial risks and uncertainties

The directors meet regularly and formally review the principal risks facing the business. Our principal risks and uncertainties are as follows:

Operational Risk

The stability and robustness of our technology platform is crucial to providing the 24 hour, highly responsive service our clients require. Consequently, we have a variety of processes which ensure our systems stay functioning in the wake of an adverse event.

Financial Risk

Financial risks are managed through strict internal management controls, accurate and timely management information and KPI reporting.

Following the UK referendum to leave the EU, as of today there are still a number of uncertainties about the structure of any exit. The extent to which operations and financial performance will be affected in the longer term will only emerge over time. The Directors have reviewed the position of the group and do not believe that Brexit will have a significant impact on the business

Market/Foreign Exchange Risk

Key market risks relate to the macroeconomic picture including uncertainties surrounding Brexit. 81% of turnover within the group is in non-sterling currency. The risk has been mitigated by the frequent use of forward foreign exchange contracts which have been used to fix exchange rates in anticipation of future currency receipts.

Crisp Thinking Group Limited

Strategic report (continued) For the year ended 31 December 2020

Principal risks and uncertainties (continued)

Credit Risk

Our customers are multinational entities with strong credit ratings, the risk of failure to pay is considered low by the Directors.

Liquidity Risk

Based on current forecasts the Directors do not believe the group is exposed to significant liquidity risk.

Covid-19 Risk

In March 2020 the Directors implemented a companywide work from home policy to protect employees and ensure the operations of the company continue. The company has continued to follow this policy and government guidelines and has successfully ensured that operations have continued in all areas of the company.

There is still an uncertainty on the longer-term effects on the economy, but the company has experienced growth in 2020 and the Directors expect this to continue in 2021 as Social Media Safety services are still considered to be important part of customer strategies.

The Directors continue to review risk areas such as delayed receipts of debtors, bad debts and loss of contracts. The timely reporting and review of debtor accounts will continue.

Streamlined Energy and Carbon Report

The group and company are exempt from reporting requirements as energy usage is below 40,000kWh.

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



AJ Hildreth
Director

Date: 11 May 2021

Crisp Thinking Group Limited

Directors' report For the year ended 31 December 2020

The directors present their report and the audited financial statements of the group and company for the year ended 31 December 2020.

Future developments

Likely future developments are discussed within the Strategic Report on pages 1 and 2.

Results and dividends

The consolidated profit for the financial year, after taxation, was £3,646,077 (2019: loss £1,845,442).

In September 2020 a dividend of £1,009,490 was paid. The directors do not recommend that any further dividends should be declared (2019: £Nil).

Directors

The directors who served during the year and up to date of signing the financial statements, unless otherwise indicated, are given below:

AP Burke
A Ferguson
AJ Hildreth
PW Maude
V Sharma

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by the company throughout the financial year and up to the date of signing these financial statements.

Statement of directors' responsibilities in respect of the financial statements

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 group and company 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, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Crisp Thinking Group Limited

Directors' report (continued) For the year ended 31 December 2020

Statement of directors' responsibilities in respect of the financial statements (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date that the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps 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 auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP will be reappointed as the company's auditors in accordance with the elective resolution passed by the company under section 485 of the Companies Act 2006.

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



AJ Hildreth
Director

Date: 11 May 2021

Crisp Thinking Group Limited

Independent auditors' report to the members of Crisp Thinking Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, Crisp Thinking Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and cash flows for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheet as at 31 December 2020; the consolidated profit and loss account, the consolidated statement of cash flows, the consolidated and the company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Crisp Thinking Group Limited

Independent auditors' report to the members of Crisp Thinking Group Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated*. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Crisp Thinking Group Limited

Independent auditors' report to the members of Crisp Thinking Group Limited

Auditors' responsibilities for the audit of the financial statements (continued)

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to unethical and prohibited business practises in the jurisdictions in which the company and group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or increase the company or group's profits, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- *Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;*
- *Review of board minutes;*
- *Review of legal expenditure in the year to identify potential non-compliance with laws and regulation;*
- *Evaluation of management's controls designed to prevent and detect irregularities, in particular their anti-bribery controls;*
- *Identifying and testing journal entries, in particular any entries posted with unusual account combinations;*
- *Challenging assumptions and judgements made by management in their significant accounting estimates, in particular, the provision against trade debtors.*

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.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Crisp Thinking Group Limited

Independent auditors' report to the members of Crisp Thinking Group Limited

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nicholas Cook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

11 May 2021

Crisp Thinking Group Limited

Consolidated Profit and loss account for the year ended 31 December 2020

		2020	2019
	Note	£	£
Turnover	5	23,717,837	14,768,176
Operating expenses	6	(21,533,824)	(17,295,754)
Operating Profit/(Loss)		2,184,013	(2,527,578)
Interest receivable and similar income		10,918	3,573
Interest payable and similar expenses	9	(89,121)	(27,491)
Profit/(Loss) before tax		2,105,810	(2,551,496)
Taxation	10	1,540,267	706,054
Profit/(Loss) for the financial year		3,646,077	(1,845,442)

The results for the current and prior year derive from continuing activities.

The company has no items of other comprehensive income for the current or preceding year. Therefore no separate statement of other comprehensive income has been presented.

The notes on pages 14 to 29 form part of these financial statements.

Crisp Thinking Group Limited

Consolidated and Company Balance sheet as at 31 December 2020

	Note	Group As at 31st December		Company As at 31st December	
		2020 £	2019 £	2020 £	2019 £
Fixed assets					
Tangible assets	11	1,021,807	1,077,764	989,662	1,048,176
Investments	12	-	-	6	6
		<u>1,021,807</u>	<u>1,077,764</u>	<u>989,668</u>	<u>1,048,182</u>
Current assets					
Debtors: amounts falling due within one year	13	5,123,726	5,895,665	7,538,567	6,079,351
Cash at bank and in hand		5,320,352	1,865,044	1,993,338	505,348
		<u>10,444,078</u>	<u>7,760,709</u>	<u>9,531,905</u>	<u>6,584,699</u>
Creditors: amounts falling due within one year	14	(3,864,367)	(3,725,201)	(2,970,106)	(2,486,470)
Net current assets		<u>6,579,711</u>	<u>4,035,508</u>	<u>6,561,799</u>	<u>4,098,229</u>
Total assets less current liabilities		<u>7,601,518</u>	<u>5,113,272</u>	<u>7,551,467</u>	<u>5,146,411</u>
Creditors: amounts falling due after more than one year	15	(284,836)	(391,307)	(284,836)	(391,307)
Provisions for liabilities					
Deferred tax	16	(70,912)	(111,168)	(70,912)	(111,168)
Net assets		<u>7,245,770</u>	<u>4,610,797</u>	<u>7,195,719</u>	<u>4,643,936</u>
Capital and reserves					
Called up share capital	18	4,917	4,917	4,917	4,917
Share premium account		-	6,258,380	-	6,258,380
Profit and loss account		7,272,826	(1,622,141)	7,190,802	(1,619,361)
Translation reserve		(31,973)	(30,359)	-	-
Total equity		<u>7,245,770</u>	<u>4,610,797</u>	<u>7,195,719</u>	<u>4,643,936</u>

In accordance with the exemption allowed by Section 408 of the Companies Act 2006, the company has not presented its own profit and loss account, however the company has made a profit for the financial year of £3,561,273 (2019: loss £1,949,850).

The notes on pages 14 to 29 form part of these financial statements. The financial statements of Crisp Thinking Group Limited, registration number 05636614, on pages 9 to 29 were approved by the board of directors and were signed on its behalf by:



AJ Hildreth
Director

Date: 11 May 2021

Crisp Thinking Group Limited

Consolidated statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Share premium account	Profit and loss account	Translation reserve	Total Equity
	£	£	£	£	£
At 1 January 2020	4,917	6,258,380	(1,622,141)	(30,359)	4,610,797
Comprehensive income for the year					
Profit for the financial year	-	-	3,646,077	-	3,646,077
Capital reduction	-	(6,258,380)	6,258,380	-	-
Dividend paid	-	-	(1,009,490)	-	(1,009,490)
Translation adjustment	-	-	-	(1,614)	(1,614)
At 31 December 2020	4,917	-	7,272,826	(31,973)	7,245,770

Consolidated statement of changes in equity for the year ended 31 December 2019

	Called up share capital	Share premium account	Profit and loss account	Translation reserve	Total Equity
	£	£	£	£	£
At 1 January 2019 (unaudited)	4,761	5,999,461	223,301	(119,717)	6,107,806
Comprehensive expense for the year					
Loss for the financial year	-	-	(1,845,442)	-	(1,845,442)
Shares issued during the year	156	258,919	-	-	259,075
Translation adjustment	-	-	-	89,358	89,358
At 31 December 2019	4,917	6,258,380	(1,622,141)	(30,359)	4,610,797

Crisp Thinking Group Limited

Company statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Share premium account	Profit and loss account	Total Equity
	£	£	£	£
At 1 January 2020	4,917	6,258,380	(1,619,361)	4,643,936
Comprehensive income for the year				
Profit for the financial year	-	-	3,561,273	3,561,273
Capital reduction	-	(6,258,380)	6,258,380	-
Dividend paid	-	-	(1,009,490)	(1,009,490)
At 31 December 2020	4,917	-	7,190,802	7,195,719

Company statement of changes in equity for the year ended 31 December 2019

	Called up share capital	Share premium account	Profit and loss account	Total Equity
	£	£	£	£
At 1 January 2019	4,761	5,999,461	330,489	6,334,711
Comprehensive expense for the year				
Loss for the financial year	-	-	(1,949,850)	(1,949,850)
Shares issued during the year	156	258,919	-	259,075
At 31 December 2019	4,917	6,258,380	(1,619,361)	4,643,936

Crisp Thinking Group Limited

Consolidated Statement of cash flows For the year ended 31 December 2020

	2020	2019
	£	£
Cash flows from operating activities		
Profit/(Loss) for the financial year	3,646,077	(1,845,442)
Adjustments for:		
Depreciation of tangible assets	344,359	278,715
Loss on disposal of fixed assets	1,041	-
Interest payable	89,121	27,491
Interest receivable	(10,918)	(3,573)
Taxation credit	(1,540,267)	(706,054)
Increase in debtors	(1,280,877)	(895,735)
Increase in creditors	21,504	1,936,360
Increase in provisions	-	89,839
Net cash used from/(used in) operating activities	1,270,040	(1,118,399)
Taxation received	2,543,337	-
Net cash generated from operating activities	3,813,377	(1,118,399)
Cash flows from/(used in) investing activities		
Purchase of tangible fixed assets	(289,443)	(1,010,757)
Interest received	10,918	3,573
Net cash used in investing activities	(278,525)	(1,007,184)
Cash flows from financing activities		
Issue of ordinary shares	-	259,075
Interest paid	(89,121)	(27,491)
Net cash (Used in)/generated from financing activities	(89,121)	231,584
Net increase/(decrease) in cash and cash equivalents	3,445,731	(1,893,999)
Cash and cash equivalents at beginning of year	1,852,912	3,657,552
Effects of currency translation on cash and cash equivalents	(1,614)	89,359
Cash and cash equivalents at end of year	5,297,029	1,852,912
Cash and cash equivalents at end of year comprise:		
Cash at bank	5,320,352	1,865,044
Bank overdrafts	(23,323)	(12,132)
	5,297,029	1,852,912

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

1. General information

The principal activity of Crisp Thinking Group Limited ('the company') during the year was the development, sale and delivery of Social Media Safety as a service.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Suite 1, Floor 1, Central Square, 29 Wellington Street, Leeds, England, LS1 4DL.

2. Statement of compliance

The Group and individual financial statements of Crisp Thinking Group Limited have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

3.1 Basis of preparation of financial statements

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. This is the first year consolidated financial statements have been prepared as the group is no longer entitled to take advantage of the small group exemption. Accordingly, the consolidated prior year comparatives are unaudited.

The preparation of the financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions are estimates are significant to the financial statements disclosed in note 4.

The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings.

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

3. Accounting policies (continued)

3.2 Financial reporting standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in its individual financial statements, as permitted by the FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The information is included in the consolidated financial statements of Crisp Thinking Group Limited as at 31 December 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

3.3 Foreign currency

The Group financial statements are presented in pound sterling. The Company’s functional and presentation currency is the pound sterling. Monetary assets and liabilities denominated in foreign currencies are translated into pound sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

3.4 Turnover

Turnover represents the amount receivable for services provided in the period net of discounts allowed by the company and value added taxes. Contracted services are recognised over the period which they relate to on a straight-line basis. Turnover relating to the setup of services are recognised in the period the contract commences.

3.5 Interest receivable and similar income

Interest receivable is recognised in the profit and loss account using the effective interest method.

3.6 Interest payable and similar charges

Interest payable is charged to the profit and loss account 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 and are subsequently amortised to the profit and loss account.

3.7 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and amounts owed to and from group undertakings.

Debt instruments, like loans, are initially measured at the present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, 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 and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

3. Accounting policies (continued)

3.7 Financial instruments (continued)

The company's financial assets measured at 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 profit and loss account.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

Forward foreign exchange contracts and derivatives are not basic financial instruments. The company has entered into contracts involving the rights to buy and sell currencies at certain future dates as a hedge against the company's foreign exchange exposure. These contracts have no initial cost; but a positive or negative fair value will accrue from day to day as exchange rates change. Changes in the fair value of these contacts are recognised in the profit and loss account as gains or losses in foreign exchange.

3.8 Tangible assets

Tangible fixed 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, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	Straight line over 5 - 6 years
Computer equipment	33%
Furniture and fixtures	25%

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 profit and loss.

Repairs and maintenance are charged to profit and loss during the period in which they are incurred.

3.9 Investments

Investments in subsidiaries are initially measured at cost and subsequently stated at cost less accumulated impairment, if required.

The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

3.10 Debtors

Debtors are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets, if not they are presented as non-current assets.

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

3. Accounting policies (continued)

3.11 Borrowing costs

All borrowing costs are recognised in the profit or loss in the period in which they are incurred.

3.12 Leased assets

Leases of assets that transfer all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease as assets at the fair value of the leased assets. Assets are depreciated over their estimated useful life.

The capital element of the lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayments and finance charge on a constant basis.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payment under operating leases are charged to profit and loss as incurred.

3.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within current liabilities.

3.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

3.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3.16 Research and development

Research and development costs are written off to the profit and loss account as incurred.

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

3. Accounting policies (continued)

3.17 Related party transactions

The company discloses transactions with related parties. Where appropriate, transactions of a similar nature are aggregated.

3.18 Employee benefits

The Company operates a defined pension contribution plan for its employees 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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

3.19 Share based payments

The company issues equity-settled share-based payments to certain employees (including directors). Equity-settled share based payments are measured at fair value at the date of the grant.

3.20 Provisions and contingencies

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation.

Contingent liabilities arise as a result of past events when it is not probable that there will be an outflow of resources or when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities and contingent assets are not recognised, but contingent liabilities are disclosed unless the probability of an outflow of resources is remote and contingent assets are disclosed when an inflow of resources is probable.

3.21 Share capital

Ordinary shares are classed as equity.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

The Directors do not consider there to be any significant judgements or key sources of estimation uncertainty within the financial statements, judgements are made relating to provisions against accounts receivable and the useful life of tangible fixed assets.

5. Turnover

	2020	2019
	£	£
Total turnover	<u>23,717,837</u>	<u>14,768,176</u>

92% of the company's turnover (2019: 87%) is attributable to geographical markets outside the United Kingdom.

UK	8% (2019: 13%)
Europe	15% (2019: 19%)
Rest of the world	77% (2019: 68%)

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

6. Operating expenses

The operating profit/(loss) is stated after charging the following amounts:

	2020	2019
	£	£
Staff Costs (note 8)	11,553,293	8,114,226
Depreciation charge for the year		
Owned assets	214,352	186,161
Assets held under finance lease contracts	130,007	92,554
Foreign exchange losses	701,406	57,158
Other operating expenses	8,682,743	8,691,255
Fees payable to the Company's auditors and their associates for:		
Audit of financial statements	77,000	59,500
Other services	175,023	94,900
	<u>21,533,824</u>	<u>17,295,754</u>

7. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	<u>1,068,304</u>	<u>736,632</u>

2 directors (2019: 2) were part of a long-term pension scheme.

The highest paid director's emoluments were £276,680 (2019: £248,833).

The key management of the company comprises only the directors, whose remuneration is given above.

8. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2020	2019
	No.	No.
Administrative staff	143	107
Development staff	26	22
Sales staff	4	4
	<u>173</u>	<u>133</u>

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

8. Employees (continued)

Staff costs during the year:

	2020	2019
	£	£
Wages and salaries	10,242,864	7,249,117
Social security costs	993,739	772,705
Other pension costs	316,690	92,404
	<u>11,553,293</u>	<u>8,114,226</u>

9. Interest payable and similar expenses

	2020	2019
	£	£
Finance lease interest	67,162	27,491
Other interest	21,959	-
	<u>89,121</u>	<u>27,491</u>

10. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on loss for the year	(881,352)	(1,309,171)
Adjustment in respect of previous periods	(618,659)	513,278
Total current tax	<u>(1,500,011)</u>	<u>(795,893)</u>
Deferred tax		
Origination and reversal of timing differences	(53,335)	87,242
Changes to tax rates	13,079	(9,182)
Adjustment in respect of previous periods	-	11,779
Total deferred tax	<u>(40,256)</u>	<u>89,839</u>
	<u>(1,540,267)</u>	<u>(706,054)</u>
Tax on loss	<u>(1,540,267)</u>	<u>(706,054)</u>

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

10. Taxation (Continued)

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020	2019
	£	£
Profit/(Loss) before tax	2,105,810	(2,551,496)
Profit/(Loss) multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	400,104	(484,784)
Effects of:		
Expenses not deductible for tax purposes	1,113,865	1,129,880
Income not taxable	(3,073,101)	(2,283,279)
Deductible expenditure including R&D relief	(532,078)	(1,309,171)
Losses surrendered for R&D tax credit	1,154,875	1,725,425
Tax rate changes	13,079	(9,182)
Adjustment from previous period	(617,011)	525,057
Total tax credit for the year	(1,540,267)	(706,054)

Factors that may affect future tax charges

Deferred taxes at the balance sheet date have been measured using these enacted tax rates.

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

11. Tangible assets

	Leasehold improvements	Furniture and fittings	Computer equipment	Total
Group	£	£	£	£
Cost or valuation				
At 1 January 2020	765,972	313,401	491,973	1,571,346
Additions	19,842	5,575	264,026	289,443
Disposals	-	-	(47,995)	(47,995)
At 31 December 2020	<u>785,814</u>	<u>318,976</u>	<u>708,004</u>	<u>1,812,794</u>
Accumulated depreciation				
At 1 January 2020	178,232	62,325	253,025	493,582
Charge for the year	149,830	46,027	148,502	344,359
Disposals	-	-	(46,954)	(46,954)
At 31 December 2020	<u>328,062</u>	<u>108,352</u>	<u>354,573</u>	<u>790,987</u>
Net book value				
At 31 December 2020	<u>457,752</u>	<u>210,624</u>	<u>353,431</u>	<u>1,021,807</u>
At 31 December 2019	<u>587,740</u>	<u>251,076</u>	<u>238,948</u>	<u>1,077,764</u>

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

11. Tangible assets (continued)

	Leasehold improvements	Furniture and fittings	Computer equipment	Total
Company	£	£	£	£
Cost or valuation				
At 1 January 2020	738,805	313,401	464,806	1,517,012
Additions	19,842	5,575	251,612	277,029
Disposals	-	-	(47,995)	(47,995)
At 31 December 2020	<u>758,647</u>	<u>318,976</u>	<u>668,423</u>	<u>1,746,046</u>
Accumulated depreciation				
At 1 January 2020	177,398	62,325	229,113	468,836
Charge for the year	144,581	46,027	143,894	334,502
Disposals	-	-	(46,954)	(46,954)
At 31 December 2020	<u>321,979</u>	<u>108,352</u>	<u>326,053</u>	<u>756,384</u>
Net book value				
At 31 December 2020	<u><u>436,668</u></u>	<u><u>210,624</u></u>	<u><u>342,370</u></u>	<u><u>989,662</u></u>
At 31 December 2019	<u>561,407</u>	<u>251,076</u>	<u>235,693</u>	<u>1,048,176</u>

Finance lease agreements

Included within the closing net book value is £414,083 (2019: £544,090) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £130,007 (2019 (£92,554))

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

12. Investments

	2020	2019
	£	£
Cost or valuation	6	6
Net book value	<u>6</u>	<u>6</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Registered address
Crisp Thinking (U.S.) Inc	United States of America	Ordinary	100%	12725 SW Milliamp Way, Ste. 300, Beaverton, Oregon, 97005
Crisp Thinking (UK) Limited	United Kingdom	Ordinary	100%	Suite 1, Floor 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL

13. Debtors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	3,190,683	1,909,561	-	-
Amounts owed by group undertakings	-	-	5,813,329	2,167,825
Other debtors	492,307	1,676,941	448,116	1,631,196
Prepayments & accrued income	529,458	331,252	269,674	239,829
Tax recoverable	911,278	1,977,911	1,007,448	2,040,501
	<u>5,123,726</u>	<u>5,895,665</u>	<u>7,538,567</u>	<u>6,079,351</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date for repayment and are repayable on demand.

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

14. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank overdraft (note 16)	23,323	12,132	23,323	12,132
Finance Leases (note 16)	134,041	140,173	134,041	140,173
Taxation and social security	306,283	204,078	292,215	204,078
Trade creditors	622,752	526,264	622,520	493,844
Amounts owed to group undertakings	-	-	458,628	416,674
Other creditors	433,470	278,035	-	41,779
Accruals	1,522,265	1,274,410	1,439,379	1,177,790
Deferred income	822,233	1,290,109	-	-
	3,864,367	3,725,201	2,970,106	2,486,470

Amounts owed to group undertakings are unsecured, interest free, have no fixed date for repayment and are repayable on demand.

15. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Finance Leases (note 16)	284,836	391,307
	284,836	391,307

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

16. Loans and other borrowings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank overdraft	23,323	12,132	23,323	12,132
Finance Leases	418,877	531,480	418,877	531,480
	<u>442,200</u>	<u>543,612</u>	<u>442,200</u>	<u>543,612</u>

Bank overdrafts are repayable on demand

The future minimum finance lease payments are as follows:

	2020	2019
	£	£
Not later than one year	170,057	179,406
Later than one year and not later than five years	316,761	486,818
Total gross payments	<u>486,818</u>	<u>666,224</u>
Less: finance charge	(67,941)	(134,744)
Carrying amount of liability	<u>418,877</u>	<u>531,480</u>

17. Deferred Tax

	2020	2019
	£	£
Credited to profit and loss account	40,256	89,839
Total movement during the year	<u>40,256</u>	<u>89,839</u>

The deferred tax balance is made up as follows:

	2020	2019
	£	£
Fixed asset timing differences	(70,912)	(111,168)
	<u>(70,912)</u>	<u>(111,168)</u>

The deferred tax asset on trading losses is not being recognised due to uncertainty over future utilisation of these losses. The deferred tax asset at 31 December 2020 on trading losses amounts to £400,464 (2019: £358,310).

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

18. Share based payments

Equity-settled share-based payments

The company has a share option scheme and those options are settled in equity once exercised. 3,031 (2019: 1,820) options over non-voting B ordinary shares nominal value £0.10) have been granted to 133 employees of Crisp Thinking Group Limited and its subsidiaries. 2,100 options were granted in 2020 (2019: Nil). During the year 889 options were cancelled or lapsed (2019: 152). The weighted exercise price is £185.00 and the earliest date an option may ordinarily be exercised is on sale. If the options remain unexercised after a period of 7 to 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest unless the directors deem the leaver a good leaver in which case some or all the grant will be retained. At year-end an assessment was carried out using the Black-Scholes model and subsequently no entries have been recorded as they are not material.

	Exercise Price	2020	2019
Expiry Date	£	No.	No.
31 December 2021	350	-	627
31 December 2022	350	334	355
31 December 2026	350	506	656
31 December 2027	350	131	182
31 December 2030	108	2,060	-
		3,031	1,820

19. Called up share capital

	2020	2019
Allotted, called up and fully paid	£	£
2,598,038 A shares of £0.001 each	2,598	2,598
140 B1 shares of £0.10 each	14	14
1,559 B2 shares of £0.10 each	156	156
1,699,365 C shares of £0.001 each	1,699	1,699
45,000 D shares of £0.01 each	450	450
	4,917	4,917

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

20. Financial Instruments

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2020, the contracts had all matured at the year-end 2019: (mature within 12 months of the year-end). The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP:USD. The company has no interest rate derivative financial instruments 2019: (none).

The group and company have the following financial instruments:

	Group		Company	
	2020	2019	2020	2019
Financial assets that are debt instruments measured at amortised cost				
Trade debtors	3,190,683	1,909,561	-	-
Other debtors	492,307	1,676,941	448,116	1,631,196
	3,682,990	3,586,502	448,116	1,631,196
Financial Liabilities measured at amortised cost				
Finance leases	418,877	531,480	418,877	531,480
Trade creditors	622,752	526,264	622,520	493,844
Accruals	1,522,265	1,274,410	1,439,379	1,177,790
Other creditors	433,470	278,035	-	41,779
	2,997,364	2,610,189	2,480,776	2,244,893

21. Commitments under operating leases

	2020	2019
	£	£
Not later than 1 year	401,064	306,886
Later than 1 year and not later than 5 years	1,063,695	1,230,733
Later than 5 years	-	27,162
	1,464,759	1,564,781

Crisp Thinking Group Limited

Notes to the financial statements For the year ended 31 December 2020

22. Related party transactions

During the year fees of £40,208 (2019: £150,294) were charged to the company by Snowy Road Ventures Limited, a business controlled by AP Burke. At the year end a balance of £nil (2019: £10,079) was owed.

In 2019 a loan was given to AP Burke related to the purchase of shares. At the year end a balance of £210,075 (2019: £210,075) was owed.

During the year a loan was given to P Maude. At the year end a balance of £10,000 (2019: £nil) was owed.

At the year end there was an intercompany debtor balance with Crisp Thinking (UK) Ltd of £5,813,329 (2019: £2,170,216).

At the year end there was an intercompany creditor balance with Crisp Thinking (U.S.) Inc of £458,628 (2019: £416,674).

During the year fees of £104,005 (2019: £133,523) were charged to the company by Baird Capital Global Fund Management I LP. At the year end a balance of £nil (2019: £1,009,490) was owing.

During the year a dividend of £1,009,490 (2019: £nil) was paid to Baird Capital Global Fund Management I LP.

During the year there was a recharge of £23,168,299 (2019: £14,362,747) from Crisp Thinking (UK) Limited to Crisp Thinking Group Limited

During the year there was a cost allocation of £1,256,926 (2019: £1,299,673) from Crisp Thinking Group Limited to Crisp Thinking (U.S.) Inc.

23. Controlling party

The company is owned by private shareholders and Baird Capital. There is no ultimate controlling party of the company.