

Registration number: 03734477

OAK ENGAGE LIMITED
Filleled Annual Report and Unaudited Financial Statements
for the Year Ended 30 June 2023

Oak Engage Limited

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Oak Engage Limited

Company Information

Directors	J Armstrong W G Murray I Richards M Vassallo M R Quartermaine M J Rooks
Company secretary	J Armstrong
Registered office	First Floor, Suites 2-6 6 Harrison House Hawthorn Terrace Durham DH1 4EL
Solicitors	Weightmans LLP St James Gate 1 St James' Blvd Newcastle upon Tyne NE1 4AD
Bankers	Natwest Bank Plc 16 Northumberland Street Newcastle upon Tyne NE1 7EL
Accountants	Azets Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Oak Engage Limited

Directors' Report for the Year Ended 30 June 2023

The directors present their report and the financial statements for the year ended 30 June 2023.

Directors of the company

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

R J Addy (resigned 16 September 2022)

J Armstrong - Company secretary and director

W G Murray

I Richards

M Vassallo

M R Quartermaine

M J Rooks

Principal activity

The principal activity of the company is development and sale of employee engagement and internal communications software and related professional services

Business Review

It has been another strong financial year for the Company, despite the ongoing global economic and political crisis. The Company achieved sustainable growth across all of its key metrics, secured major multi-year deals with blue chip organisations and developed and embedded artificial intelligence into the core product, significantly enhancing its offering.

The global demand for employee engagement solutions continues to accelerate and the importance of this is expected to rise considerably in future years as it becomes more closely aligned to the overall success of a business. The Directors believe that the company's Software as a Service ("SaaS) platform, Oak, is truly innovative and that the business is ideally placed to benefit from growth in this market.

The Company has the continued support of its private and institutional investors and has raised £7.4million of Series A investment to date. This funding has enabled the business to make substantial investment in people and product, as part of the Board's ambitious growth strategy.

Small companies' provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 4 December 2023 and signed on its behalf by:

.....

J Armstrong
Director

Oak Engage Limited

(Registration number: 03734477)

Statement of Financial Position as at 30 June 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	<u>4</u>	2,159,209	2,304,666
Tangible assets	<u>5</u>	23,077	52,798
		<u>2,182,286</u>	<u>2,357,464</u>
Current assets			
Debtors	<u>6</u>	1,313,201	1,549,931
Cash at bank and in hand		549,824	1,085,590
		<u>1,863,025</u>	<u>2,635,521</u>
Creditors: Amounts falling due within one year	<u>7</u>	<u>(3,233,866)</u>	<u>(2,950,494)</u>
Net current liabilities		<u>(1,370,841)</u>	<u>(314,973)</u>
Total assets less current liabilities		811,445	2,042,491
Creditors: Amounts falling due after more than one year	<u>7</u>	<u>(5,073,880)</u>	<u>(4,634,804)</u>
Net liabilities		<u>(4,262,435)</u>	<u>(2,592,313)</u>
Capital and reserves			
Called up share capital		49,533	49,533
Share premium reserve		3,874,288	3,874,288
Profit and loss account		<u>(8,186,256)</u>	<u>(6,516,134)</u>
Total equity		<u>(4,262,435)</u>	<u>(2,592,313)</u>

For the financial year ending 30 June 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The notes on pages 5 to 12 form an integral part of these financial statements.

Oak Engage Limited

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Statement of Financial Position as at 30 June 2023 (continued)

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime. As permitted by section 444 (5A) of the Companies Act 2006, the directors have not delivered to the registrar a copy of the Income Statement.

Approved and authorised by the Board on 4 December 2023 and signed on its behalf by:

.....

J Armstrong

Director

The notes on pages 5 to 12 form an integral part of these financial statements.

Oak Engage Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is First Floor, Suites 2-6, 6 Harrison House, Hawthorn Terrace, Durham, DH1 4EL.

The principal place of business is Generator Studios, Trafalgar Street, Newcastle upon Tyne, Tyne & Wear, NE1 2LA. United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

Basis of preparation

These financial statements have been prepared using the historical cost convention.

These financial statements are prepared in sterling which is the functional currency of the entity.

Going concern

The company has net liabilities of £4,262,435. The financial statements have been prepared on a going concern basis.

The company meets its day to day working capital requirements through cash generated from operations and shareholder borrowings.

The company's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance.

Based on the factors set out above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Oak Engage Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue on the sale of software services is recognised from the date on which the services are first provided. Where services are invoiced in advance revenue is deferred so as to spread the revenue recognised over the life of the contract.

Revenue from the sale of professional services is recognised over the period in which the service is provided.

Foreign currency 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.

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 profit or loss.

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 profit or loss within 'other operating income'.

Tax

The tax credit for the period comprises current tax and is recognised in profit or loss.

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

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.

Oak Engage Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short-term leasehold property	straight line over the period of the lease
Plant and machinery	33% straight line
Fixtures and fittings	33% straight line
Computer equipment	33% straight line

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.

Research and development costs

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 5 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.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Development costs	Up to a maximum 5 years
Software	Up to a maximum 4 years

Oak Engage Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Rentals paid under operating leases are charged to profit or loss 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.

Oak Engage Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 68 (2022 - 81).

Oak Engage Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

4 Intangible assets

	Development expenditure £	Computer software £	Total £
Cost or valuation			
At 1 July 2022	8,479,265	46,788	8,526,053
Additions	1,422,079	-	1,422,079
At 30 June 2023	<u>9,901,344</u>	<u>46,788</u>	<u>9,948,132</u>
Amortisation			
At 1 July 2022	6,199,167	22,220	6,221,387
Amortisation charge	1,563,439	4,097	1,567,536
At 30 June 2023	<u>7,762,606</u>	<u>26,317</u>	<u>7,788,923</u>
Carrying amount			
At 30 June 2023	<u>2,138,738</u>	<u>20,471</u>	<u>2,159,209</u>
At 30 June 2022	<u>2,280,098</u>	<u>24,568</u>	<u>2,304,666</u>

5 Tangible assets

	Leasehold land and buildings £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation					
At 1 July 2022	8,240	86,794	605	131,821	227,460
Additions	-	-	-	6,480	6,480
Disposals	-	-	-	(7,916)	(7,916)
At 30 June 2023	<u>8,240</u>	<u>86,794</u>	<u>605</u>	<u>130,385</u>	<u>226,024</u>
Depreciation					
At 1 July 2022	8,240	78,104	605	87,713	174,662
Charge for the year	-	4,139	-	29,013	33,152
Eliminated on disposal	-	-	-	(4,867)	(4,867)
At 30 June 2023	<u>8,240</u>	<u>82,243</u>	<u>605</u>	<u>111,859</u>	<u>202,947</u>
Carrying amount					
At 30 June 2023	<u>-</u>	<u>4,551</u>	<u>-</u>	<u>18,526</u>	<u>23,077</u>
At 30 June 2022	<u>-</u>	<u>8,690</u>	<u>-</u>	<u>44,108</u>	<u>52,798</u>

Oak Engage Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

6 Debtors

	2023	2022
	£	£
Trade debtors	530,195	704,447
Prepayments	277,405	251,755
Other debtors	51,692	51,692
Corporation tax asset	453,909	542,037
	<u>1,313,201</u>	<u>1,549,931</u>

7 Creditors

Creditors: amounts falling due within one year

	2023	2022
	£	£
Due within one year		
Trade creditors	517,445	279,617
Taxation and social security	105,972	200,569
Accruals and deferred income	2,560,532	2,404,236
Other creditors	49,917	66,072
	<u>3,233,866</u>	<u>2,950,494</u>

Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Due after one year		
Loans and borrowings	<u>8</u> <u>5,073,880</u>	<u>4,634,804</u>

Oak Engage Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 June 2023 (continued)

8 Loans and borrowings

	2023 £	2022 £
Non-current loans and borrowings		
Secured debentures	<u>5,073,880</u>	<u>4,634,804</u>

The loans are secured by separate debentures giving a fixed and floating charge over the company. The secured loan balance is all due for repayment in June 2025.

9 Financial commitments, guarantees and contingencies

Amounts not provided for in the statement of financial position

The total amount of financial commitments not included in the statement of financial position is £167,002 (2022 - £284,886).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.