

Registration number: 03734477

OAK ENGAGE LIMITED
Filleter Annual Report and Financial Statements
for the Year Ended 30 June 2021

Oak Engage Limited

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Oak Engage Limited

Company Information

Directors	W G Murray J Armstrong M J Rooks M Vassallo I Richards M R Quartermaine
Registered office	First Floor, Suites 2-6 6 Harrison House Hawthorn Terrace Durham DH1 4EL
Bankers	National Westminster Bank PLC 16 Northumberland Street Newcastle upon Tyne NE1 7EL
Auditor	MHA Tait Walker Chartered Accountants & Statutory Auditor Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Oak Engage Limited

Directors' Report for the Year Ended 30 June 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

Directors of the company

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

N J Doggett (resigned 5 July 2021)

W G Murray

M J Rooks

M Vassallo

A L Willis (resigned 12 May 2021)

I Richards (appointed 30 November 2020)

A Buchan (resigned 30 November 2020)

A Sood (resigned 1 December 2020)

M R Quartermaine

The following director was appointed after the year end:

J Armstrong (appointed 5 July 2021)

Principal activity

The principal activity of the company is that of the development and sale of intranet software and related professional services.

Business Review

During the financial year, the Company achieved strong growth in its recurring revenues and secured major new multi-year contracts. Despite the challenges caused by the COVID-19 pandemic, the Company also continued to make significant investment in its people and its product, with headcount growing by 81% year on year.

There has been an acceleration in demand globally for employee engagement solutions 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.

In June 2021, the Company raised £2.6million completing a total of £7.4 million of Series A investment. This additional funding will enable the business to make further substantial investment in people and product, as part of the Board's ambitious growth strategy.

Going concern

Despite the loss for the financial year, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Notwithstanding the challenges caused by the COVID-19 pandemic, the directors do not consider that the Company has been negatively impacted as the company continues to achieve strong growth in a growing sector and also secure major new multi-year contracts. The Company also raised further Series A investment in June 2021 which will be used to invest in future growth.

Disclosure of information to the auditors

Each director has taken 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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Oak Engage Limited

Directors' Report for the Year Ended 30 June 2021 (continued)

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

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 by the Board on 22 November 2021 and signed on its behalf by:

.....

J Armstrong
Director

Oak Engage Limited

(Registration number: 03734477)

Statement of Financial Position as at 30 June 2021

	Note	2021 £	(As restated) 2020 £
Fixed assets			
Intangible assets	<u>5</u>	2,188,240	2,322,558
Tangible assets	<u>6</u>	97,778	80,748
		<u>2,286,018</u>	<u>2,403,306</u>
Current assets			
Debtors	<u>7</u>	1,246,971	1,173,120
Cash at bank and in hand		2,620,057	811,770
		3,867,028	1,984,890
Creditors: Amounts falling due within one year	<u>8</u>	<u>(2,392,701)</u>	<u>(1,939,072)</u>
Net current assets		<u>1,474,327</u>	<u>45,818</u>
Total assets less current liabilities		3,760,345	2,449,124
Creditors: Amounts falling due after more than one year	<u>8</u>	<u>(4,230,188)</u>	<u>(3,175,134)</u>
Net liabilities		<u>(469,843)</u>	<u>(726,010)</u>
Capital and reserves			
Called up share capital		49,533	26,599
Share premium reserve		3,874,288	2,376,475
Profit and loss account		<u>(4,393,664)</u>	<u>(3,129,084)</u>
Total equity		<u>(469,843)</u>	<u>(726,010)</u>

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.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime and the option not to file the Income Statement has been taken.

Approved and authorised by the Board on 22 November 2021 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 Financial Statements for the Year Ended 30 June 2021

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, Tyne and Wear, NE1 2LA.

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 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

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

Despite the loss for the financial year, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Notwithstanding the challenges caused by the COVID-19 pandemic, the directors do not consider that the Company has been negatively impacted as the company continues to achieve strong growth in a growing sector and also secure major new multi-year contracts. The Company also raised further Series A investment in June 2021 which will be used to invest in future growth.

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.

Oak Engage Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

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. 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 profit or loss 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 profit or loss within 'other operating income'.

Tax

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

The current income tax charge 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.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are 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 the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

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

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

Oak Engage Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

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

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.

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Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Accounting policies (continued)

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.

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 54 (2020 - 45).

4 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>8,250</u>	<u>8,000</u>

Oak Engage Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

5 Intangible assets

	Development expenditure £	Computer software £	Total £
Cost or valuation			
At 1 July 2020	5,803,404	46,788	5,850,192
Additions acquired separately	1,146,238	-	1,146,238
At 30 June 2021	<u>6,949,642</u>	<u>46,788</u>	<u>6,996,430</u>
Amortisation			
At 1 July 2020 (As restated)	3,513,606	14,027	3,527,633
Amortisation charge	1,276,461	4,096	1,280,557
At 30 June 2021	<u>4,790,067</u>	<u>18,123</u>	<u>4,808,190</u>
Carrying amount			
At 30 June 2021	<u>2,159,575</u>	<u>28,665</u>	<u>2,188,240</u>
At 30 June 2020	<u>2,289,797</u>	<u>32,761</u>	<u>2,322,558</u>

6 Tangible assets

	Short leasehold land and buildings £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation					
At 1 July 2020	8,240	82,244	605	71,892	162,981
Additions	-	4,550	-	61,177	65,727
At 30 June 2021	<u>8,240</u>	<u>86,794</u>	<u>605</u>	<u>133,069</u>	<u>228,708</u>
Depreciation					
At 1 July 2020	8,240	48,013	605	25,375	82,233
Charge for the year	-	20,032	-	28,665	48,697
At 30 June 2021	<u>8,240</u>	<u>68,045</u>	<u>605</u>	<u>54,040</u>	<u>130,930</u>
Carrying amount					
At 30 June 2021	<u>-</u>	<u>18,749</u>	<u>-</u>	<u>79,029</u>	<u>97,778</u>
At 30 June 2020	<u>-</u>	<u>34,231</u>	<u>-</u>	<u>46,517</u>	<u>80,748</u>

Oak Engage Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

7 Debtors

	2021	(As restated) 2020
	£	£
Trade debtors	547,244	436,359
Prepayments	171,007	104,820
Other debtors	52,033	59,123
Corporation tax asset	476,687	572,818
	<u>1,246,971</u>	<u>1,173,120</u>

8 Creditors

Creditors: amounts falling due within one year

	2021	2020
	£	£
Due within one year		
Trade creditors	154,084	99,079
Taxation and social security	161,780	136,730
Accruals and deferred income	1,993,349	1,632,893
Other creditors	83,488	70,370
	<u>2,392,701</u>	<u>1,939,072</u>

Creditors: amounts falling due after more than one year

		2021	(As restated) 2020
	Note	£	£
Due after one year			
Loans and borrowings	<u>9</u>	<u>4,230,188</u>	<u>3,175,134</u>

9 Loans and borrowings

	2021	(As restated) 2020
	£	£
Non-current loans and borrowings		
Secured debentures	4,225,690	3,150,894
Other borrowings	4,498	24,240
	<u>4,230,188</u>	<u>3,175,134</u>

Oak Engage Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

9 Loans and borrowings (continued)

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.

10 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 £393,147 (2020 - £369,178).

Amounts disclosed in the statement of financial position

Included in the statement of financial position are unpaid pension contributions of £13,600 (2020 - £8,638).

11 Prior year adjustments

Transaction costs

During the year it was identified that costs relating to the investment rounds in June 2018 and November 2019 had been incorrectly accounted for in prior year financial statements.

Costs relating to the June 2018 investment round were correctly recorded within debt and equity on the Balance Sheet but the element attributable to the debt had not been released to the Profit and Loss account. All costs relating to the November 2019 investment round were incorrectly expensed to the Profit and Loss account. These should have been apportioned between debt and equity, with the portion attributable to debt being released over the life of the debt.

The adjustments to correct these entries has resulted in £25,254 being offset against debt and £26,320 offset against share premium, resulting in a reduction in the prior year loss of £51,574.

Amortisation of development expenditure

During the year, a miscalculation in the way in which historic development costs were being amortised was identified. Therefore, an additional £145,796 of amortisation has been charged which reduced the carrying amount of the intangible assets resulting in an increase in the prior year loss of the same amount.

Corporation tax asset

In the prior year, the corporation tax asset in relation to R&D was split between the SME and RDEC schemes. Upon review, it was identified that the company was able to make a full claim under the SME scheme. Therefore, an additional £70,322 has been recognised within corporation tax assets, resulting in a reduction in the prior year loss of the same amount.

Oak Engage Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

12 Audit report

The Independent Auditor's Report was unqualified.

The name of the Senior Statutory Auditor who signed the audit report on 3 December 2021 was Christopher Potter BA(Hons) ACA, who signed for and on behalf of MHA Tait Walker.

MHA Tait Walker is a trading name of Tait Walker LLP.

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.