# Rategain Technologies Limited

## Annual Report and Financial Statements

## For the year ended 31 March 2021

Company Registration No. 09343667 (England and Wales)

# Rategain Technologies Limited

## Company Information

| | |
|---|---|
| **Directors** | B Chopra<br>N Wadhera |
| **Company number** | 09343667 |
| **Registered office** | Devonshire House<br>60 Goswell Road<br>London<br>EC1M 7AD |
| **Auditor** | Moore Kingston Smith LLP<br>Devonshire House<br>60 Goswell Road<br>London<br>EC1M 7AD |

# Rategain Technologies Limited

## Contents

The directors present their strategic report for Rategain Technologies Limited and its subsidiaries ("Rategain") for the year ended 31 March 2021.

**Business review**

RateGain partners with hospitality companies to engage the connected traveller and help revenue, distribution and marketing managers overcome the daily challenge of generating revenue in this dynamically changing industry. We help unlock new revenue by providing the only end to end platform that provides accurate, real-time and meaningful insights, and connects companies to the largest supply and demand travel and hospitality network in the world. Our 3-year goal is to be the most dominant player in areas of revenue maximization, distribution and guest experience technologies for travel and hospitality industry, with a longer-term vision of being the most valuable Hospitality and Travel tech company in the world.

In 2018 RateGain purchased the assets of DHISCO Electronic Distribution Inc ('DHISCO') through its wholly owned US subsidiary, RateGain Technologies Inc. This was followed up with the acquisition of BCV Social LLC ('BCV') in 2019. BCV is a Chicago-based social media management and strategy company focused on the hotel sector. BCV helps hotels create content for social media platforms and cope with negative messages. BCV also creates and runs social marketing campaigns and enables RateGain to unlock revenue across hotel chains, airlines, car rentals, OTAs, cruise lines, package providers, TMCs, and vacation rentals.

Much of the focus in 2020/21 was based on integrating both DHISCO and BCV into RateGain by merging platforms, offshoring certain roles and improving EBITDA through automation and cost saving initiatives, such as the renegotiation of vendor agreements.

**Key Performance Indicators ("KPI")**

The board monitors progress on the overall group strategy and the individual strategic elements by reference to KPIs.

The performance during the year, together with historical trend data is set out in the table below:

| | 2021 | 2020 as restated | Movement |
|---|---|---|---|
| Turnover | 24,412,834 | 41,134,356 | -41% |
| Operating loss | (2,883,865) | (2,121,241) | 36% |
| Loss before taxation | (3,553,356) | (2,744,332) | 29% |
| Net loss margin before taxation | -15% | -7% | |

As compared to last year, turnover of the group decreased by 41% which has resulted in an operating loss amounting to £2,883,856 during the current year as compared to last year's loss of £2,212,241 as restated.

The primary reason for the decrease in revenue is the Covid-19 pandemic, which caused major disruption to the hospitality and travel industry throughout the year, with a lot of countries experiencing national lockdowns for long periods of time and travel being allowed only for essential purposes. The group has cut down the administrative expenses primarily by reducing rental and staff expenditure, and taking advantage of the Covid-19 schemes offered by the governments in UK and USA, hence the loss before tax only increased by 29% compared to the turnover decrease of 41%.

**Principal risks and uncertainties**

Rategain operates in Software as a Service markets catering to travel and hospitality segments and faces a number of risks and uncertainties.

*Commercial Risk*

The markets and segments the group operates within are intensely competitive, rapidly changing, and highly fragmented, as current competitors expand their product offerings and new companies enter the market. Competitors vary in size and in the scope and breadth of the products offered.

These expected results are subject to risks and uncertainties including without limitation the following: (a) demand for the group's software may decline, causing a decline in demand, (b) the group may not be successful in delivering services that satisfy customer requirements, which could result in decreased customer demand, or claims by customers, (c) other companies are capable of providing better products which may increase their market share.

*Human Resources*

The group is aware that its performance is only as good as the people it employs. RateGain therefore attempts to have policies in place to attract, retain and motivate its employees to help achieve its business objectives.

*Forex Risk*

The group deals with all major currencies like GBP, EUR and USD. Volatility in currency may impact the results of the group adversely.

*COVID-19*

In March 2020 the COVID-19 pandemic and the worldwide "lockdown" of travel negatively impacted the group as travel was restricted for hotels, cruise liners, flights and the car rental industry. The industry has started to recover and is trending at approx. 50-60% of pre-COVID levels. Leisure travel is leading the recovery however, business travel remains soft.

Approximately 60-70% of our revenue comes from US and after successful vaccination program in US we are experiencing significant traction in our revenue recovery. Other regions are slowly coming back. We are very hopeful that by end of current financial year we will reach back to pre-Covid levels.

**Future developments**

RateGain will continue to focus on growth via additional acquisitions along with the building of new products and platforms. The group is active in the M&A market seeking opportunities to acquire business in the distribution sector. In addition, RateGain will continue to focus on growth via organic strategies, by upselling and cross selling products now that DHISCO and BCV have been successfully integrated into RateGain, along with building add on platforms in the Distribution and BCV verticals.

On behalf of the board

..............................

B Chopra

**Director**

6 July 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

**Principal activities**

RateGain's software solutions allow hospitality businesses to engage with travellers and help revenue, distribution and marketing departments to drive revenue by providing accurate, real-time and meaningful insights.

Following RateGain's acquisition of BCV Social LLC in June 2019 the group expanded its services to include social media solutions for the hospitality industry, developing customised social strategies that align with greater marketing initiatives and creating original content optimised for social media.

**Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|---|---|
| B Chopra | |
| N Wadhera | |
| B Finney | (Resigned 31 March 2021) |

**Results and dividends**

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

**Auditor**

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the group will be put at a General Meeting.

**Strategic report**

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

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B Chopra

**Director**

Date: 6 July 2021......

# Directors' Responsibilities Statement

## For the year ended 31 March 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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. They 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.

# Independent Auditor's Report

## To the Members of Rategain Technologies Limited

**Opinion**

We have audited the financial statements of Rategain Technologies Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Group Profit And Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2021 and of its for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

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

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group and parent company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the group and parent company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the group and parent company comply with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’s or the parent company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

7 July 2021

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

**Chartered Accountants**
**Statutory Auditor**

Devonshire House
60 Goswell Road
London
EC1M 7AD

# Rategain Technologies Limited

## Group Profit and Loss Account

For the year ended 31 March 2021

| | Notes | 2021<br>£ | 2020<br>as restated<br>£ |
|---|---|---|---|
| **Turnover** | **3** | 24,412,834 | 41,134,356 |
| Cost of sales | | (9,432,131) | (15,836,279) |
| **Gross profit** | | 14,980,703 | 25,298,077 |
| Administrative expenses | | (18,051,616) | (27,419,318) |
| Other operating income | **3** | 187,048 | - |
| **Operating loss** | **4** | (2,883,865) | (2,121,241) |
| Interest receivable and similar income | **7** | - | 360 |
| Interest payable and similar expenses | **8** | (669,491) | (623,451) |
| **Loss before taxation** | | (3,553,356) | (2,744,332) |
| Tax on loss | **9** | (513,704) | 115,536 |
| **Loss for the financial year** | | (4,067,060) | (2,628,796) |

Loss for the financial year is all attributable to the owners of the parent company.

# Rategain Technologies Limited

## Group Statement of Comprehensive Income

For the year ended 31 March 2021

| | 2021<br>£ | 2020<br>as restated<br>£ |
|---|---|---|
| **Loss for the year** | (4,067,060) | (2,628,796) |
| **Other comprehensive income** | | |
| Currency translation differences | (175,464) | 642,890 |
| **Total comprehensive income for the year** | (4,242,524) | (1,985,906) |

Total comprehensive income for the year is all attributable to the owners of the parent company.

# Rategain Technologies Limited

## Group Balance Sheet

As at 31 March 2021

| | | 2021 | | 2020 as restated | |
|---|---|---|---|---|---|
| | Notes | £ | £ | £ | £ |
| **Fixed assets** | | | | | |
| Goodwill | **10** | | 1,578,199 | | 2,383,887 |
| Other intangible assets | **10** | | 11,688,164 | | 15,463,859 |
| Total intangible assets | | | 13,266,363 | | 17,847,746 |
| Tangible assets | **11** | | 311,149 | | 685,205 |
| | | | 13,577,512 | | 18,532,951 |
| **Current assets** | | | | | |
| Debtors | **14** | 7,246,694 | | 9,995,375 | |
| Investments | **15** | 42,671 | | 42,671 | |
| Cash at bank and in hand | | 4,560,136 | | 1,710,302 | |
| | | 11,849,501 | | 11,748,348 | |
| **Creditors: amounts falling due within one year** | **16** | (11,917,538) | | (20,742,262) | |
| **Net current liabilities** | | | (68,037) | | (8,993,914) |
| **Total assets less current liabilities** | | | 13,509,475 | | 9,539,037 |
| **Creditors: amounts falling due after more than one year** | **17** | | (9,800,634) | | (1,587,672) |
| **Net assets** | | | 3,708,841 | | 7,951,365 |

## Group Balance Sheet (Continued)

As at 31 March 2021

| | | 2021 | | 2020 as restated | |
|---|---|---|---|---|---|
| | Notes | £ | £ | £ | £ |
| **Capital and reserves** | | | | | |
| Called up share capital | 21 | | 130 | | 130 |
| Share premium account | | | 7,806,870 | | 7,806,870 |
| Profit and loss reserves | | | (4,098,159) | | 144,365 |
| **Total equity** | | | 3,708,841 | | 7,951,365 |

The financial statements were approved by the board of directors and authorised for issue on ...6 July 2021...... and are signed on its behalf by:

..............................
B Chopra
**Director**

# Rategain Technologies Limited

## Company Balance Sheet

As at 31 March 2021

| | Notes | 2021 £ | 2021 £ | 2020 as restated £ | 2020 as restated £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | **10** | | 39,051 | | 12,914 |
| Tangible assets | **11** | | 5,696 | | 9,530 |
| Investments | **12** | | 18,774,145 | | 20,140,138 |
| | | | 18,818,892 | | 20,162,582 |
| **Current assets** | | | | | |
| Debtors | **14** | 4,547,367 | | 5,155,911 | |
| Cash at bank and in hand | | 3,319,835 | | 562,518 | |
| | | 7,867,202 | | 5,718,429 | |
| **Creditors: amounts falling due within one year** | **16** | (7,305,042) | | (15,080,572) | |
| **Net current assets/(liabilities)** | | | 562,160 | | (9,362,143) |
| **Total assets less current liabilities** | | | 19,381,052 | | 10,800,439 |
| **Creditors: amounts falling due after more than one year** | **17** | | (8,044,473) | | - |
| **Net assets** | | | 11,336,579 | | 10,800,439 |
| **Capital and reserves** | | | | | |
| Called up share capital | **21** | | 130 | | 130 |
| Share premium account | | | 7,806,870 | | 7,806,870 |
| Profit and loss reserves | | | 3,529,579 | | 2,993,439 |
| **Total equity** | | | 11,336,579 | | 10,800,439 |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £536,140 (2020 - £813,424 profit).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on ..6 July 2021....... and are signed on its behalf by:

..............................

B Chopra

**Director**

**Company Registration No. 09343667**

## Group Statement of Changes in Equity

### For the year ended 31 March 2021

| | Share capital | Share premium account | Profit and loss reserves | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Balance at 1 April 2019** | 130 | 7,806,870 | 2,130,271 | 9,937,271 |
| **Year ended 31 March 2020:** | | | | |
| Loss for the year as restated (note 28) | - | - | (2,628,796) | (2,628,796) |
| Other comprehensive income: | | | | |
| Currency translation differences | - | - | 642,890 | 642,890 |
| Total comprehensive income for the year | - | - | (1,985,906) | (1,985,906) |
| **Balance at 31 March 2020 as restated** | 130 | 7,806,870 | 144,365 | 7,951,365 |
| **Balance at 31 March 2020 as previously reported** | 130 | 7,806,870 | 324,379 | 8,131,379 |
| Prior year adjustment (note 26) | - | - | (180,014) | (180,014) |
| **Balance at 31 March 2020 as restated** | 130 | 7,806,870 | 144,365 | 7,951,365 |
| **Year ended 31 March 2021:** | | | | |
| Loss for the year | - | - | (4,067,060) | (4,067,060) |
| Other comprehensive income: | | | | |
| Currency translation differences on overseas subsidiaries | - | - | (175,464) | (175,464) |
| Total comprehensive income for the year | - | - | (4,242,524) | (4,242,524) |
| **Balance at 31 March 2021** | 130 | 7,806,870 | (4,098,159) | 3,708,841 |

## Company Statement of Changes in Equity

For the year ended 31 March 2021

| | Share capital | Share premium account | Profit and loss reserves | Total |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Balance at 1 April 2019** | 130 | 7,806,870 | 2,180,015 | 9,987,015 |
| **Year ended 31 March 2020:** | | | | |
| Profit and total comprehensive income for the year | - | - | 813,424 | 813,424 |
| **Balance at 31 March 2020 as restated** | 130 | 7,806,870 | 2,993,439 | 10,800,439 |
| **Balance at 31 March 2020 as previously reported** | 130 | 7,806,870 | 3,173,453 | 10,980,453 |
| Prior year adjustment (note 26) | - | - | (180,014) | (180,014) |
| **Balance at 31 March 2020 as restated** | 130 | 7,806,870 | 2,993,439 | 10,800,439 |
| **Year ended 31 March 2021:** | | | | |
| Profit and total comprehensive income for the year | - | - | 536,140 | 536,140 |
| **Balance at 31 March 2021** | 130 | 7,806,870 | 3,529,579 | 11,336,579 |

## 1 Accounting policies

**Company information**

Rategain Technologies Limited ("the company") is a private company limited by shares domiciled and incorporated in England and Wales. The registered office is Devonshire House, 60 Goswell Road, London, EC1M 7AD.

The group consists of Rategain Technologies Limited and all of its subsidiaries.

### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the parent company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

### 1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

## 1 Accounting policies (Continued)

The consolidated financial statements incorporate those of Rategain Technologies Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

### 1.3 Going concern

The directors have considered the potential impact of the coronavirus, and the various measures taken to contain it, on the operations of the group in the near future. The group operates in the hospitality and tourism industry, which has been heavily impacted. As a result, the revenues of the group have reduced in the year but the directors expect these to be back to 100% pre-Covid levels once travel restrictions around the globe are fully eased. In the event sales are significantly impacted for the long term the directors will consider cost-cutting measures and fundraising to ensure cash flow is managed and the business returns to profitability.

At 31 March 2021 the group has net assets of £3,708,841 (2020: £7,951,365 as restated) and cash reserves of £4,560,136 (2020: £1,710,302) at the year end. At the end of June 2021 the consolidated cash position, including the parent company, is £18.5m and the associated forecast prepared anticipates a net cash inflow for the 12 months from the date of signing these financial statements to be in excess of £1m. The group also took a loan from the parent company of $3m during the year to provide additional working capital and although this is repayable on demand, the directors have received confirmation from the parent that this will not be called in for a period of at least 12 months from the date of the approval of these financial statements and that they will provide additional financial support as required. The external loan with SVB, as per note 18, was renegotiated during the year in light of the covenant breach in 2020, and the repayments due in 2021-22 financial year are $600,000.

As a result, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of the approval of these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1 Accounting policies** **(Continued)**

**1.4 Turnover**

Turnover is represents the fair value of the consideration received or receivable for revenue management software services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Turnover is recognised on a straight line basis over the period that services are to be provided. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

**1.5 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of incorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

**1.6 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Software | 3 - 5 years straight line |
| Other intangibles | 1 - 13 years straight line |
| Database | 5 years |

Other intangibles relate to certain assets acquired by Rategain Technologies Inc on purchase of the trade and assets of DHISCO Electronic Distribution Inc on 31 July 2018 and assets at fair value on acquisition of BCV Social LLC as per note 23. These intangibles primarily consist of customer lists and trade names.

**1.7 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Leasehold improvements | Over the term of the lease |
| Plant and equipment | 4 years straight line |
| Fixtures and fittings | 4 years straight line |
| Computers | 4 years straight line |

**1 Accounting policies** **(Continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

**1.8 Fixed asset investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**1.9 Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.10 Cash at bank and in hand**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1 Accounting policies** **(Continued)**

**1.11 Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

**1 Accounting policies** **(Continued)**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

***Derecognition of financial liabilities***
Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

**1.12 Equity instruments**
Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

**1 Accounting policies** **(Continued)**

**1.13 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.16 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**1 Accounting policies** **(Continued)**

**1.17 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**1.18 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

**2 Judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

***Depreciation and amortisation***

The directors based their assessment of the useful economic life of tangible and intangible assets acquired from DHISCO Electronic Distribution Inc and BCV Social LLC on external valuation reports.

## 2 Judgements and key sources of estimation uncertainty (Continued)

**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

***Bad debt provison***

The directors have provided for specific old debts not deemed recoverable. The amount consists of any amounts older than 365 days, and any other debts less than 365 days old that are not expected to be recovered.

***Impairment of intangible assets***

The directors have performed an impairment review of its intangible assets using an income approach utilising the discounted cash flow technique and based on assumptions provided by independent valuers. This requires forecasts of items such as revenue, operating costs, and capital spending requirements. A cost approach, that estimates the replacement cost, and a relief-from-royalty method, which quantifies the cost savings associated with not having to pay a third party to licence comparable technology, has been utilised for its computer software intangible.

## 3 Turnover and other revenue

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| | | as restated |
| **Turnover analysed by class of business** | | |
| Software services | 20,757,813 | 33,115,460 |
| Social media management | 3,655,021 | 8,018,896 |
| | 24,412,834 | 41,134,356 |

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| **Other significant revenue** | | |
| Interest income | - | 360 |
| Grants received | 45,031 | - |
| R&D tax credit | 142,017 | - |

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| **Turnover analysed by geographical market** | | |
| United Kingdom | 795,911 | 1,312,652 |
| United States of America | 14,986,767 | 25,204,263 |
| Europe | 2,923,236 | 4,012,482 |
| Rest of the world | 5,706,920 | 10,604,959 |
| | 24,412,834 | 41,134,356 |

## 4 Operating loss

| | 2021 £ | 2020 £ |
|---|---|---|
| Operating loss for the year is stated after charging/(crediting): | | |
| Exchange losses | 844,545 | 284,702 |
| Government grants | (45,031) | - |
| Depreciation of owned tangible fixed assets | 341,651 | 932,936 |
| Loss on disposal of tangible fixed assets | 37,426 | - |
| Amortisation of intangible assets | 2,963,454 | 3,171,365 |
| Operating lease charges | 395,874 | 1,332,241 |

## 5 Auditor's remuneration

| Fees payable to the company's auditor and associates: | 2021 £ | 2020 £ |
|---|---|---|
| **For audit services** | | |
| Audit of the financial statements of the group and company | 20,000 | 15,000 |
| Audit of the financial statements of the company's subsidiaries | 17,000 | 14,250 |
| | 37,000 | 29,250 |
| **For other services** | | |
| Taxation compliance services | 3,000 | 3,000 |
| All other non-audit services | 21,348 | 11,370 |
| | 24,348 | 14,370 |

## 6 Employees

| | Group 2021 Number | 2020 Number | Company 2021 Number | 2020 Number |
|---|---|---|---|---|
| Sales and support staff | 99 | 222 | 8 | 9 |

## 6 Employees (Continued)

Their aggregate remuneration comprised:

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|---|---|---|---|---|
| Wages and salaries | 8,252,900 | 13,084,720 | 934,200 | 946,342 |
| Social security costs | 620,534 | 956,501 | 70,084 | 96,078 |
| Pension costs | 118,327 | 314,068 | 15,324 | 37,985 |
| | 8,991,761 | 14,355,289 | 1,019,608 | 1,080,405 |

## 7 Interest receivable and similar income

| | 2021 £ | 2020 £ |
|---|---|---|
| **Interest income** | | |
| Interest on bank deposits | - | 360 |

Investment income includes the following:

| | | |
|---|---|---|
| Interest on financial assets not measured at fair value through profit or loss | - | 360 |

## 8 Interest payable and similar expenses

| | 2021 £ | 2020 £ |
|---|---|---|
| **Interest on financial liabilities measured at amortised cost:** | | |
| Interest on bank overdrafts and loans | 575,232 | 623,451 |
| Interest payable to parent undertakings | 94,259 | - |
| | 669,491 | 623,451 |

## 9 Taxation

| | 2021 £ | 2020 £ |
|---|---|---|
| **Current tax** | | |
| UK corporation tax on profits for the current period | 78,220 | 179,902 |
| Adjustments in respect of prior periods | 33,874 | - |
| Total UK current tax | 112,094 | 179,902 |
| Foreign current tax on profits for the current period | 29,558 | 76,614 |
| Total current tax | 141,652 | 256,516 |

## 9 Taxation (Continued)

| | | |
|---|---|---|
| **Deferred tax** | | |
| Origination and reversal of timing differences | 372,052 | (372,052) |
| Total tax charge/(credit) for the year | 513,704 | (115,536) |

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

| | **2021**<br>**£** | **2020**<br>**£** |
|---|---|---|
| Loss before taxation | (3,553,356) | (2,744,332) |
| *Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)* | (675,138) | (521,423) |
| Tax effect of expenses that are not deductible in determining taxable profit | (426) | 66,206 |
| Tax effect of income not taxable in determining taxable profit | (26,983) | - |
| Unutilised tax losses carried forward | 738,491 | 196,779 |
| Double tax relief | (22,712) | (13,235) |
| Permanent capital allowances in excess of depreciation | 655 | 99,055 |
| Research and development tax credit | 25,399 | - |
| Other permanent differences | - | (20,561) |
| Effect of overseas tax rates | 70,089 | 62,760 |
| Under/(over) provided in prior years | 8,475 | - |
| Witholding tax | 23,802 | 14,883 |
| Deferred tax | 372,052 | - |
| Taxation charge/(credit) for the year | 513,704 | (115,536) |

## 10 Intangible fixed assets

| Group | Goodwill | Negative goodwill | Software | Other intangibles | Database | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Cost** | | | | | | |
| At 1 April 2020 | 3,670,643 | (422,265) | 6,910,027 | 9,198,617 | 3,073,055 | 22,430,077 |
| Additions | - | - | 40,155 | - | - | 40,155 |
| Exchange adjustments | (273,065) | 41,115 | (671,261) | (895,643) | (299,215) | (2,098,069) |
| At 31 March 2021 | 3,397,578 | (381,150) | 6,278,921 | 8,302,974 | 2,773,840 | 20,372,163 |
| **Amortisation and impairment** | | | | | | |
| At 1 April 2020 | 1,286,766 | (422,265) | 1,596,834 | 1,625,940 | 495,056 | 4,582,331 |
| Amortisation charged for the year | 532,613 | - | 1,015,395 | 831,845 | 583,601 | 2,963,454 |
| Exchange adjustments | - | 41,115 | (204,654) | (199,411) | (77,035) | (439,985) |
| At 31 March 2021 | 1,819,379 | (381,150) | 2,407,575 | 2,258,374 | 1,001,622 | 7,105,800 |
| **Carrying amount** | | | | | | |
| At 31 March 2021 | 1,578,199 | - | 3,871,346 | 6,044,600 | 1,772,218 | 13,266,363 |
| At 31 March 2020 | 2,383,887 | - | 5,313,193 | 7,572,677 | 2,577,999 | 17,847,746 |

| Company | Goodwill | Software | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 April 2020 | 866,082 | 15,918 | 882,000 |
| Additions - separately acquired | - | 40,155 | 40,155 |
| At 31 March 2021 | 866,082 | 56,073 | 922,155 |
| **Amortisation and impairment** | | | |
| At 1 April 2020 | 866,082 | 3,004 | 869,086 |
| Amortisation charged for the year | - | 14,018 | 14,018 |
| At 31 March 2021 | 866,082 | 17,022 | 883,104 |
| **Carrying amount** | | | |
| At 31 March 2021 | - | 39,051 | 39,051 |
| At 31 March 2020 | - | 12,914 | 12,914 |

## 11 Tangible fixed assets

| Group | Leasehold improvements | Plant and equipment | Fixtures and fittings | Computers | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Cost** | | | | | |
| At 1 April 2020 | 112,929 | 1,837,237 | 34,991 | 422,147 | 2,407,304 |
| Additions | - | 41,074 | 1,777 | 9,492 | 52,343 |
| Disposals | (97,356) | - | - | (1,785) | (99,141) |
| Exchange adjustments | (4,197) | (181,024) | (3,176) | (38,678) | (227,075) |
| At 31 March 2021 | 11,376 | 1,697,287 | 33,592 | 391,176 | 2,133,431 |
| **Depreciation and impairment** | | | | | |
| At 1 April 2020 | 39,312 | 1,431,091 | 20,193 | 231,503 | 1,722,099 |
| Depreciation charged in the year | 22,682 | 254,525 | 4,567 | 59,877 | 341,651 |
| Eliminated in respect of disposals | (54,350) | - | - | (564) | (54,914) |
| Exchange adjustments | (4,963) | (154,802) | (2,534) | (24,254) | (186,553) |
| At 31 March 2021 | 2,681 | 1,530,814 | 22,226 | 266,562 | 1,822,283 |
| **Carrying amount** | | | | | |
| At 31 March 2021 | 8,695 | 166,473 | 11,366 | 124,614 | 311,148 |
| At 31 March 2020 | 73,617 | 406,146 | 14,798 | 190,644 | 685,205 |

**11 Tangible fixed assets** **(Continued)**

| Company | Computers |
|---|---|
| | £ |
| **Cost** | |
| At 1 April 2020 | 24,523 |
| Additions | 1,344 |
| Disposals | (2,337) |
| At 31 March 2021 | 23,530 |
| **Depreciation and impairment** | |
| At 1 April 2020 | 14,993 |
| Depreciation charged in the year | 3,405 |
| Eliminated in respect of disposals | (564) |
| At 31 March 2021 | 17,834 |
| **Carrying amount** | |
| At 31 March 2021 | 5,696 |
| At 31 March 2020 | 9,530 |

**12 Fixed asset investments**

| | | Company 2021 | 2020 |
|---|---|---|---|
| | | £ | £ |
| Investments in subsidiaries | **13** | 2,176 | 2,176 |
| Capital contribution | | 9,215,170 | 9,215,170 |
| Loans to subsidiaries | | 9,556,799 | 10,922,792 |
| | | 18,774,145 | 20,140,138 |

## 12 Fixed asset investments (Continued)

**Movements in fixed asset investments**

| **Company** | **Shares in group undertakings** | **Capital invested in group undertakings** | **Loans to subsidiaries** | **Total** |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| **Cost or valuation** | | | | |
| At 1 April 2020 | 2,176 | 9,215,170 | 10,922,792 | 20,140,138 |
| Foreign exchange | - | - | (583,165) | (583,165) |
| Repayments | - | - | (782,828) | (782,828) |
| At 31 March 2021 | 2,176 | 9,215,170 | 9,556,799 | 18,774,145 |
| **Carrying amount** | | | | |
| At 31 March 2021 | 2,176 | 9,215,170 | 9,556,799 | 18,774,145 |
| At 31 March 2020 | 2,176 | 9,215,170 | 10,922,792 | 20,140,138 |

## 13 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

| **Name of undertaking** | **Registered office** | **Nature of business** | **Class of shares held** | **% Held Direct** | **Indirect** |
|---|---|---|---|---|---|
| Rategain Technologies Inc. | United States | Software Services | Ordinary | 100.00 | - |
| Rategain Technologies Spain SL | Spain | Software Services | Ordinary | 100.00 | - |
| BCV Social LLC | United States | Social media management | Ordinary | - | 100.00 |

## 14 Debtors

| | Group 2021 | 2020 | Company 2021 | 2020 |
|---|---|---|---|---|
| **Amounts falling due within one year:** | **£** | **£** | **£** | **£** |
| Trade debtors | 6,382,216 | 8,027,675 | 3,172,896 | 4,617,842 |
| Corporation tax recoverable | 45,982 | - | 45,856 | - |
| Amounts due from group undertakings | - | - | 991,384 | - |
| Other debtors | 215,911 | 293,754 | 192,047 | 159,572 |
| Prepayments and accrued income | 493,175 | 1,131,706 | 145,184 | 378,497 |
| | 7,137,284 | 9,453,135 | 4,547,367 | 5,155,911 |
| **Amounts falling due after more than one year:** | | | | |
| Other debtors | 109,410 | 170,188 | - | - |
| Deferred tax asset (note 19) | - | 372,052 | - | - |
| | 109,410 | 542,240 | - | - |
| **Total debtors** | 7,246,694 | 9,995,375 | 4,547,367 | 5,155,911 |

## 15 Current asset investments

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|---|---|---|---|---|
| Fine art investments | 42,671 | 42,671 | - | - |

## 16 Creditors: amounts falling due within one year

| | Notes | Group 2021 £ | 2020 £ as restated | Company 2021 £ | 2020 £ as restated |
|---|---|---|---|---|---|
| Promissory notes | **18** | 924,026 | 1,460,901 | - | - |
| Bank loans and overdrafts | **18** | 434,820 | 9,514,393 | 434,820 | 9,514,393 |
| Trade creditors | | 1,442,347 | 2,776,740 | 463,663 | 402,432 |
| Amounts due to group undertakings | | 4,743,537 | 1,537,627 | 3,868,341 | 1,508,788 |
| Corporation tax payable | | 85,733 | 186,299 | 89,002 | 173,069 |
| Other taxation and social security | | 282,612 | 80,808 | 38,185 | 25,474 |
| Other creditors | | 234,136 | 182,023 | 6,931 | 9,967 |
| Accruals and deferred income | | 3,770,327 | 5,003,471 | 2,404,100 | 3,446,449 |
| | | 11,917,538 | 20,742,262 | 7,305,042 | 15,080,572 |

## 17 Creditors: amounts falling due after more than one year

| | Notes | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|---|---|---|---|---|---|
| Promissory notes | **18** | 1,756,161 | 1,509,956 | - | - |
| Bank loans and overdrafts | **18** | 8,044,473 | - | 8,044,473 | - |
| Other creditors | | - | 77,716 | - | - |
| | | 9,800,634 | 1,587,672 | 8,044,473 | - |

## 18 Loans and overdrafts

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|---|---|---|---|---|
| Promissory notes | 2,680,187 | 2,970,857 | - | - |
| Bank loans | 8,479,293 | 9,514,393 | 8,479,293 | 9,514,393 |
| | 11,159,480 | 12,485,250 | 8,479,293 | 9,514,393 |
| Payable within one year | 1,358,846 | 10,975,294 | 434,820 | 9,514,393 |
| Payable after one year | 9,800,634 | 1,509,956 | 8,044,473 | - |

**18 Loans and overdrafts** **(Continued)**

On 31 July 2018 the group bought certain trade and assets of DHISCO Electronic Distribution Inc through its wholly owned US subsidiary, Rategain Technologies Inc. The consideration paid by the group included two unsecured promissory notes each with principal amounts of $2,000,000. These notes do not accrue any interest and had maturity dates of 31 July 2020 and 31 July 2021 respectively. The repayment terms were amended on 9 March 2021 which include quarterly repayments up to 31 December 2023 and interest at LIBOR plus 3.50%.

The notes have been included at their fair value at the year end, discounted using the Bloomberg US Technology B+ Index as of 31 July 2018.

On 11 June 2019 the company took a bank loan of $12,000,000 with Silicon Valley Bank, which also has a further facility of $3,000,000. The loan accrues interest of 3.5% plus US LIBOR per annum and is repayable in 5 years from the borrowing date.

Due to the current pandemic situation, the group was not able to meet the covenant requirements set forth in the original credit agreement with Silicon Valley Bank dated 11 June 2019 at 31 March 2020, and the full loan amount was reclassified into current liabilities. The group signed an amendment agreement on 2 July 2020 whereby the bank waived the breach of covenants and set aside the current covenant requirements until the quarter ended June 2021, and the loan was reclassified in line with the amended agreement. The bank has put forth a new set of financial covenant requirements, using a basis of new forecasts that take into account the impact of Covid-19 until the quarter ended June 2021. Additonally, the principals payable for the quarter ended June 2020 and September 2020 have been deferred until the term loan maturity date.

During the year the company took a loan of $3,000,000 from the parent entity, which is repayable on demand and accrues interest at 3.5% plus LIBOR.

**19 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

| **Group** | **Assets 2021 £** | **Assets 2020 £** |
|---|---|---|
| Accelerated capital allowances | - | 223,630 |
| Other timing differences | - | 148,422 |
| | - | 372,052 |

The company has no deferred tax assets or liabilities.

## 19 Deferred taxation (Continued)

| Movements in the year: | Group 2021 £ | Company 2021 £ |
|---|---|---|
| Brought forward at 1 April 2020 | 372,052 | - |
| Credit to profit or loss | (372,052) | - |
| Asset at 31 March 2021 | - | - |

The deferred tax asset set out above related to the temporary timing differences in Rategain Technologies Inc and BCV Social LLC, which have now been reversed due to uncertainty of future profits.

## 20 Retirement benefit schemes

| Defined contribution schemes | 2021 £ | 2020 £ |
|---|---|---|
| Charge to profit or loss in respect of defined contribution schemes | 112,746 | 314,068 |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

## 21 Share capital

| | Group and company | |
|---|---|---|
| **Ordinary share capital** | **2021 £** | **2020 £** |
| **Issued and fully paid** | | |
| 130 ordinary shares of £1 each | 130 | 130 |

## 22 Financial commitments, guarantees and contingent liabilities

**Earn out**
Under the terms of the share purchase agreement for the acquisition of BCV Social LLC there is a potential liability in respect of an earn-out payable to the former shareholders based on revenues up to 31 December 2021. At the date of acquisition the earn-out was valued at $7,430,481. The payment of the earn-out is contingent on certain performance obligations which the directors do not currently expect the business to meet. As a result the earn-out has not been provided for in the financial statements and is instead included as a contingent liability.

## 23 Operating lease commitments

**Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **£** | **£** | **£** | **£** |
| Within one year | 14,275 | 1,063,957 | - | 46,885 |
| Between two and five years | - | 1,639,057 | - | - |
| | 14,275 | 2,703,014 | - | 46,885 |

## 24 Related party transactions

The company and group has taken advantage of an exemption available under FRS102 not to disclose transactions with group undertakings.

At the balance sheet date, the group was due an amount of £177,572 (2020: £142,845) from Ridaan and Ruhan UK Limited, a company under the control of director B Chopra. The balance is interest free and repayable on demand.

## 25 Controlling party

The immediate parent company is Rategain Travel Technologies Private Limited, a company registered in India. Their consolidated financial statements can be obtained from the Ministry of Corporate Affairs in India.

The ultimate controlling party is B Chopra, by virtue of his controlling stake in the parent company.

## 26 Prior period adjustment

The prior period adjustment to revenue relates to a number of invoices where a portion of revenue should have been deferred in the prior year but wasn't. The associated direct costs were also adjusted, together with an adjustment to the tax charge for the year.

**26 Prior period adjustment** **(Continued)**

**Changes to the balance sheet - group**

| | At 31 March 2020 | | |
|---|---|---|---|
| | **As previously reported** | **Adjustment** | **As restated** |
| | **£** | **£** | **£** |
| **Creditors due within one year** | | | |
| Taxation | (228,525) | 42,226 | (186,299) |
| Other creditors | (6,318,858) | (222,240) | (6,541,098) |
| Net assets | 8,131,379 | (180,014) | 7,951,365 |
| **Capital and reserves** | | | |
| Profit and loss | 324,379 | (180,014) | 144,365 |

**Changes to the profit and loss account - group**

| | Period ended 31 March 2020 | | |
|---|---|---|---|
| | **As previously reported** | **Adjustment** | **As restated** |
| | **£** | **£** | **£** |
| Turnover | 41,578,835 | (444,479) | 41,134,356 |
| Cost of sales | (16,058,518) | 222,239 | (15,836,279) |
| Taxation | 73,310 | 42,226 | 115,536 |
| Loss for the financial period | (2,448,782) | (180,014) | (2,628,796) |

**Changes to the balance sheet - company**

| | At 31 March 2020 | | |
|---|---|---|---|
| | **As previously reported** | **Adjustment** | **As restated** |
| | **£** | **£** | **£** |
| **Creditors due within one year** | | | |
| Taxation | (215,295) | 42,226 | (173,069) |
| Other creditors | (4,752,997) | (222,240) | (4,975,237) |
| Net assets | 10,980,453 | (180,014) | 10,800,439 |
| **Capital and reserves** | | | |
| Profit and loss | 3,173,453 | (180,014) | 2,993,439 |

**26 Prior period adjustment** **(Continued)**

**Changes to the profit and loss account - company**

| | Period ended 31 March 2020 | | |
|---|---|---|---|
| | **As previously reported** | **Adjustment** | **As restated** |
| | **£** | **£** | **£** |
| Turnover | 16,675,431 | (444,479) | 16,230,952 |
| Cost of sales | (9,199,064) | 222,239 | (8,976,825) |
| Taxation | (237,011) | 42,226 | (194,785) |
| Profit for the financial period | 993,438 | (180,014) | 813,424 |