

Registration number: 03734477

**OAK ENGAGE LIMITED**  
Filleter Annual Report and Financial Statements  
for the Year Ended 30 June 2022

# Oak Engage Limited

## Contents

Company Information	<u>1</u>
Directors' Report	<u>2 to 3</u>
Statement of Financial Position	<u>4</u>
Notes to the Financial Statements	<u>5 to 11</u>

# Oak Engage Limited

## Company Information

<b>Directors</b>	J Armstrong W G Murray M R Quartermaine I Richards M J Rooks M Vassallo
<b>Company secretary</b>	J Armstrong
<b>Registered office</b>	First Floor, Suites 2-6 6 Harrison House Hawthorn Terrace Durham DH1 4EL
<b>Solicitors</b>	Weightmans LLP St James Gate 1 St James' Blvd Newcastle upon Tyne NE1 4AD
<b>Bankers</b>	National Westminster Bank PLC 16 Northumberland Street Newcastle upon Tyne NE1 7EL
<b>Auditor</b>	Azets Audit Services 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 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

### Directors of the company

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

R J Addy (appointed 23 May 2022 and resigned 16 September 2022)

J Armstrong - Company secretary and director (appointed 5 July 2021)

N J Doggett (resigned 5 July 2021)

W G Murray

M R Quartermaine

I Richards

M J Rooks

M Vassallo

### Principal activity

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

### Business Review

It has been a strong financial year for the Company, despite the disruption caused by the ongoing Covid-19 pandemic and the global economic and political crisis. The Company achieved sustainable growth across all of its key metrics, secured major multi-year deals, increased the users of its cloud platform by more than 60% and developed and released a significantly enhanced version of its core product. All of which whilst operating with a predominantly remote workforce which also grew by 43% from the prior year.

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

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

### 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.

Despite 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 has the continued support from its private and institutional investors.

### 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 2022 (continued)

### Reappointment of auditors

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the company following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services 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 and authorised by the Board on 4 November 2022 and signed on its behalf by:

.....

J Armstrong

Director

# Oak Engage Limited

(Registration number: 03734477)

## Statement of Financial Position as at 30 June 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	<u>5</u>	2,304,666	2,188,240
Tangible assets	<u>6</u>	52,798	97,778
		<u>2,357,464</u>	<u>2,286,018</u>
<b>Current assets</b>			
Debtors	<u>7</u>	1,549,931	1,246,971
Cash at bank and in hand		1,085,590	2,620,057
		<u>2,635,521</u>	<u>3,867,028</u>
<b>Creditors: Amounts falling due within one year</b>	<u>8</u>	<u>(2,950,494)</u>	<u>(2,392,701)</u>
<b>Net current (liabilities)/assets</b>		<u>(314,973)</u>	<u>1,474,327</u>
<b>Total assets less current liabilities</b>		2,042,491	3,760,345
<b>Creditors: Amounts falling due after more than one year</b>	<u>8</u>	<u>(4,634,804)</u>	<u>(4,230,188)</u>
<b>Net liabilities</b>		<u>(2,592,313)</u>	<u>(469,843)</u>
<b>Capital and reserves</b>			
Called up share capital		49,533	49,533
Share premium reserve		3,874,288	3,874,288
Profit and loss account		<u>(6,516,134)</u>	<u>(4,393,664)</u>
<b>Total equity</b>		<u>(2,592,313)</u>	<u>(469,843)</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 4 November 2022 and signed on its behalf by:

.....  
J Armstrong  
Director

The notes on pages 5 to 11 form an integral part of these financial statements.

# Oak Engage Limited

## Notes to the Financial Statements for the Year Ended 30 June 2022

### 1 General information

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

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

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

### 2 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

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

#### Statement of compliance

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

#### Basis of preparation

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

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

#### Going concern

Notwithstanding the net liability and net current liability position, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for the period of 12 months from the date of approval of the financial statements which indicate that, taking account of reasonably possible downsides such as the impact of COVID-19 and current economic and political uncertainty, the company will have sufficient funds, through its day to day working capital balances and existing facilities, to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

# Oak Engage Limited

## Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

### 2 Accounting policies (continued)

#### Revenue recognition

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

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

#### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

#### Tax

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

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

#### Tangible assets

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

#### 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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
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 2022 (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:

<b>Asset class</b>	<b>Amortisation method and rate</b>
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.

# Oak Engage Limited

## Notes to the Financial Statements for the Year Ended 30 June 2022 (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 81 (2021 - 54).

### 4 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>8,500</u>	<u>8,250</u>

# Oak Engage Limited

## Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

### 5 Intangible assets

	Development expenditure £	Computer software £	Total £
<b>Cost or valuation</b>			
At 1 July 2021	6,949,642	46,788	6,996,430
Additions	1,529,623	-	1,529,623
At 30 June 2022	<u>8,479,265</u>	<u>46,788</u>	<u>8,526,053</u>
<b>Amortisation</b>			
At 1 July 2021	4,790,067	18,123	4,808,190
Amortisation charge	1,409,100	4,097	1,413,197
At 30 June 2022	<u>6,199,167</u>	<u>22,220</u>	<u>6,221,387</u>
<b>Carrying amount</b>			
At 30 June 2022	<u>2,280,098</u>	<u>24,568</u>	<u>2,304,666</u>
At 30 June 2021	<u>2,159,575</u>	<u>28,665</u>	<u>2,188,240</u>

### 6 Tangible assets

	Short leasehold land and buildings £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 July 2021	8,240	86,794	605	133,069	228,708
Additions	-	-	-	7,820	7,820
Disposals	-	-	-	(9,068)	(9,068)
At 30 June 2022	<u>8,240</u>	<u>86,794</u>	<u>605</u>	<u>131,821</u>	<u>227,460</u>
<b>Depreciation</b>					
At 1 July 2021	8,240	68,045	605	54,040	130,930
Charge for the year	-	10,059	-	39,128	49,187
Eliminated on disposal	-	-	-	(5,455)	(5,455)
At 30 June 2022	<u>8,240</u>	<u>78,104</u>	<u>605</u>	<u>87,713</u>	<u>174,662</u>
<b>Carrying amount</b>					
At 30 June 2022	<u>-</u>	<u>8,690</u>	<u>-</u>	<u>44,108</u>	<u>52,798</u>
At 30 June 2021	<u>-</u>	<u>18,749</u>	<u>-</u>	<u>79,029</u>	<u>97,778</u>

# Oak Engage Limited

## Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

### 7 Debtors

	2022 £	2021 £
Trade debtors	704,447	547,244
Prepayments	251,755	171,007
Other debtors	51,692	52,033
Corporation tax asset	542,037	476,687
	<u>1,549,931</u>	<u>1,246,971</u>

### 8 Creditors

#### Creditors: amounts falling due within one year

	2022 £	2021 £
<b>Due within one year</b>		
Trade creditors	279,617	154,084
Taxation and social security	200,569	161,780
Accruals and deferred income	2,404,236	1,993,349
Other creditors	66,072	83,488
	<u>2,950,494</u>	<u>2,392,701</u>

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

	2022 £	2021 £
<b>Due after one year</b>		
Loans and borrowings	<u>9</u> 4,634,804	<u>4,230,188</u>

# Oak Engage Limited

## Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

### 9 Loans and borrowings

	2022 £	2021 £
<b>Non-current loans and borrowings</b>		
Secured debentures	4,634,804	4,225,690
Other borrowings	-	4,498
	<u>4,634,804</u>	<u>4,230,188</u>

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

### 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 £284,886 (2021 - £393,147).

#### Amounts disclosed in the statement of financial position

Included in the statement of financial position are unpaid pension contributions of £13,549 (2021 - £13,600).

### 11 Audit report

The Independent Auditor's Report was unqualified.

The name of the Senior Statutory Auditor who signed the audit report on 4 November 2022 was Christopher Potter BA(Hons) ACA, who signed for and on behalf of Azets Audit Services.

Azets Audit Services is a trading name of Azets Audit Services Limited.

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.