

SINE WAVE ENTERTAINMENT LIMITED  
UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021

SINE WAVE ENTERTAINMENT LIMITED

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# SINE WAVE ENTERTAINMENT LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R Durbridge-Freeman A Frisby P Norris V Sharma A Adams (appointed 15 October 2020) Dr W Greenleaf J Henderson (appointed 7 January 2021)
<b>Registered number</b>	05894627
<b>Registered office</b>	C/O Blick Rothenberg Limited 16 Great Queen Street Covent Garden London WC2B 5AH
<b>Accountants</b>	Blick Rothenberg Limited Chartered Accountants 16 Great Queen Street Covent Garden London WC2B 5AH

**SINE WAVE ENTERTAINMENT LIMITED****BALANCE SHEET  
AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	4	1,807,935	1,203,195
Tangible assets	5	4,936	3,748
Investments	6	6,824	6,824
		<u>1,819,695</u>	<u>1,213,767</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	459,216	383,956
Cash at bank and in hand		1,492,265	231,227
		<u>1,951,481</u>	<u>615,183</u>
Creditors: amounts falling due within one year	8	(240,136)	(140,337)
<b>Net current assets</b>		<u>1,711,345</u>	<u>474,846</u>
<b>Net assets</b>		<u><u>3,531,040</u></u>	<u><u>1,688,613</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	10,980	9,115
Share premium account		8,667,947	5,901,030
Profit and loss account		(5,147,887)	(4,221,532)
<b>Total equity</b>		<u><u>3,531,040</u></u>	<u><u>1,688,613</u></u>

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and in accordance with Section 1A of Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**SINE WAVE ENTERTAINMENT LIMITED**

**BALANCE SHEET (CONTINUED)**

**AS AT 31 AUGUST 2021**

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.....  
**R Durbridge-Freeman**

Director

Date: 8 February 2022

The notes on pages 4 to 13 form part of these financial statements.

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# SINE WAVE ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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### 1. General information

Sine Wave Entertainment Limited is a private company limited by shares and registered in England and Wales. Its registered office is 16 Great Queen Street, Covent Garden, London, WC2B 5AH.

The financial statements are presented in Sterling (£).

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

#### 2.2 Going concern

On 30 January 2020 the World Health Organisation declared Coronavirus (COVID-19) a public health emergency. Following the outbreak of COVID-19 the company took advantage of some of the economic measures put in place by the UK Government and the company adapted its operations and overhead base accordingly.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### 2.3 Revenue

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:

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

# SINE WAVE ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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### 2. Accounting policies (continued)

#### 2.4 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.

Amortisation is provided on the following bases:

Other intangible fixed assets	-	25 %	on reducing balance
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#### 2.5 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Computer equipment	-	33%	on straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

#### 2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

# SINE WAVE ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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### 2. Accounting policies (continued)

#### 2.7 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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 company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

##### **Financial assets**

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

##### **Financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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



# SINE WAVE ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# SINE WAVE ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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### 2. Accounting policies (continued)

#### 2.10 Operating leases: the company as lessee

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.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 September 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

#### 2.11 Foreign currency translation

##### Functional and presentation currency

The company's functional and presentational currency is Sterling (£).

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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

#### 2.12 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.13 Interest income

Interest income is recognised in profit or loss using the effective interest method.

# **SINE WAVE ENTERTAINMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021**

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### **2. Accounting policies (continued)**

#### **2.14 Pensions**

##### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

#### **2.15 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

### **3. Employees**

The average monthly number of employees, including directors, during the year was 7 (2020 - 7).

# SINE WAVE ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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### 4. Intangible assets

	Computer software £
<b>Cost</b>	
At 1 September 2020	1,205,787
Additions	607,740
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At 31 August 2021	1,813,527
	<hr/>
<b>Amortisation</b>	
At 1 September 2020	2,592
Charge for the year on owned assets	3,000
	<hr/>
At 31 August 2021	5,592
	<hr/>
<b>Net book value</b>	
At 31 August 2021	<u>1,807,935</u>
At 31 August 2020	<u>1,203,195</u>

# SINE WAVE ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

### 5. Tangible fixed assets

	Computer equipment £
<b>Cost</b>	
At 1 September 2020	126,305
Additions	4,638
	<hr/>
At 31 August 2021	130,943
	<hr/>
<b>Depreciation</b>	
At 1 September 2020	122,557
Charge for the year on owned assets	3,450
	<hr/>
At 31 August 2021	126,007
	<hr/>
<b>Net book value</b>	
At 31 August 2021	<hr/> <u>4,936</u>
At 31 August 2020	<hr/> <u>3,748</u>

### 6. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 September 2020	6,824
	<hr/>
At 31 August 2021	6,824
	<hr/>
<b>Net book value</b>	
At 31 August 2021	<hr/> <u>6,824</u>
At 31 August 2020	<hr/> <u>6,824</u>

# SINE WAVE ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Sine Wave (Shanghai) Software Development Co, Ltd	China	Software Development	Ordinary	100 %
The Sine Wave Company, INC.		Software Development		100 %
	USA		Ordinary	%

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Sine Wave (Shanghai) Software Development Co, Ltd	(48,712)	25,366
The Sine Wave Company, INC.	(178,696)	(3,145)

### 7. Debtors

	2021 £	2020 £
Trade debtors	80,504	90,134
Amounts owed by group undertakings	177,877	69,794
Other debtors	12,992	10,086
Prepayments and accrued income	24,044	106,814
Tax recoverable	163,799	107,128
	<u>459,216</u>	<u>383,956</u>

### 8. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	86,996	105,764
Other taxation and social security	16,511	6,082
Other creditors	4,025	1,350
Accruals and deferred income	132,604	27,141
	<u>240,136</u>	<u>140,337</u>

# SINE WAVE ENTERTAINMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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### 9. Share capital

	2021 £	2020 £
<b>Authorised, allotted, called up and fully paid</b>		
10,979,633 (2020 - 9,114,749) Ordinary shares shares of £0.001 each	<u>10,980</u>	<u>9,115</u>

953,418 Ordinary shares of £0.001 each were allotted as fully paid at a premium of £1.6457 per share and 911,466 Ordinary shares of £0.001 each were allocated as fully paid at a premium of £1.3166 per share during the year.

### 10. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £35,221 (2020: £13,183). At the balance sheet date £4,025 (2020: £1,350) of contributions were unpaid and included in creditors.

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