

Company registration number 13288812 (England and Wales)

ELECTRIC GUITAR PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

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ELECTRIC GUITAR PLC
COMPANY INFORMATION

Directors	John C Hutchinson	(Appointed 17 May 2021)
	Sarfraz Munshi	(Appointed 8 September 2022)
	John P Regan	(Appointed 24 March 2021)
Secretary	John C Hutchinson	
Company number	13288812	
Registered office	One Bartholomew Close London EC1A 7BL	
Auditor	Anstey Bond LLP 1-2 Charterhouse Mews Statutory Auditor & Chartered Accountants London EC1M 6BB	
Bankers	Santander UK PLC 2 Triton Square Regent's Place London NW1 3AN	

ELECTRIC GUITAR PLC

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ELECTRIC GUITAR PLC

CHAIRMAN'S STATEMENT AND KEY PERSONNEL FOR THE PERIOD ENDED 31 MARCH 2022

I have pleasure in presenting the annual report and financial statements for the year ended 31 March 2022.

In January 2022, the company successfully listed its shares for trading on the London Stock Exchange Main Market, and at the same time secured a placing of additional ordinary shares for £1,200,000 (before expenses). This has enabled the company to research suitable targets for acquisition in line with its stated corporate strategy. As at the time of issuing this report, the company has not yet identified a suitable target for acquisition.

The Company was formed to undertake an acquisition of a controlling interest in a company or business (an "Acquisition") in the digital media and advertising sectors. Since its listing, the Company has pursued this aim. Any Acquisition is expected to constitute a reverse takeover transaction and consideration for the Acquisition may be in part or in whole in the form of share-based consideration or funded from the Company's existing cash resources or the raising of additional funds.

The business environment has changed significantly since the Company's successful listing in January this year.

In early spring, there were already nascent signs of the now very evident global inflationary pressures. These increased enormously with Russia's attempted invasion of Ukraine in late February. A broad range of energy, industrial and agricultural commodities saw significant price increases. These have, in turn, fed into the consumer sector, making central banks' task of managing inflation more problematical and increasing fears of an extended period of higher interest rates.

In the Company's chosen sphere of interest, digital media and advertising, the structural changes identified in our Admission Document became evident. These structural changes have continued to be driven by the increasing importance of data privacy. As expected, this year has seen legislation start to be implemented with digital companies responding by implementing privacy technology.

Legislation

In February 2022 a landmark ruling against the IAB found that the majority of cookie based digital advertising practices are 'illegal'. The IAB has since responded with a series of appeals, however the implications of this judgement are expected to be far reaching.

Privacy Technology

Other large technology companies have implemented privacy technology that has impacted digital revenues. As well as this, the reduction in the use of cookies in the future (timetable for H2 of 2024) is likely to several impact data collection on over 80% of internet users.

Structural shift

Privacy is now an increasing disadvantage for the incumbents and newcomers are capitalising on this as advertisers seek new ways of reaching digital audiences.

Whilst advertising overall has been subject to macro-economic headwinds, digital media businesses with a focus on first party data and privacy continue to prosper. This is the shift which the strategy of the business is designed to capitalise on.

The challenge for the Directors is to find a suitable acquisition upon which to base the Company's future at a time when assets in the media sector are becoming increasingly hard to value correctly. However, given the opportunities from privacy driven disruption which are increasingly evident, the directors remain confident in their ability to achieve this.

As summer progressed, it became clear that 'transitory' inflation was, in fact, more embedded, than first thought. Central banks, including the Bank of England, started to increase interest rates from historically low levels. UK base rates have risen from ¼% in January of this year to 3% currently.

Meanwhile, the current and forecast increase in energy prices, combined with a wider rise in the cost of living has, and continues to dampen consumer activities and expectations. With consumer activity representing over 60% of UK nominal GDP, this anticipated slowdown has led businesses to review their own expectations.

ELECTRIC GUITAR PLC

CHAIRMAN'S STATEMENT AND KEY PERSONNEL (CONTINUED) **FOR THE PERIOD ENDED 31 MARCH 2022**

Key Personnel

John Christopher Hutchinson - Non-executive Chairman

John Hutchinson is an experienced NED and founder of businesses. He has maintained his career as a corporate lawyer for 30 years alongside his external business activities.

In 2005 he became Chairman of Intavent Limited, a medical devices company, overseeing realisation of value for its shareholders over two years as the company wound up its UK activities.

In 2007 he was part of a team that set up Epi-V, a private equity fund investing in technologies for the oil and gas industry. In 2012 he became managing partner of the fund, responsible for £110m of investment.

In 2015 he was asked to take over as managing partner of his law firm, Pitmans, reorganised the firm's management team and took the firm into a merger in 2018, creating a £52 million turnover business and remaining on the merged firm's Executive Board until April 2020.

John has been on the boards of several innovative and growth orientated technology companies. Examples include SafeToNet Limited, a company safeguarding children globally online and Flodatix Limited, a private equity backed multi-phase flow metering company using unique technology in the oil and gas sector.

John has a Degree from the University of Victoria in Canada.

John Patrick Regan - Chief Executive Officer

John is a serial entrepreneur with 30 years' experience of the advertising industry. He has over 25 years of experience in data privacy and marketing data analytics.

John started his career selling classified advertisements for the Daily Telegraph in 1991, before moving into Radio for Independent Radio Sales, part of Katz Communications.

In 1998, he founded one of the first independent marketing analysis businesses in the UK which was sold to Diversified Agencies UK Holdings Ltd (formerly Lopex plc), a subsidiary of Havas Advertising S.A, the French multinational advertising and public relations company. It became part of EHS Brann, the creators of the Tesco Clubcard, the first large scale, data driven marketing operation in the United Kingdom.

John co-founded his second and third businesses, namely Absolute Intuistic Limited, trading as AI Data Intelligence, and Intuistic Limited which were bought out by Communisis Plc in 2008. AI Data Intelligence specialised in the use of advanced analytics to optimise direct mail campaigns for large clients including Royal Bank of Scotland, Lloyds TSB and Vodafone. Both of John's companies were bought out by Communisis Plc in 2008.

Following the sale, John spent 2 years as a board director on the acquisitions team of Communisis Data Limited (part of the Communisis Plc group). In 2019 he founded the advertising technology business, Mymyne, which continues to research digital privacy and digital advertising.

John has a BA(Hons) degree in Social Policy and Administration from Portsmouth University.

ELECTRIC GUITAR PLC

CHAIRMAN'S STATEMENT AND KEY PERSONNEL (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

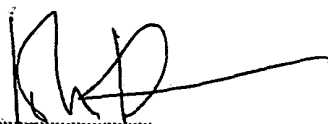
Sarfraz Munshi - Non-executive Director

Sarfraz is a NED who has over 9 years of experience in the financial industry.

In 2013 Sarfraz began working for a Beaufort Securities and managed and advised hedge funds, high and ultra-high net worth clients in markets including but not limited to UK, Hong Kong, Australia, Canada and US. He transacted in over £1bn of assets.

In 2015 Sarfraz became an investment manager and partner at Sanderson Capital, a family office. He has successfully funded, invested and exited making multiples on numerous listed investments. Sarfraz has invested in numerous private equity deals including but not limited to technology, oil & gas and biotech sectors.

Sarfraz has a BSc with Honours in Economics in the First Class from the University of Nottingham.



John Hutchinson
Chairman

Date: 2nd December 2022

ELECTRIC GUITAR PLC

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 MARCH 2022

The directors present the strategic report for the period ended 31 March 2022.

Fair review of the business

The company was established in March 2021 as a special purpose acquisition company formed with the intention to seek an acquisition target in the digital media sector. The company intends to act as a consolidator and operator in the digital advertising market. The directors believe that there is a significant commercial opportunity in the digital advertising sector as advertisers and their customers explore different ways to reach their target audiences in the disrupted market.

In January 2022, the company successfully admitted its Ordinary shares to the Standard Segment of the Official List and to trading on the Main Market of the London Stock Exchange, following a successful placing of 40,000,000 ordinary shares at £0.03 pence per share raising gross proceeds of £1,200,000, before expenses.

During the period to 31 March 2022, the directors continued to review opportunities to acquire suitable targets.

The company incurred a net loss of £245,387 in the first period to 31 March 2022, including £75,167 of fees and expenses in connection with the listing. At 31 March 2022, the company held cash at bank totalling £996,331.

Principal risks and uncertainties

The principal risks currently faced by the Company relate to:

Acquiring Less than Controlling Interests

The Company may acquire either less than whole voting control of, or less than a controlling equity interest in, a target, which may limit the Company's operational strategies and reduce its ability to enhance Shareholder value.

Inability to Fund Operations Post-Acquisition

The Company may be unable to fund the operations post acquisition of the target business if it does not obtain additional funding, however, the Company will ensure that appropriate funding measures are taken to ensure minimum commitments are met.

The Company's Relationship with the Directors and Conflicts of Interest

The Company is dependent on the Directors to identify potential acquisition opportunities and to execute an acquisition.

The Directors are not obliged to commit their whole time to the Company's business; they will allocate a portion of their time to other businesses which may lead to the potential for conflicts of interest in their determination as to how much time to assign to the Company's affairs.

Suitable Acquisition Opportunities may not be Identified or Completed

The Company's business strategy is dependent on the ability of the Directors to identify sufficient suitable acquisition opportunities. If the Directors do not identify a suitable acquisition target, the Company may not be able to fulfil its objectives. Furthermore, if the Directors do identify a suitable target, the Company may not acquire it at a suitable price or at all. In addition, if an acquisition is identified and subsequently aborted the Company may be left with substantial transaction costs.

Risks Inherent in an Acquisition

Although the Company and the Directors will evaluate the risks inherent in a particular target, they cannot offer any further assurance that all of the significant risk factors can be identified or properly assessed. Furthermore, no assurance can be made that an investment in Ordinary Shares in the Company will ultimately prove to be more favourable to investors than a direct investment, if such an opportunity were available, in a target business.

Reliance on External Advisors

The Directors expect to rely on external advisors to help identify and assess potential acquisitions and there is a risk that suitable advisors cannot be placed under contract or that such advisors that are contracted fail to perform as required.

ELECTRIC GUITAR PLC

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

Principal risks and uncertainties (continued)

Failure to Obtain Additional Financing to Complete an Acquisition or Fund a Target's Operations

There is no guarantee that the Company will be able to obtain any additional financing needed to either complete an acquisition or to implement its plans post acquisition or, if available, to obtain such financing on terms attractive to the Company. In that event, the Company may be compelled to restructure or abandon the acquisition or proceed with the acquisition on less favourable terms, which may reduce the Company's return on the investment. The failure to secure additional financing on acceptable terms could have a material adverse effect on the continued development or growth of the Company and the acquired business.

Reliance on Income from the Acquired Activities

Following an acquisition, the Company may be dependent on the income generated by the acquired business or from the subsequent divestment of the acquired business to meet the Company's expenses. If the acquired business is unable to provide the sufficient funds to the Company, the Company may be unable to pay its expenses or make distributions and dividends on the Ordinary Shares.

Restrictions in Offering Ordinary Shares as Consideration for an Acquisition or Requirements to Provide Alternative Consideration.

In certain jurisdictions, there may be legal, regulatory, or practical restrictions on the Company using its Ordinary Shares as consideration for an acquisition or which may mean that the Company is required to provide alternative forms of consideration. Such restrictions may limit the Company's acquisition opportunities or make a certain acquisition more costly, which may have an adverse effect on the results of operations of the Company.

Key performance indicators

The directors are of the view that the only key performance indicator at this stage of the company's development is the completion of an acquisition. No acquisition had been completed as at 31 March 2022.

Gender analysis

A split of our employees and directors by gender and average number during the year is shown below:

	Male	Female
Directors	3	nil

Statement by the directors in accordance with Section 172(1) of the Companies Act

The directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the directors to:

- consider the likely consequences of any decision in the long term;
- act fairly between the members of the company;
- maintain a reputation for high standards of business conduct;
- consider the interests of the company's employees;
- foster the company's relationships with suppliers, customers and others; and
- consider the impact of the company's operations on the community and the environment.

Otherwise, the company only has professional advisors, a limited number of suppliers, no customers or others who require consideration by the directors and there are no activities that could impact the community or environment. The directors acknowledge that the company will seek to maintain a reputation for high standards of business conduct in its dealings with individual stakeholders.

ELECTRIC GUITAR PLC

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

On behalf of the board



John P Regan

Director

Date: 2nd December 2022

ELECTRIC GUITAR PLC

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the period ended 31 March 2022.

The corporate governance statement set out on pages page 13 forms part of this report.

Principal activities

The company was incorporated on 24 March 2021 in England Wales as a private company and it reregistered as a public company on 24 June 2021. Subsequently, on 11 January 2022, the company was listed on the Official List of the London Stock Exchange, pursuant to Chapter 14 of the Listing Rules (which sets out the requirements for Standard Listings). The principal activity of the company during the period was that of identifying potential companies, businesses or assets for acquisition.

Results and dividends

The results for the period are set out on page 18.

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

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

John C Hutchinson	(Appointed 17 May 2021)
Sarfraz Munshi	(Appointed 8 September 2022)
John P Regan	(Appointed 24 March 2021)
Brian A Basham	(Appointed 17 May 2021 and resigned 26 October 2021)
Luke W McKeever	(Appointed 11 January 2022 and resigned 8 September 2022)
Pitsec Limited	(Appointed 24 March 2021 and resigned 17 June 2021)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 1p each 31 March 2022
John C Hutchinson	-
Sarfraz Munshi	-
John P Regan	4,068,000
Brian A Basham	2,373,000
Luke W McKeever	2,373,000
Pitsec Limited	-

Remuneration committee

There is no separate Remuneration Committee at present, instead all remuneration matters are considered by the Board as a whole. It meets when required to consider all aspects of directors' and staff remuneration, share options and service contracts.

Nominations committee

A nominations committee has not yet been established.

ELECTRIC GUITAR PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

Internal financial control

Financial controls have been established to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use. Key financial controls include:

- the maintenance of proper records;
- a schedule of matters reserved for the approval of the Board;
- evaluation, approval procedures and risk assessment for acquisitions; and
- close involvement of the Directors in the day-to-day operational matters of the Company.

Shareholder Communications

The Company uses its corporate website (<https://www.electricguitarplc.com>) to ensure that the latest announcements, press releases and published financial information are available to all shareholders and other interested parties.

The AGM is used to communicate with both institutional shareholders and private investors and all shareholders are encouraged to participate. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the Annual Report and Accounts. The Company counts all proxy votes and will indicate the level of proxies lodged on each resolution after it has been dealt with by a show of hands.

Directors' Remuneration Report

Remuneration Policies (unaudited)

The remuneration policy of the Company in effect from 24 March 2021 was that:

- John Regan was entitled to a salary not in excess of £36,000 per annum from the date of Admission until the completion of an acquisition
- John Hutchinson was entitled to a salary not in excess of £12,000 per annum from the date of Admission until the completion of an acquisition
- Luke McKeever was entitled to a salary not in excess of £35,000 per annum from the date of Admission.

It is intended that these policies will be continued for the next and subsequent years subject to any acquisition. At the forthcoming AGM shareholders will be asked to vote on the remuneration policy of the Company, as per previous AGM. The date of Admission was 10 January 2022.

At such time upon completion of an acquisition, a remuneration committee may be appointed to reassess an appropriate level of Directors' remuneration and it is envisaged that the remuneration policy be amended so as to attract, retain and motivate Executive Directors and senior management of a high calibre with a view to encouraging commitment to the development of the Company and for long term enhancement of shareholder value. The Board believes that share ownership by Executive Directors strengthens the link between their personal interests and those of shareholders although there is no formal shareholding policy in place.

The current Directors' remuneration comprises a basic fee and at present, there is no bonus or long-term incentive plan in operation for the Directors. Directors also receive reimbursement for expenses incurred whilst performing services for the Company.

Service contracts (unaudited)

The Executive Directors have entered into Service Agreements with the Company and continue to be employed until terminated by the Company. In the event of termination or loss of office the Director is entitled only to payment of his basic salary in respect of his notice period. In the event of termination or loss of office in the case of a material breach of contract the Director is not entitled to any further payment.

Each Director is paid at the rate listed in the table above.

The contracts are available for inspection at the Company's registered office.

ELECTRIC GUITAR PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

Approval by members (unaudited)

The remuneration policy above will be put before the members for approval at the next Annual General Meeting.

Each Director is paid at the rate listed in the table above.

The contracts are available for inspection at the Company's registered office.

Bonus and incentive plans (audited)

Warrant Instrument for A-Series Warrants

On 24 December 2021, the Company entered into a warrant instrument, pursuant to which the Company created A-Series Warrants over in aggregate 5,786,278 new Ordinary Shares at an exercise price per Ordinary Share equal to 150 per cent. of the Placing Price. At Admission a total of 3,599,064 A-Series Warrants (the "Allocated A-Series Warrants") have been granted to the Directors (subject to the vesting provisions described below) in the following numbers:

John Regan	1,539,150
John Hutchinson	1,029,957

The Allocated A-Series Warrants will vest and become exercisable on a time basis. 20% of the Allocated A-Series Warrants held by each Director will vest (and therefore become exercisable) on each of the first five anniversaries of Admission, such that by the fifth anniversary of Admission all the Allocated A-Series Warrants will have vested and become exercisable. Once vested, an Allocated A-Series Warrant may be exercised at any time prior to 6pm on the seventh anniversary of Admission.

The remaining 2,187,214 A-Series Warrants created under the warrant instrument, but which have not been granted as at Admission (the "Unallocated A-Series Warrants") are available to be granted, as an incentive, to members of the Company's management team from time to time with the approval of the Board. Upon grant of any Unallocated A-Series Warrants the Board may, if it sees fit, specify alternative vesting and exercise provisions to those which apply to the Allocated A-Series Warrants. Subject to certain limited exceptions, any A-Series Warrants which have not vested and been exercised prior to 6pm on the seventh anniversary of Admission will lapse.

The Warrant Instrument is governed by English law.

Warrant Instrument for B-Series Warrants granted to Axis Capital and Alexander David

On 24 December 2021, the Company entered into a Warrant Instrument, pursuant to which the Company granted 578,628 B-Series Warrants to Axis Capital and 578,628 B-Series Warrants to Alexander David. The B-Series Warrants, over in aggregate 1,157,256 new Ordinary Shares, are exercisable for three years from completion of the first Acquisition at a price per Ordinary Share equal to 150 per cent of the Placing Price.

Percentage change in the remuneration of the Chief Executive (unaudited)

There was no change in the remuneration of John Regan.

Other matters

The Company does not have any pension plans for any of the Directors and does not pay contributions in relation to their remuneration. The Company has not paid out any excess retirement benefits to any Directors.

ELECTRIC GUITAR PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 15 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Substantial Shareholdings

At 2 December 2022 the Company had been informed of the following substantial interests over 3% of the issued share capital of the Company.

	Holding	Percentage
The Bank of New York (Nominees) Limited	26,415,000	45.65%
Jim Nominees Limited	10,635,000	18.38%
John Regan	4,068,000	7.03%
John Hutchinson	2,373,000	4.10%
Luke McKeever	2,373,000	4.10%
Brian Basham	2,373,000	4.10%
Stephen Kent	2,373,000	4.10%
Jason Batten	2,373,000	4.10%

Disclosure and Transparency Rules

Details of the Company's share capital and warrants are given in note 14 and in this report above. There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the Company. There are no known arrangements under which the financial rights are held by a person other than the holder and no known agreements or restrictions on share transfers and voting rights.

As far as the Company is aware there are no persons with significant direct or indirect holdings other than the Directors and other significant shareholders as shown in this report above.

The provisions covering the appointment and replacement of directors are contained in the Company's articles, any changes to which require shareholder approval. There are no significant agreements to which the Company is party that take effect, alter or terminate upon a change of control following a takeover bid and no agreements for compensation for loss of office or employment that become effective as a result of such a bid.

Auditor

Anstey Bond LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

ELECTRIC GUITAR PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

On behalf of the board



John P Regan

Director

Date: 2nd December 2022

ELECTRIC GUITAR PLC

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 MARCH 2022

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 International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. 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 company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ELECTRIC GUITAR PLC

CORPORATE GOVERNANCE STATEMENT FOR THE PERIOD ENDED 31 MARCH 2022

Governance report

As a company with a Standard Listing, the Company is not required to comply with the provisions of the Corporate Governance Code. However, in the interests of observing best practice on corporate governance, the Company intends to comply with the provisions of the Corporate Governance Code insofar as is appropriate having regard to the size and nature of the Company and the size and composition of the Board, except that:

- given the size of the Board and the Company's current non-operational status, certain provisions of the Corporate Governance Code (in particular the provisions relating to the composition of the Board and the division of responsibilities between the chairman and chief executive and executive compensation), are not being complied with by the Company as the Board considers these provisions to be inapplicable to the Company;
- until an Acquisition is made the Company will not have separate audit and risk, nomination or remuneration committees. The Board as a whole will instead review audit and risk matters, as well as the Board's size, structure and composition and the scale and structure of the Directors' fees, taking into account the interests of Shareholders and the performance of the Company, and will take responsibility for the appointment of auditors and payment of their audit fee, monitor and review the integrity of the Company's financial statements and take responsibility for any formal announcements on the Company's financial performance. Following the completion of an Acquisition, the Board intends to put in place audit and risk, nomination and remuneration committees;
- the Corporate Governance Code recommends the submission of all directors for re-election at regular intervals. None of the Directors will be required to be submitted for re-election until the first annual general meeting of the Company following an Acquisition; and
- the Board does not comply with the provision of the Corporate Governance Code that at least half of the Board, excluding the chairman, should comprise non-executive directors determined by the Board to be independent. In addition, the Company has not appointed a senior independent director. The Company intends to appoint additional independent non-executive directors following the Acquisition so that the Board complies with these provisions.

The Company has adopted UK MAR-compliant policies regarding directors' dealings.

ELECTRIC GUITAR PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ELECTRIC GUITAR PLC

Opinion

We have audited the financial statements of Electric Guitar Plc (the 'company') for the period ended 31 March 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 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.

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

Materiality for the company's financial statements was set at £17,500. Overall materiality was calculated based on 5% adjusted profit before tax, which we determined, in our professional judgement, to be the key principle benchmark within the financial statements relevant of the Company in assessing financial performance. We set performance materiality at 80% of the overall financial statements materiality at £14,000.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £2,000. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

As part of our planning we assessed the risk of material misstatement including those that required significant consideration for the Company. Procedures were then performed to address the risk identified and for the most significant assessed risks of material misstatement. The procedures performed are outlined below in the key audit matters section of this report. We addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and including the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on; the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

ELECTRIC GUITAR PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ELECTRIC GUITAR PLC

Key audit matter

How our scope addressed this matter

Going concern

Risks were identified surrounding the company's ability to continue as a going concern.

In this area, our audit procedures included:

- We obtained and reviewed the post year end management accounts, bank statements, and statutory documentation;
- We assessed the level of funding required for the company to continue at the same capacity for the next 12 months to ensure sufficient reserves of cash remained;
- We obtained the Board of Directors' assessment of the company's going concern;
- We reviewed the disclosures included within these statements and confirmed that they were in line with regulatory reporting standards.

From the work performed, we did not identify any instances from which to conclude that the disclosure or accounting treatment was incorrectly stated.

Cash and cash equivalents

Risk of material misstatement surrounding cash as the most significant balance sheet item, if incorrect would result in material misstatement.

In this area, our audit procedures included:

- We conducted substantive testing including the identification of unusual transactions to ensure expenditure was company related;
- We assessed the approval process for bank payments to be made to ensure a multi-tier approach;
- We obtained the third party balance confirmation directly from the bank.

From the work performed, we did not identify any instances from which to conclude that the disclosure or accounting treatment was incorrectly stated.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 period 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.

ELECTRIC GUITAR PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ELECTRIC GUITAR PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006, international accounting standards, London Stock Exchange Rules and the Disclosure and Transparency Rules.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included but were not limited to enquiries of management, review of legal and professional fees and review of Board minutes.
- We also identified the risks of material misstatements of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias in relation to revenue recognition. This was addressed through updating our understanding of the internal control environment, analysing and reviewing the agreements for the year, substantive testing of revenue and expenses recognised and a review of post year end receipts and payments.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing bank payments and receipts in the year; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ELECTRIC GUITAR PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ELECTRIC GUITAR PLC

Other matters which we are required to address

We were appointed by the Board on 20th July 2022 to audit the financial statements for the period ended 31 March 2022. Our total uninterrupted period of engagement is 1 year, covering the current period ended 31 March 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

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.

Anstey Bond LLP

Colin Ellis FCCA CF (Senior Statutory Auditor)
For and on behalf of Anstey Bond LLP

Date: 2nd December 2022

Chartered Accountants
Statutory Auditor

1-2 Charterhouse Mews
London
EC1M 6BB

ELECTRIC GUITAR PLC**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2022**

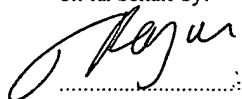
		Period ended 31 March 2022 £
Administrative expenses	Notes	(245,387)
Operating (loss)/profit	3	(245,387)
Income tax expense	6	-
(Loss)/profit and total comprehensive income for the period		<u>(245,387)</u>
 Earnings per share	 7	
Basic		(1.18)
Diluted		(1.18)

The income statement has been prepared on the basis that all operations are continuing operations.

ELECTRIC GUITAR PLC**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

	Notes	2022 £
Current assets		
Trade and other receivables	8	31,787
Cash and cash equivalents		996,331
		<u>1,028,118</u>
Current liabilities		
Trade and other payables	13	35,562
		<u>992,556</u>
Net current assets		<u>992,556</u>
Net assets		<u><u>992,556</u></u>
Equity		
Called up share capital	14	289,314
Share premium account	15	948,629
Retained earnings		(245,387)
		<u>992,556</u>
Total equity		<u><u>992,556</u></u>

The financial statements were approved by the board of directors and authorised for issue on 2nd December 2022 and are signed on its behalf by:



John P Regan

Director

Company registration number 13288812

ELECTRIC GUITAR PLC**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2022**

		Share capital	Share premium account	Retained earnings	Total
	Notes	£	£	£	£
Balance at 24 March 2021		-	-	-	-
Period ended 31 March 2022:					
Loss and total comprehensive income for the period		-	-	(245,387)	(245,387)
Transactions with owners in their capacity as owners:					
Issue of share capital	14	210,485	1,027,458	-	1,237,943
Bonus issue	14	78,829	(78,829)	-	-
Balance at 31 March 2022		<u>289,314</u>	<u>948,629</u>	<u>(245,387)</u>	<u>992,556</u>

ELECTRIC GUITAR PLC**STATEMENT OF CASH FLOWS****FOR THE PERIOD ENDED 31 MARCH 2022**

	Notes	2022 £	£
Cash flows from operating activities			
Cash absorbed by operations	19		(241,559)
Net cash outflow from operating activities			<u>(241,559)</u>
Investing activities			
Receipts arising from loans made		(53)	
Net cash used in investing activities			<u>(53)</u>
Financing activities			
Proceeds from issue of shares		1,346,152	
Share issue costs		(108,209)	
Net cash generated from/(used in) financing activities			<u>1,237,943</u>
Net increase in cash and cash equivalents			<u>996,331</u>
Cash and cash equivalents at beginning of year			<u>-</u>
Cash and cash equivalents at end of year			<u><u>996,331</u></u>

ELECTRIC GUITAR PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

1 Accounting policies

Company information

Electric Guitar Plc is a public company limited by shares incorporated in England and Wales. The registered office is One, Bartholomew Close, London, EC1A 7BL. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Reporting period

The company was incorporated on 24 March 2021 with a default first accounting reference date of 31 March 2022. Therefore the first accounting period covers more than 12 months.

1.2 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

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

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

1.3 Going concern

The directors have at the time of approving the financial statements, a 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.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

ELECTRIC GUITAR PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.6 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.7 Equity instruments

Equity instruments issued by the company 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 company.

ELECTRIC GUITAR PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.8 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 income statement 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 company'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 is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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 income statement, 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 when the company has 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.

1.9 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 inventories or non-current 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.

2 Adoption of new and revised standards and changes in accounting policies

Standards which are in issue but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

3 Operating (loss)/profit

Operating loss for the period is stated after charging/(crediting):

2022

£

Fees payable to the company's auditor for the audit of the company's financial statements

12,000

ELECTRIC GUITAR PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2022**

4 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2022 Number
Administration	3

Their aggregate remuneration comprised:

	2022 £
Wages and salaries	14,071
Social security costs	496
	<u>14,567</u>

5 Directors' remuneration

	2022 £
Remuneration for qualifying services	<u>14,071</u>

6 Income tax expense

The charge for the period can be reconciled to the loss per the income statement as follows:

	2022 £
Loss before taxation	<u>(245,387)</u>
Expected tax credit based on a corporation tax rate of 19.00%	(46,624)
Effect of expenses not deductible in determining taxable profit	14,283
Unutilised tax losses carried forward	32,341
Taxation charge for the period	<u>-</u>

Estimated tax losses of £170,220 are available for relief against future profits.

7 Earnings per share

	2022 Number
Number of shares	
Weighted average number of ordinary shares for basic earnings per share	<u>20,714,127</u>

ELECTRIC GUITAR PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

7	Earnings per share	(Continued)
		2022
	Earnings	£
	Continuing operations	
	Loss/profit for the period from continued operations	(245,387)
		<u><u> </u></u>
		2022
		Pence per share
	Basic and diluted earnings per share	
	From continuing operations	(1.18)
		<u><u> </u></u>

8	Trade and other receivables	2022
		£
	VAT recoverable	30,820
	Other receivables	967
		<u><u> </u></u>
		31,787
		<u><u> </u></u>

9 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables differs from fair value as follows:

	Carrying value	Fair value
	2022	2022
	£	£
Other debtors	967	-
	<u> </u>	<u> </u>
	967	-
	<u><u> </u></u>	<u><u> </u></u>

No significant receivable balances are impaired at the reporting end date.

10	Liabilities	2022
		£
	Notes	
	Trade and other payables	13
		35,562
		<u><u> </u></u>

11 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

ELECTRIC GUITAR PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2022****12 Liquidity risk**

Responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

13 Trade and other payables

	2022 £
Trade payables	12,162
Accruals	23,400
	<u>35,562</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 15 days. For most suppliers no interest is charged on amounts payable. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value

14 Share capital

	2022 Number	2022 £
Ordinary share capital		
Issued and fully paid		
Ordinary shares of 0.5p each	57,862,776	289,314

On 24 December 2021, the Company entered into a warrant instrument, pursuant to which the Company created A-Series Warrants over in aggregate 5,786,278 new Ordinary Shares at an exercise price per Ordinary Share equal to 150 per cent. of the Placing Price. At Admission a total of 3,599,064 A-Series Warrants (the "Allocated A-Series Warrants") have been granted. Further details have been included in the Directors' Report.

Prior to listing on the London Stock Exchange, the company had issued a total of 17,862,776 ordinary shares for £224,992. As part of the listing, the company issued a further 40,000,000 ordinary shares for £1,200,000.

15 Share premium account

	2022 £
At the beginning of the period	-
Issue of new shares	1,135,667
Bonus issue of shares	(78,829)
Share issue expenses	(108,209)
	<u>948,629</u>
At the end of the period	<u>948,629</u>

ELECTRIC GUITAR PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2022

16 Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance,

The capital structure of the company consists of debt, cash and cash equivalents and equity comprising share capital, reserves and retained earnings. The company reviews the capital structure annually and as part of this review considers that cost of capital and the risks associated with each class of capital.

The company is not subject to any externally imposed capital requirements.

17 Directors' transactions

The directors are considered to be key management personnel. Detailed remuneration disclosures are provided in the director's report accompanying the financial statements.

18 Controlling party

The company considers there to be no ultimate controlling party.

19 Cash absorbed by operations

	2022
	£
Loss for the period before income tax	(245,387)
Movements in working capital:	
Increase in trade and other receivables	(31,734)
Increase in trade and other payables	35,562
Cash absorbed by operations	(241,559)