

ARGUS SOFTWARE (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

ARGUS SOFTWARE (UK) LIMITED

COMPANY INFORMATION

Directors	P J Broadley A Probyn A Bartolini TL Devonish
Company secretary	TL Devonish
Registered number	02511981
Registered office	180 Great Portland Street London W1W 5QZ
Independent auditors	Sopher + Co LLP Chartered Accountants & Statutory Auditors 5 Elstree Gate Elstree Way Borehamwood Hertfordshire WD6 1JD
Bankers	HSBC 73 High Street Watford Hertfordshire WD1 2DS

ARGUS SOFTWARE (UK) LIMITED

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ARGUS SOFTWARE (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present their strategic report for Argus Software (UK) Limited (the "Company") for the year ended 31 December 2021.

Business review

Our revenues consist of software sold under the ARGUS brand and professional services and training designed to support the implementation of the software. ARGUS clients predominately consist of CRE asset and investment management firms, including large owners, managers and investors of CRE assets and CRE funds, as well as CRE industry participants including service providers, brokers and developers.

Our revenue mix continues to increasingly shift to a recurring subscription-based model, which we capture as over time revenues. We continue to upgrade our legacy on-premise AE software users to our cloud environment, by converting their maintenance contracts to cloud subscription contracts. Our subscription agreements vary in length between one to five years with the fee primarily dependent on the number of users and applications deployed. Our revenue mix also consists of point in time revenues from legacy on-premise licenses as well as services related to education, training and implementation.

On 1st April 2021, Altus Group (France) Holding SAS (wholly owned by Argus Software (UK) Ltd) acquired all the issued and outstanding shares of Finance Active group of companies and its subsidiaries. Founded in 2000, Finance Active is a European provider of SaaS debt management and financial risk management SaaS solutions for treasury and investment management serving public, corporate and financial institutions. Finance Active is headquartered in Paris, France, with a wide geographic footprint in Europe including over 3,000 customers ranging from small to medium businesses to large, global institutions. Finance Active's team of approximately 160 professionals has integrated with our Altus Analytics business. Finance Active, with its SaaS business model, strengthens our *Over Time* revenues and provides additional opportunities for organic growth as we integrate our go-to-market operations.

The results for the year shows a decrease in sales to £10.90m (2020 - £11.20m). This is mainly due to a reduction in training revenue due to COVID-19 pandemic impacting face-to-face training sessions.

Due to an increase in cost of sales, the Company has recorded an operating loss of £3.65m (2020 - £2.10m).

The directors continue to remain confident to be profitable in the near future. The Company continues to be supported financially by associated group companies.

Key priorities for 2022 include:

Driving global industry adoption of our ARGUS cloud platform remains a high priority and will be foundational to our intelligence-as-a-service offering. ARGUS' global, mission critical and de facto standard differentiation is an important strategic competitive advantage that advances our position globally through its inherent network effect. We remain tactically focused on migrating our legacy on-premise software users to our cloud platform, as well as expanding our penetration with existing customers and adding new ones.

We are realigning our product offering structure pivoting from product centric strategies and point solution selling to a more ubiquitous model that centres around our customers' unique priorities and with offers aligned to clear customer challenges that we can solve and create value. The combination of our data, technology and expertise that seamlessly delivers actionable intelligence provides for the most optimal way to drive client value while supporting our business strategies to profitably grow and scale.

ARGUS SOFTWARE (UK) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Principal risks and uncertainties

The assessment of risks faced by the Company relate to the competitive pressure in a global market and changing demographics.

The Company manages these risks by providing and maintaining strong relationships with its clients and investing in new product development to ensure that it maintains a competitive portfolio of products.

The ongoing coronavirus pandemic represents a source of risk and uncertainty for the Company. The impact so far has not been significant, but the directors continue to monitor the situation and respond as appropriate.

The Company regularly assesses its risk management activities to ensure good practice in all areas.

Financial key performance indicators

The directors consider the key performance indicators of the business to be turnover and operating profit or loss as set out in the Statement of Comprehensive Income on page 9.

This report was approved by the board on 20 July 2022 and signed on its behalf.

A Probyn

Director

ARGUS SOFTWARE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for Argus Software (UK) Limited (the "Company") for the year ended 31 December 2021.

Directors

The directors who served during the year were:

P J Broadley

A Probyn

A Bartolini

L L Turrin (resigned 26 April 2021)

TL Devonish (appointed 26 April 2021)

Results and dividends

The loss for the year, after taxation, amounted to £2,811,908 (2020 - loss £1,689,276).

The directors do not recommend the payment of dividend for the year.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to 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.

Future developments

There are no plans which will significantly change the activities and risks of the Company.

ARGUS SOFTWARE (UK) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Branches outside the United Kingdom

The Company operates a branch in Germany.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Events after the reporting date

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Sopher + Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 20 July 2022 and signed on its behalf.

A Probyn

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARGUS SOFTWARE (UK) LIMITED

Opinion

We have audited the financial statements of Argus Software (UK) Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

ARGUS SOFTWARE (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARGUS SOFTWARE (UK) LIMITED (CONTINUED)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARGUS SOFTWARE (UK) LIMITED (CONTINUED)

Auditors' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the software supply sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the Company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARGUS SOFTWARE (UK) LIMITED (CONTINUED)

· reviewing correspondence with HMRC, relevant regulators and the Company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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 Auditors' 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.

Stephen Iseman FCA (Senior Statutory Auditor)

for and on behalf of

Sopher + Co LLP

Chartered Accountants
Statutory Auditors

5 Elstree Gate
Elstree Way
Borehamwood
Hertfordshire
WD6 1JD

20 July 2022

ARGUS SOFTWARE (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	10,896,056	11,171,171
Cost of sales		(2,083,718)	(1,802,501)
Gross profit		8,812,338	9,368,670
Administrative expenses		(12,641,623)	(11,690,173)
Exceptional administrative expenses	5	3,500	(330,255)
Other operating income	6	502,768	550,694
Operating loss		(3,323,017)	(2,101,064)
Interest receivable		65	575
Loss before tax		(3,322,952)	(2,100,489)
Taxation	10	511,044	411,213
Loss for the financial year		(2,811,908)	(1,689,276)

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 13 to 27 form part of these financial statements.

ARGUS SOFTWARE (UK) LIMITED
REGISTERED NUMBER:02511981

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	11	1,668,454	2,257,320
Tangible assets	12	387,292	462,384
Investments	13	54,567,950	16,916,267
		<u>56,623,696</u>	<u>19,635,971</u>
Current assets			
Debtors: amounts falling due after more than one year	14	574,904	550,299
Debtors: amounts falling due within one year	14	62,607,348	11,096,918
Cash at bank and in hand		2,195,443	1,843,483
		<u>65,377,695</u>	<u>13,490,700</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(97,470,661)	(16,260,052)
Net current liabilities		<u>(32,092,966)</u>	<u>(2,769,352)</u>
Total assets less current liabilities		<u>24,530,730</u>	<u>16,866,619</u>
Creditors: amounts falling due after more than one year	16	(4,246)	(92,204)
Provisions for liabilities			
Deferred tax	17	(6,632)	(14,773)
Net assets		<u><u>24,519,852</u></u>	<u><u>16,759,642</u></u>
Capital and reserves			
Called up share capital	18	26,337,397	17,839,897
Share premium account		7,962,780	5,888,162
Profit and loss account		(9,780,325)	(6,968,417)
		<u><u>24,519,852</u></u>	<u><u>16,759,642</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 July 2022.

A Probyn
Director

The notes on pages 13 to 27 form part of these financial statements.

ARGUS SOFTWARE (UK) LIMITED
REGISTERED NUMBER:02511981

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

ARGUS SOFTWARE (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	17,839,897	5,888,162	(1,991,305)	21,736,754
Loss for the year	-	-	(1,689,276)	(1,689,276)
Hive-up of subsidiary undertaking	-	-	(3,287,836)	(3,287,836)
At 1 January 2021	17,839,897	5,888,162	(6,968,417)	16,759,642
Loss for the year	-	-	(2,811,908)	(2,811,908)
Shares issued during the year	8,497,500	2,074,618	-	10,572,118
At 31 December 2021	<u>26,337,397</u>	<u>7,962,780</u>	<u>(9,780,325)</u>	<u>24,519,852</u>

The notes on pages 13 to 27 form part of these financial statements.

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	At 1 January 2021	Cash flows	At 31 December 2021
	£	£	£
Cash at bank and in hand	<u>1,843,483</u>	<u>351,960</u>	<u>2,195,443</u>

The notes on pages 13 to 27 form part of these financial statements.

ARGUS SOFTWARE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Argus Software (UK) Limited is a limited liability company incorporated in England and Wales with its registered office at 180 Great Portland Street, London, W1W 5QZ.

The principal activity of the Company continued to be that of a dedicated software house that has developed advanced systems for the real estate sector. With software development, support, sales and training, the Company offers solutions that deliver fast and efficient results combining with first class service in a comprehensive all round package.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.3 Cash flow

The Company, being a subsidiary where the parent prepares publicly available consolidated financial statements, has claimed exemption from preparing a cash flow statement.

2.4 Going concern

During the year the Company made a loss after taxation of £2,811,908 (2020 - £1,689,276) and at the reporting date the Company had net current liabilities of £32,092,966 (2020 - £2,769,352). The directors of the ultimate parent undertaking have indicated that they expect that the Altus Group will have sufficient working capital resources available to be able to ensure that funds continue to be made available to the Company to enable it to meet all of its financial obligations as and when they fall due for at least the next twelve months following the date of approval of these financial statements. Accordingly, the directors have continued to prepare the Company's financial statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Turnover

Turnover 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 value added tax.

Revenue for software sales and training is recognised at the point of supply.

Revenue for support service is recognised evenly over the period of the contract.

Revenue for subscription income is recognised dependant on the nature of the subscription. Right of use subscriptions, where a license is transferred to the customer for the length of the contract, are recognised 50% at the point of supply and the remainder recognised evenly over the period of the contract. Right of access subscriptions, where the Company retains control of the license, are recognised evenly over the period of the contract.

Revenue received in advance of future services is carried forward as deferred income.

2.6 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. Goodwill is amortised over a useful life of 10 years.

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

2.7 Group reconstructions

Where the trade and assets of a subsidiary entity have been transferred to the Company via a "hive-up", hybrid accounting rules are applied. The difference between the fair value of the net separable assets of the subsidiary and the consideration paid is recognised as goodwill and amortised over its useful life.

When this transfer occurs after the date of acquisition, an adjustment is recognised in equity to reflect the historic amortisation that would have been charged had the transfer occurred at the point of acquisition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 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.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is provided on the following basis:

Leasehold improvements	- Over term of lease on a straight line basis
Fixtures, fittings & equipment	- 20% to 30% reducing balance

2.9 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Debtors

Short-term debtors are measured at the transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to and from related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 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 applicable monthly average exchange rates published by HMRC.

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.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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.

2.16 Operating leases: the Company as lessor

Rentals receivable from the sub-lease of operating leases are credited against rentals payable for the same leases on a straight line basis over the lease term.

2.17 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

The Company contributes to 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 the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

2.20 Taxation

The tax expense for the year comprises current and deferred tax. 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.21 Research and development

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 the anticipated life of the benefits arising from the completed product or project.

Deferred development costs are reviewed annually, and where the future benefits are deemed to have ceased or to be in doubt, the balance of any related development is written off to profit and loss.

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.

2.22 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

ARGUS SOFTWARE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the Company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible and intangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset, and where it is a component of a larger asset, the viability and expected future performance of that asset.
- Determine whether there are indicators of impairment of the Company's investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the investment.
- Determine whether development expenditure is likely to generate probable future economic benefits and that its cost can be reliably measured.

Other key sources of estimation uncertainty

In preparing these financial statements, the directors have considered the following key sources of estimation uncertainty:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4. Turnover

The whole of the turnover is attributable to the principal activity.

All turnover arose within the United Kingdom.

5. Exceptional items

	2021	2020
	£	£
Restructuring (recovered costs)/costs	<u>(3,500)</u>	<u>330,255</u>

ARGUS SOFTWARE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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6. Other operating income

	2021 £	2020 £
Above the line tax credit	<u>502,768</u>	<u>550,694</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor in respect of:		
Audit fees	20,450	21,500
Other services	3,302	3,200
	<u>23,752</u>	<u>24,700</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	10,172,241	6,732,103
Social security costs	1,259,093	1,237,024
Cost of defined contribution scheme	390,707	371,551
	<u>11,822,041</u>	<u>8,340,678</u>

The average monthly number of employees, including directors, during the year was 123 (2020 - 121).

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	152,065	172,615
Company contributions to defined contribution pension schemes	11,405	11,073
	<u>163,470</u>	<u>183,688</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

ARGUS SOFTWARE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Taxation

	2021 £	2020 £
Corporation tax		
Group taxation relief	(502,903)	(394,031)
Deferred tax		
Origination and reversal of timing differences	(8,141)	(17,182)
Taxation on loss on ordinary activities	<u>(511,044)</u>	<u>(411,213)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	<u>(3,322,952)</u>	<u>(2,100,489)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(631,361)	(399,093)
Effects of:		
Non-tax deductible amortisation of goodwill	111,885	65,266
Expenses not deductible for tax purposes	3,071	7,093
Depreciation for year in excess of capital allowances	13,502	23,728
Changes in group relief provisions in respect of the prior period	-	(91,025)
Deferred taxation	(8,141)	(17,182)
Total tax charge for the year	<u>(511,044)</u>	<u>(411,213)</u>

Factors that may affect future tax charges

The Company has unutilised losses of £293,472 (2020 - £293,472) available to carry forward against future taxable profits.

ARGUS SOFTWARE (UK) LIMITED

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11. Intangible assets

	Development £	Goodwill £	Total £
Cost			
At 1 January 2021	265,385	2,600,825	2,866,210
At 31 December 2021	265,385	2,600,825	2,866,210
Amortisation			
At 1 January 2021	265,385	343,505	608,890
Charge for the year on owned assets	-	588,866	588,866
At 31 December 2021	265,385	932,371	1,197,756
Net book value			
At 31 December 2021	-	1,668,454	1,668,454
At 31 December 2020	-	2,257,320	2,257,320

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12. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2021	203,493	814,316	1,017,809
Additions	-	52,827	52,827
	<u>203,493</u>	<u>867,143</u>	<u>1,070,636</u>
At 31 December 2021			
	<u>203,493</u>	<u>867,143</u>	<u>1,070,636</u>
Depreciation			
At 1 January 2021	85,950	469,475	555,425
Charge for the year on owned assets	33,771	93,993	127,764
Disposals	-	155	155
	<u>119,721</u>	<u>563,623</u>	<u>683,344</u>
At 31 December 2021			
	<u>119,721</u>	<u>563,623</u>	<u>683,344</u>
Net book value			
At 31 December 2021	<u>83,772</u>	<u>303,520</u>	<u>387,292</u>
At 31 December 2020	<u>117,543</u>	<u>344,841</u>	<u>462,384</u>

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	16,916,267
Additions	37,651,683
At 31 December 2021	<u>54,567,950</u>

ARGUS SOFTWARE (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
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Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Circle Software International Limited	Intermediate Holding Company	Ordinary	100 %
Argus Software (Oceanic) Pty Ltd	Software supplier	Ordinary	100 %
Argus Software (Canada) Inc	Software supplier	Ordinary	100 %
Voyanta Limited	Software supplier	Ordinary	100 %
Taliance Group SAS	Software supplier	Ordinary	100 %
Taliance Limited*	Software supplier	Ordinary	100 %
Taliance Inc*	Software supplier	Ordinary	100 %
Solutions Taliance Canada Inc*	Software supplier	Ordinary	100 %
Altus Group (France) Holdings SAS	Software supplier	Ordinary	100 %

* Taliance Limited, Taliance Inc and Solutions Taliance Canada Inc are all subsidiaries of Taliance Group SAS. Argus Software (UK) Limited directly holds 21% of the share capital of Taliance Limited.

The registered office address of the above subsidiaries are as follows:

- Circle Software International Limited, Voyanta Limited and Taliance Limited - 180 Great Portland Street, London, W1W 5QZ
- Argus Software (Oceanic) Pty Limited - Level 12, 1 Market Street, Sydney NSW 2000
- Argus Software (Canada) Inc - 33 Yonge Street, Suite 500, Toronto, ON M5E 1G4
- Taliance Group SAS - 46 Rue Notre Dame des Victoires, 75002 Paris, France
- Altus Group (France) Holdings SAS - 140 bis rue de Rennes, 75006 Paris, France
- Solutions Taliance Canada Inc - 1100 René-Lévesque Boulevard West, Suite 1600, Montreal, Quebec, H3B 4N4
- Taliance Inc - 1209 Orange St., City of Wilmington, County of New Castle, Delaware 19801, USA

ARGUS SOFTWARE (UK) LIMITED

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14. Debtors

	2021 £	2020 £
Due after more than one year		
Prepayments and accrued income	<u>574,904</u>	<u>550,299</u>
	2021 £	2020 £
Due within one year		
Trade debtors	2,634,476	2,890,298
Amounts owed by group undertakings	55,122,543	3,265,678
Other debtors	978,692	817,173
Prepayments and accrued income	3,871,637	4,123,769
	<u>62,607,348</u>	<u>11,096,918</u>

15. Creditors

	2021 £	2020 £
Trade creditors	113,569	83,429
Amounts owed to group undertakings	89,873,270	8,994,861
Taxation and social security	623,708	553,070
Other creditors	61,500	-
Accruals and deferred income	6,798,614	6,628,692
	<u>97,470,661</u>	<u>16,260,052</u>

16. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other creditors	-	61,500
Accruals and deferred income	4,246	30,704
	<u>4,246</u>	<u>92,204</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Deferred taxation

	2021 £
At beginning of year	14,773
Charged to profit or loss	(8,141)
At end of year	<u>6,632</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	80,000	70,533
Tax losses carried forward	(73,368)	(55,760)
	<u>6,632</u>	<u>14,773</u>

18. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
17,186 (2020 - 191) Ordinary shares of £500 each	8,593,000	95,500
17,744,397 (2020 - 17,744,397) Ordinary A shares of £1 each	17,744,397	17,744,397
	<u>26,337,397</u>	<u>17,839,897</u>

On 1 April 2021, 16,995 Ordinary shares of £500 each were allotted and fully paid, at a premium of £2,074,618 which has been credited to share premium account, in part consideration of acquisition of Altus Group (France) Holdings SAS, a company registered in France.

19. Pension commitments

The Company contributes to 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 contribution paid by the Company to the fund and amounted to £390,707 (2020 - £371,551).

ARGUS SOFTWARE (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
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20. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Within 1 year	547,500	547,500
Between 2 and 5 years	784,063	1,331,563
	<u>1,331,563</u>	<u>1,879,063</u>

21. Operating leases: lessor

At 31 December 2021 the Company had future minimum lease payments receivable from third parties under non-cancellable operating leases as follows:

	2021 £	2020 £
Within 1 year	119,582	170,833
Between 2 and 5 years	-	119,583
	<u>119,582</u>	<u>290,416</u>

22. Related party transactions

The Company has taken advantage of the exemption under FRS102 33.1A Related Party Disclosures not to disclose transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

23. Controlling party

The Company is a wholly owned subsidiary of Circle Software Acquisition Limited, a company registered in England and Wales. The directors regard Altus Group Limited, a company incorporated in Toronto, Ontario, Canada as the ultimate parent undertaking. Group accounts are available from the Altus Group's website at www.altusgroup.com.

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