

Registration number: 02583952

SAI Global Compliance Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2019

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SAI Global Compliance Limited

Company Information

Directors T Roskell (Resigned 7 June 2019)
A Grzyb
R Bhogal (Appointed 5 June 2019)
P Granat (Appointed 5 June 2019)

Company secretary H Siew

Registered office Partis House
Davy Avenue
Knowlhill
Milton Keynes
MK5 8HJ

Solicitors Shoosmiths
Waterfront House
Waterfront Plaza
35 Station Road
Nottingham
NG2 3DQ

Bankers Barclays Bank Plc
Level 27
1 Churchill Place
London
E14 5HP

Auditors Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

SAI Global Compliance Limited

Strategic Report for the Year Ended 30 June 2019

The directors present their strategic report for the year ended 30 June 2019.

Principal activity

The principal activity of the company is the design and development of compliance training and awareness and compliance management solutions to a range of market sectors and ongoing maintenance contracts to support these solutions.

Fair review of the business

The company's overriding objective is to achieve sustainable rates of growth by providing leading edge training and awareness solutions in key markets and business sectors under the SAI brand. The company plans to grow and improve margins through expanding the range of solutions to its customers.

The year ended 30 June 2019 has seen a large investment in the business which has caused losses but the company projects that the investment will lead to strong growth and improved performance the compliance training market.

The results for the year and the financial position at the year-end were considered satisfactory by the directors who expect growth in the foreseeable future. Turnover was up 17% on the previous year and the bookings of new contracts show increased growth.

The nature of the contracts leads to a delayed effect on revenue and profitability as the contracts for eLearning and software are subscriptions based on multiyear contracts. Also relevant is that the sales cycles average 9 months in duration. The operating expenses increased substantially while the delayed revenue will start to contribute over time. The profitability trend does conform to expectations and management is confident the investment in cost of sales and growth of bookings will convert in a sustainable and profitable long term business.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Growth in sales	%	17.0	26.0
Gross profit	%	66.0	84.2

The company is a wholly owned subsidiary of SAI Global Pty Limited, a company registered in Australia. SAI Global Pty Limited is ultimately held by interests associated with Baring Private Equity Asia, a global private equity firm with 20 years of investing experience.

Future developments

The directors do not anticipate any significant changes in the principal activities of the business in the foreseeable future.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. Management reviews risks formally and appropriate processes are put in place to monitor and mitigate them. The key risks affecting the company are set out below.

Resources

The company is expanding its business across a number of sectors and geographical areas, requiring additional sales people and placing increased demands on management. To mitigate this risk additional personnel are being hired.

The company operates in a competitive market, with new low cost entrants and larger players becoming involved. To mitigate this risk and maintain its growth the company continues to invest in its core programmes and in developing new products.

SAI Global Compliance Limited

Strategic Report for the Year Ended 30 June 2019 (continued)

Principal risks and uncertainties (continued)

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks that include the effects of changes in prices, credit risk, liquidity and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effect on the financial performance of the company by monitoring these risks.

Price risk

The company is exposed to commodity price risk as a result of its operations given the competitive market environment for resources. However, given the size of the company's operation, the costs of managing exposure to price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The financial strength of existing customers is also monitored on a regular basis, and payment terms are kept to a minimum.

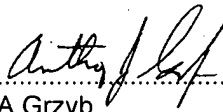
Liquidity risk

The group, to which the company belongs, actively maintains a mixture of financing that is designed to ensure that the group has sufficient available funds for operations; and to ensure that surplus cash is utilised effectively to minimise borrowing costs.

Interest rate risk

The company has interest bearing loans through inter-company and so does not consider itself exposed to interest rate risk as this is monitored actively throughout the group.

Approved by the Board on 8 July 2020 and signed on its behalf by:


A Grzyb
Director

SAI Global Compliance Limited

Directors' Report for the Year Ended 30 June 2019

The directors present their report and the financial statements for the year ended 30 June 2019.

Directors' of the company

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

T Roskell (Resigned 7 June 2019)

A Grzyb

R Bhogal (Appointed 5 June 2019)

P Granat (Appointed 5 June 2019)

Dividends

The directors do not recommend the payment of a dividend (2018 - £nil).

Covid-19 and going concern

In early 2020, the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Governments globally have responded with various actions including travel bans and the recommended temporary closure of businesses with the intent of limiting the further spread of this highly contagious virus. In response to this rapidly developing situation, the Company has implemented various actions to protect its employees, customers and suppliers.

The initial actions adopted by the Company include the implementation of remote working options, restrictions on attendance at group meetings and conferences, and travel restrictions. Subsequently, the Company's management team implemented cost reduction actions involving personnel. The government mandated stay-at-home order adversely affected our financial performance in early 2020 as our personnel were unable to conduct in-person audits.

The ultimate impact on our operations, results and cash flows is not able to be reasonably estimated at this time, nor is the duration and severity of the outbreak. However, it may result in a material adverse impact on the Company's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Company's customers and revenue, absenteeism in the Company's workforce, and a decline in the value of debtor assets held by the Company.

The Directors and management of the Company remain committed to the safety of our employees and customers and will continue to comply with government directives and recommendations related to COVID-19.

Given the challenges of operating in the current environment and the net current liabilities position at the year end of £7.3m, the company has obtained a letter of support from its parent company, SAI Global Holdings II (Australia) Pty Limited, indicating that it will receive the financial and other support necessary for the company to trade and meet its liabilities as and when they become due for a period of at least 12 months from the signing of these financial statements.

After making due enquiries and considering the performance of the business in the 2020 financial year, cash reserves, cost reduction actions, the budget for the 2021 financial year incorporating the impact of COVID-19 and the director's consideration of the ability of the parent company to provide financial support if required, including consideration of the parent company's financial position and forecast for the year ahead, the directors have a reasonable expectation that the company has adequate resources to continue in operation for at least 12 months from the date of signing these financial statements. Accordingly the financial statements have been prepared on a going concern basis.

SAI Global Compliance Limited

Directors' Report for the Year Ended 30 June 2019 (continued)

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

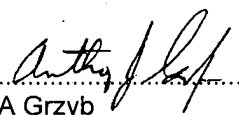
Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Disclosure requirements

In accordance with the Companies Act 2006, section 414C(11), the company's Strategic Report contains certain disclosures required in the Directors' Report.

Approved by the Board on 8 July 2020 and signed on its behalf by:


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A Grzyb

Director

SAI Global Compliance Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

SAI Global Compliance Limited

Independent Auditor's Report to the members of SAI Global Compliance Limited

Opinion

We have audited the financial statements of SAI Global Compliance Limited for the year ended 30 June 2019 which comprise the Income statement, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2019 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 Auditor's responsibilities for the audit of the financial statements section of our report below. 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.

Emphasis of matter – disclosure of effects of COVID-19

We draw attention to notes 2 and 21 of the financial statements, which describe the impact on the Company of COVID-19 in its operations and assessment of going concern. Our opinion is not qualified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

SAI Global Compliance Limited

Independent Auditor's Report to the members of SAI Global Compliance Limited

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 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 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 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 6, 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.

SAI Global Compliance Limited

Independent Auditor's Report to the members of SAI Global Compliance Limited

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.

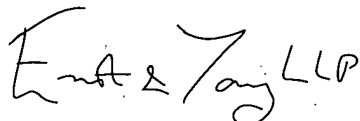
Auditor's responsibilities for the audit of the financial statements

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.

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

The image shows a handwritten signature in black ink. The signature appears to be 'Fraser Bull' followed by 'Ernst & Young LLP' in a stylized, cursive script.

Fraser Bull (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: 9 July 2020

SAI Global Compliance Limited

Income Statement for the Year Ended 30 June 2019

	Note	30 June 2019 £	30 June 2018 £
Turnover	4	7,523,356	6,408,442
Cost of sales		<u>(2,557,753)</u>	<u>(1,011,143)</u>
Gross profit		4,965,603	5,397,299
Distribution costs		(5,877,380)	(5,494,993)
Administrative expenses		<u>(1,976,182)</u>	<u>(2,439,948)</u>
Operating loss	5	(2,887,959)	(2,537,642)
Interest payable and similar charges	6	<u>(167,725)</u>	<u>(108,300)</u>
Loss before tax		(3,055,684)	(2,645,942)
Tax on profit / (loss) on ordinary activities	9	<u>492,421</u>	<u>(8,905)</u>
Loss for the year		<u>(2,563,263)</u>	<u>(2,654,847)</u>

The above results were derived from continuing operations.

Statement of Comprehensive Income

The company has no other comprehensive income for the year other than the results above.

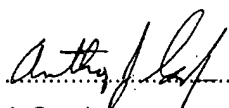
SAI Global Compliance Limited

(Registration number: 02583952)

Balance Sheet as at 30 June 2019

	Note	30 June 2019 £	30 June 2018 £
Fixed assets			
Intangible assets	11	-	81,313
Tangible assets	10	18,238	25,305
		<u>18,238</u>	<u>106,618</u>
Current assets			
Debtors	12	9,560,767	5,341,046
Creditors: Amounts falling due within one year	13	<u>(16,826,884)</u>	<u>(10,168,502)</u>
Net current liabilities		<u>(7,266,117)</u>	<u>(4,827,456)</u>
Net liabilities		<u>(7,247,879)</u>	<u>(4,720,838)</u>
Capital and reserves			
Called up share capital	14	103	103
Share premium reserve		24,997	24,997
Profit and loss account		<u>(7,272,979)</u>	<u>(4,745,938)</u>
Shareholders' deficit		<u>(7,247,879)</u>	<u>(4,720,838)</u>

These financial statements were approved and authorised for issue by the Board on 8 July 2020 and signed on its behalf by:



A Grzyb
Director

SAI Global Compliance Limited

Statement of Changes in Equity for the Year Ended 30 June 2019

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 July 2018	103	24,997	(4,745,938)	(4,720,838)
Loss for the year	-	-	(2,563,263)	(2,563,263)
Foreign currency translation of foreign branch	-	-	36,222	36,222
At 30 June 2019	103	24,997	(7,272,979)	(7,247,879)

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 July 2017	103	24,997	(2,091,091)	(2,065,991)
Profit for the year	-	-	(2,654,847)	(2,654,847)
At 30 June 2018	103	24,997	(4,745,938)	(4,720,838)

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019

1 General information

The company is a private company limited by share capital incorporated and domiciled in England and Wales.

The address of its registered office is:

Partis House
Davy Avenue
Knowlhill
Milton Keynes
MK5 8HJ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The company's financial statements are presented in pounds Sterling, which is also the company's functional currency.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions in FRS 101:

- the requirements of IFRS 7 'Financial Instruments: Disclosures'
- the requirements of Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement)
- the requirements of Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information
- the requirements of IAS 7, 'Statement of cash flows'
- the requirements of Paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- the requirements of Paragraph 17 of IAS 24 'Related party disclosures' (key management compensation)

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

- the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group
- the requirements of the following paragraphs of IAS 1 'Presentation of financial statements':
 - (i) 10(d), (statement of cash flows)
 - (ii) 10(f), (statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
 - (iii) 16 (statement of compliance with IFRS)
 - (iv) 38A (requirement for minimum of two primary statements, including cash flow statements)
 - (v) 38B-D (additional comparative information)
 - (vi) 40A-D (requirements for a third statement of financial position)
 - (vii) 111 (cash flow statement information), and
 - (viii) 134-136 (capital management disclosures).

Covid-19 and going concern

In early 2020, the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Governments globally have responded with various actions including travel bans and the recommended temporary closure of businesses with the intent of limiting the further spread of this highly contagious virus. In response to this rapidly developing situation, the Company has implemented various actions to protect its employees, customers and suppliers.

Details of this post balance sheet event are included in note 21 and the 'Covid-19 and going concern' section of the director's report

Given the challenges of operating in the current environment and the net current liabilities position at the year end of £7.3m, the company has obtained a letter of support from its parent company, SAI Global Holdings II (Australia) Pty Limited, indicating that it will receive the financial and other support necessary for the company to trade and meet its liabilities as and when they become due for a period of at least 12 months from the signing of these financial statements.

After making due enquiries and considering the performance of the business in the 2020 financial year, cash reserves, cost reduction actions, the budget for the 2021 financial year incorporating the impact of COVID-19 and the director's consideration of the ability of the parent company to provide financial support if required, including consideration of the parent company's financial position and forecast for the year ahead, the directors have a reasonable expectation that the company has adequate resources to continue in operation for at least 12 months from the date of signing these financial statements. Accordingly the financial statements have been prepared on a going concern basis.

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when: (i) the amount of revenue can be reliably measured; (ii) it is probable that future economic benefits will flow to the entity; and (iii) specific criteria have been met for each of the company activities.

Revenue from product licenses is recognised at the time of sale with the exception of library revenue. The revenue is recognised equally over the balance of the contract.

Revenue for bespoke development and heavily customised products is recognised on completion of milestones.

On 1 July 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers, using the modified retrospective method for all contracts. Results for reporting periods beginning 1 July 2018 are presented under IFRS 15, while prior period amounts were not adjusted and continue to be reported in accordance with the Company's historic accounting under IAS 18, Revenue Recognition.

The adoption of IFRS 15 did not have an impact on the Company's Financial Statements as of and for the year ended 30th June 2019 and as a result, comparisons of revenues and operating profit performance between periods are not affected by the adoption of this standard.

Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The company has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018. The adoption of IFRS 9 had no impact on the primary financial statements for any years presented within the financial statements.

Finance costs policy

Finance costs consist of interest payable on borrowings calculated using the effective interest method. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Property, plant and equipment is stated in the balance sheet, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than assets under construction, over their estimated useful lives on a straight-line basis. Estimated useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

<i>Asset class</i>	<i>Depreciation method and rate</i>
Furniture, fittings and equipment	20% straight line basis per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the content, design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use it or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

<i>Asset class</i>	<i>Amortisation method and rate</i>
Software development content	33 ¹ / ₃ % straight line basis
Software development platform	20% straight line basis
Software acquisition costs	33 ¹ / ₃ % straight line basis

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any impairment losses arise, the asset value is adjusted to its estimated recoverable amount and the difference is recognised in the profit and loss account.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment is recognised immediately in the profit or loss account, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

2 Accounting policies (continued)

Trade debtors

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation means that the actual outcomes could differ from those estimates. The estimates and assumptions that are significant to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the credit rating of the debtor, the ageing profile of the debtor and historical experience.

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	30 June 2019 £	30 June 2018 £
Rendering of services	7,523,356	6,408,442

The analysis of the company's turnover for the year by market is as follows:

	30 June 2019 £	30 June 2018 £
UK and Ireland	1,795,722	1,843,297
Europe	4,494,305	4,023,266
Rest of world	1,233,329	541,879
	<u>7,523,356</u>	<u>6,408,442</u>

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

5 Operating loss

Arrived at after charging:

	30 June 2019 £	30 June 2018 £
Depreciation expense	15,496	2,392
Amortisation expense	81,313	152,706
Foreign exchange losses	102,923	15,339
Operating lease costs – land and buildings	27,915	27,915

Audit fees have been borne by the parent undertaking, SAI Global Limited. Had the company incurred the audit fee, this would have been £17,440 (2018 - £15,833). There were no non-audit services provided in either year.

6 Interest payable and similar charges

	30 June 2019 £	30 June 2018 £
Interest from group balances	167,725	108,300

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	30 June 2019 £	30 June 2018 £
Wages and salaries	4,869,085	4,620,260
Social security costs	508,432	469,265
Pension costs, defined contribution scheme	115,229	97,029
	5,492,746	5,186,554

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	30 June 2019 No.	30 June 2018 No.
Office and management	66	63

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

8 Directors' remuneration

During the current year and prior year, the directors were remunerated by the parent undertaking for services provided as directors of the group. The parent undertaking levies a management charge to each group company for all central overheads incurred during the year in respect of the group. It is not possible to make an accurate apportionment of these charges in respect of directors' remuneration recharged, although the amount in relation to such remuneration would be incidental to the company.

9 Income tax

Tax (charged) / credited in the profit and loss account

	30 June 2019 £	30 June 2018 £
Current taxation		
UK corporation tax	(492,421)	-
Deferred taxation		
Arising from origination and reversal of temporary differences	-	3,008
Adjustments in respect of prior periods	-	5,897
Tax charge / (credit) in the profit and loss account	(492,421)	8,905

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

9 Income tax (continued)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19.0% (2018 – 19.75%).

The differences are reconciled below:

	30 June 2019 £	30 June 2018 £
Loss before tax	(3,055,684)	(2,645,942)
Corporation tax at standard rate	(580,580)	(502,729)
Fixed asset differences	418	-
Expenses not deductible	3,064	285
Foreign tax credits	6,715	-
Adjust closing deferred tax to average rate of 19%	81,317	-
Adjust opening deferred tax to average rate of 19%	(76,209)	5,897
Deferred tax not recognised	72,854	505,452
Total tax charge/(credit)	(492,421)	8,905

Deferred tax

Deferred tax asset

2019

Accelerated tax depreciation

Asset
£

-

2018

Accelerated tax depreciation

Asset
£

-

Deferred tax movement during the year:

	At 1 July 2018 £	Recognised in income £	At 30 June 2019 £
Accelerated tax depreciation	-	-	-

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

9 Income tax (continued)

Deferred tax movement during the prior year:

	At 1 July 2017	Recognised in income	At 30 June 2018
	£	£	£
Accelerated tax depreciation	8,905	(8,905)	-

The company also has an unrecognised deferred tax asset of £691,197 which primarily relates to carried forward tax losses. This is available for carry forward against future trading profits of the company but has not been recognised given uncertainty over when the losses may be utilised.

10 Tangible assets

	Furniture, fittings and equipment £
Cost or valuation	
At 1 July 2018	43,671
Addition	2,202
At 30 June 2019	45,873
Depreciation	
At 1 July 2018	18,366
Charge for the year	9,269
At 30 June 2019	27,635
Carrying amount	
At 30 June 2019	18,238
At 30 June 2018	25,305

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

11 Intangible assets

	Software development content £	Total £
Cost or valuation		
At 1 July 2018	3,642,158	3,642,158
Additions	-	-
At 30 June 2019	3,642,158	3,642,158
Amortisation		
At 1 July 2018	3,560,845	3,560,845
Amortisation charge	81,313	81,313
At 30 June 2019	3,642,158	3,642,158
Carrying amount		
At 30 June 2019	-	-
At 30 June 2018	81,313	81,313

The software assets are amortised on a straight line basis as detailed in the accounting policies in note 2.

The amortisation charge is recorded in administrative expenses in the profit and loss account.

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

12 Debtors

	30 June 2019 £	30 June 2018 £
Trade debtors	1,975,310	1,712,881
Amounts receivable from group undertakings	6,517,131	2,998,274
Deferred tax asset (note 9)	-	-
Prepayments	424,865	310,343
Corporation tax	485,620	257,573
Other debtors	157,841	61,975
	<u>9,560,767</u>	<u>5,341,046</u>

Amounts receivable from group undertakings, denominated as loans, are unsecured, have no fixed date of repayment and are repayable on demand. Interest is levied at 6.75% (2018 – 3.5%) per annum.

Trade debtors are stated after provisions for impairment of £195,538 (2018 - £127,729).

13 Creditors

	30 June 2019 £	30 June 2018 £
Trade creditors	137,604	155,913
Accrued expenses	3,076,786	3,085,524
Amounts payable to group undertakings	13,264,730	6,355,443
Social security and other taxes	190,451	4,924
Outstanding defined contribution pension costs	23,730	14,538
Bank overdraft	86,080	485,264
Other creditors	47,503	66,896
	<u>16,826,884</u>	<u>10,168,502</u>

Amounts payable to group undertakings, denominated as loans, are unsecured, have no fixed date of repayment and are repayable on demand. Interest is levied at 6.75% (2018 – 3.5%) per annum.

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

14 Share capital

Authorised, allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £0.00001 each	10,309,279	103	10,309,279	103

15 Reserves

Share capital

The balance classified as equity share capital includes the total net proceeds on issue of the company's equity share capital.

Profit and loss account

The profit and loss account reserve includes all current and prior period retained profits and losses.

Share premium

Share premium includes any premiums received on the issue of share capital.

16 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £115,229 (2018 - £97,029).

Contributions totalling £23,730 (2018 - £14,538) were payable to the scheme at the end of the year and are included in creditors.

17 Related party transactions

The company has taken advantage of the exemption under section 8(k) of FRS 101 not to disclose transactions with fellow group wholly owned subsidiaries.

18 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is SAI Global Holdings II (Australia) Pty Limited.

These financial statements are available upon request from the company secretary at Partis House, Davy Avenue, Knowlhill, Milton Keynes, MK5 8HJ.

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

19 Obligation under leases

Future minimum rentals payable under operating leases are as follows:

	30 June 2019		30 June 2018	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Within one year	28,643	-	28,536	-
In two to five years	-	-	-	-
In over five years	-	-	-	-
	28,643	-	28,536	-

20 Parent and ultimate parent undertaking

The most senior parent entity producing publicly available financial statements is SAI Global Holdings II (Australia) Pty Limited. These financial statements are available upon request from the company secretary at Partis House, Davy Avenue, Knowlhill, Milton Keynes, MK5 8HJ.

The company's immediate parent is SAI Global CIS UK Limited. The ultimate parent and controlling party is SAI Global Holdings Pte Limited, which is ultimately held by interests associated with Baring Private Equity Asia.

21 Post balance sheet events

In early 2020, the World Health Organization declared the COVID-19 virus outbreak to be a pandemic. Governments globally have responded with various actions including travel bans and the recommended temporary closure of businesses with the intent of limiting the further spread of this highly contagious virus. In response to this rapidly developing situation, the Company has implemented various actions to protect its employees, customers and suppliers.

The initial actions adopted by the Company include the implementation of remote working options, restrictions on attendance at group meetings and conferences, and travel restrictions. Subsequently, the Company's management team implemented cost reduction actions involving personnel. The government mandated stay-at-home order adversely affected our financial performance in early 2020 as our personnel were unable to conduct in-person audits.

The ultimate impact on our operations, results and cash flows is not able to be reasonably estimated at this time, nor is the duration and severity of the outbreak. However, it may result in a material adverse impact on the Company's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Company's customers and revenue, absenteeism in the Company's workforce, and a decline in the value of debtor assets held by the Company.

SAI Global Compliance Limited

Notes to the Financial Statements for the Year Ended 30 June 2019 (continued)

21 Post balance sheet events (continued)

The Directors and management of the Company remain committed to the safety of our employees and customers and will continue to comply with government directives and recommendations related to COVID-19.
