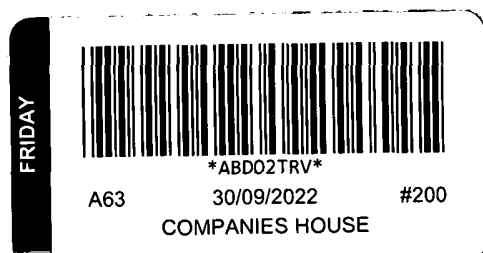


Guestline Limited

Annual report and financial statements

Registered number 02661520

31st December 2021



Contents

Strategic report	1
Directors' report	2
Statement of directors' responsibilities in respect of the annual report and the financial statements	3
Independent auditor's report to the members of Guestline Limited	4
Profit and Loss Account and Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes	11

Strategic Report

The directors present their strategic report together with the accounts for the year ended 31st December 2021.

Principal Activity

The principal activities of the company continue to be the development, implementation and support of its unique web-native software products for the hotel and hospitality industry. The business is principally focused in the UK market, but has continued to expand internationally, with a growing presence in Asia.

Results and Performance

The results of the company for the year, as set out on pages 8-32, show a profit on ordinary activities before tax of £4,089k (2020: £2,187k). The equity of the company totals £13,519k (2020: £9,392k).

Key Performance Indicators	2021	2020
Turnover growth	14.44%	(17.00%)
Gross margin	88.46%	87.00%
Operating margin	21.87%	13.47%

Risks and Uncertainties

The directors consider the impact of risks within the business including market, operational and financial risks. One of the principal market risks is that of increased competitive pressure. To counter this threat the directors regularly appraise the market to ensure that the products we offer remain market leaders, in addition we continue to make significant investment in development to improve the functionality of our software and the range of services available to our customers.

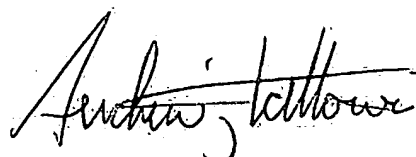
COVID-19 continued to impact the hospitality sector during 2021 and the beginning of 2022, with the associated operational risks, and staffing and economic pressures facing our customers in the UK, Europe and Asia. As the year progressed, we saw confidence and trade returning to more normal levels however our customers continue to struggle to recruit and retain staff, with added pressures due to inflation and energy price increases. Our focus has been to align our platform with market needs to help businesses adapt their operations in a range of different ways, which has contributed to us being in a strong position to help our customers.

The Group has received continuous support from its investors and finance providers. This ongoing commitment and confidence in the Group, based on the strength of our underlying business model and performance, which continues to benefit from multiyear SaaS contracts with our customers, has supported the business in managing potential financial risks. This will support the renegotiation of our existing borrowing facilities which expire in April 2023.

Future Developments

The group plans to continue its investment in new and innovative products to ensure our software solutions continue to help our customers automate and simplify their operations, reduce distribution and operational costs, whilst increasing revenue opportunities and enhancing the guest experience. Whilst the business continues to focus on the UK hotel and hospitality market, we expect a key area of future growth to be international expansion.

By order of the board of directors on 29th September 2022 and signed on its behalf by:



Andrew Galloway
Director

29th September 2022

Directors' Report

Proposed dividend

The directors do not recommend the payment of a dividend (2020: £nil).

Directors

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

B Davies
A Williams
P J Davidson
S Jones
A Galloway
A McGregor

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

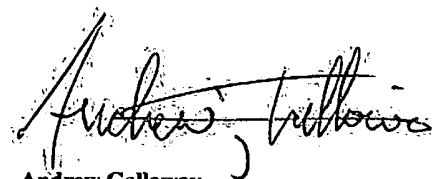
Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

During the period KPMG LLP were appointed as the company's auditor. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board of directors on 29th September 2022 and signed on its behalf by



Andrew Galloway
Director

Guestline House
Shrewsbury Business Park
Shrewsbury
SY2 6LG

29th September 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUESTLINE LIMITED

Opinion

We have audited the financial statements of Guestline Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

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 profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 of the financial statements which indicate that the Company's ability to continue as a going concern is dependent on continued financial support being provided to the Company by its finance providers. The Company has recently refinanced its borrowing facilities, and these will now expire in April 2023. We therefore consider that management's ability to meet their cash flow requirements beyond this point, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Considering remuneration incentive schemes and performance targets for management
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUESTLINE LIMITED
(continued)**

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that training revenue is recorded in the wrong period and the risk that Company and component management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing significant accounting estimates for bias

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUESTLINE LIMITED (continued)

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

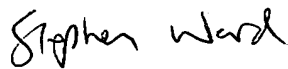
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUESTLINE LIMITED (continued)

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Stephen Ward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH

29th September 2022

Statement of Profit and Loss Account and Other Comprehensive Income
for the year to 31st December 2021

	<i>Note</i>	2021 £000	2020 £000
Revenue	2	18,378	16,059
Cost of Sales		(2,120)	(2,086)
Gross Profit		16,258	13,973
Administrative expenses		(12,238)	(11,809)
Other operating income		69	-
Operating Profit	3	4,089	2,164
Finance income	7	85	90
Finance expenses	8	(16)	(67)
Net finance income		69	23
Profit on ordinary activities before taxation		4,158	2,187
Taxation	9	(964)	(16)
Profit for the year		3,194	2,171
Foreign exchange differences on translation of foreign operations		38	21
Taxation on Foreign exchange differences on translation of operations		(10)	(5)
Total comprehensive income for the year		3,222	2,187

There were no recognised gains or losses in the period other than those disclosed in the profit and loss account.

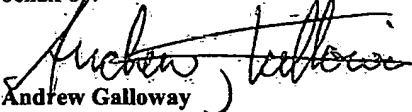
All amounts relate to continuing activities

The notes on pages 11 to 32 form part of these financial statements

Balance Sheet
at 31st December 2021

	Note	2021	2020
		£000	£000
Non-current assets			
Intangible assets	10	6,451	5,355
Tangible assets	11	533	814
Investments	12	-	-
		<u>6,984</u>	<u>6,169</u>
Current assets			
Inventories	13	29	24
Trade and other receivables	14	11,255	10,993
Deferred tax asset	17	-	207
Cash and cash equivalents		2,681	2,069
		<u>13,965</u>	<u>13,293</u>
Total Assets		<u>20,949</u>	<u>19,462</u>
Current Liabilities			
Trade and other payables	15	(7,538)	(9,874)
Deferred tax liability		(754)	-
Other interest-bearing loans and borrowings	16	(43)	(149)
		<u>(8,335)</u>	<u>(10,023)</u>
Non current liabilities			
Other interest-bearing loans and borrowings	16	-	(47)
		<u>-</u>	<u>(47)</u>
Total Liabilities		<u>(8,335)</u>	<u>(10,070)</u>
Net assets		<u>12,614</u>	<u>9,392</u>
Equity			
Share capital	20	1	1
Share premium	20	41	41
Retained earnings		12,552	9,358
Translation reserves		20	(8)
Total Equity		<u>12,614</u>	<u>9,392</u>

These financial statements were approved by the board of directors on 29th September 2022 and were signed on its behalf by


Andrew Galloway
Director

Company registered number: 02661520

The notes on pages 11 to 32 form part of these financial statements

Statement of Changes in Equity

	Share capital	Share premium	Retained earnings	Translation reserves	Total Equity
	£000	£000	£000	£000	£000
Balance at 1st January 2020	1	41	7,187	(24)	7,205
Total comprehensive income for the year					
Profit for the year	-	-	2,171	-	2,171
Other Comprehensive Income					
Foreign exchange differences on translation of operations	-	-	-	21	21
Taxation on Foreign exchange differences on translation of operations	-	-	-	(5)	(5)
Total comprehensive income for the year	-	-	2,171	16	2,187
Balance at 31st December 2020	1	41	9,358	(8)	9,392
Balance at 1st January 2021	1	41	9,358	(8)	9,392
Total comprehensive income for the year					
Profit for the year	-	-	3,194	-	3,194
Other Comprehensive Income					
Foreign exchange differences on translation of operations	-	-	-	38	38
Taxation on Foreign exchange differences on translation of operations	-	-	-	(10)	(10)
Total comprehensive income for the year	-	-	3,194	28	3,222
Balance at 31st December 2021	1	41	12,552	20	12,614

The notes on pages 11 to 32 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

Guestline Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 02661520 and the registered address is Guestline House, Shrewsbury Business Park, Shrewsbury SY2 6LG.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. All amounts in the financial statements have been rounded to the nearest £1,000, except for note 20 on Capital and Reserves, which is shown in absolute amounts.

The Company's ultimate parent undertaking, Darwin Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Darwin Topco Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from c/o Riverside Europe Partners LLP, St Martin's Courtyard, 17 Slingsby Place, 5th Floor, London WC2E 9AB.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.15.

1.1 Basis of preparation

The financial statements are prepared on the historical cost basis. In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Related party disclosures in respect of wholly owned subsidiaries;
- Requirements of IFRS 7 'Financial Instruments: Disclosures';
- The effects of new but not yet effective IFRSs.

The company continues to adopt the reduced disclosure framework of FRS 101 in its next financial statements

Notes *(continued)*

1.2 *Going concern*

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 1.

The Darwin Topco Group (being Darwin Topco and subsidiary undertakings) of which the company is a member is funded by Revolving Credit Facilities of £7.3m, which had been fully drawn down at the year-end, and term loans of £18m. These facilities are repayable by instalments to April 2023. Subsequent to the year end, the Group agreed a revision to existing banking facilities, part of this agreement included waiving a breach of covenant on the existing facilities in December 2021. This revision included a facility extension to April 2023, with revised covenants and an additional £2m of headroom on the RCF facility.

The Group has prepared a going concern assessment for a period of at least 12 months from the date of approval of these financial statements, which includes modelling severe but plausible financial scenarios that take into account the current economic environment. These downsides include the impact of reduced customer activity across the forecast period due to inflation and other cost of living factors.

The cash flow forecasts show that the company will have sufficient funds, through existing working capital and continued support from its shareholders and finance providers, to meet its liabilities as they fall due for that period. As at the date of approving these financial statements, the external bank facilities are due to expire in April 2023 and renewal beyond this point has not been agreed with the company's banker. Additionally, the shareholders' indication to support the entity has not been provided as part of a legally binding undertaking and there is limited financial information from the shareholders. As such, there remains uncertainty over the ability to raise funds to cover cash flow requirements beyond April 2023.

As with any company placing reliance on their shareholders for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that the shareholders' support will not be available and sufficient should it be required.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the uncertainty over the shareholders' ability to provide such support as and when required, as well as the uncertainty over the external bank loan facility, represents a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and, therefore, the continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Company's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.4 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The Company assesses at each reporting date whether tangible fixed assets are impaired.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Leasehold Property	over the period of the lease
Plant & Machinery	25% reducing balance
Fixtures & Fittings	25% reducing balance
Motor Vehicles	25% straight line
Computer software	25% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Intangible assets and goodwill

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of direct labour and materials. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	4 years
Development costs	3-5 years

The basis for choosing these useful lives is estimated economic life of the assets acquired.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Notes (continued)

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.9 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the profit and loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflow of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

1.11 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes (continued)

1.12 Revenue

Revenues represent the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period. Revenues from licences are recognised over the term of the contract.

Revenues from support, maintenance and transaction charges are billed on a monthly basis and recognised at that point in time.

Revenue from implementation and professional services is recognised as the services are provided, based on the actual services delivered at the period end as a proportion of the total services to be delivered. Revenue from the provision of hardware is recognised when the goods are delivered.

1.13 Expenses

Cost of sales

Cost of sales reflects costs directly associated with the delivery of goods and services to the customer, which are hardware costs and hosting costs. In prior periods cost of sales also included a significant element of staff costs, which have now been reallocated to Administrative expenses.

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

1.15 Accounting estimates and judgements

The following accounting judgements and estimates have been made by the Directors in interpreting treatment of amounts included in these financial statements.

Development costs

Management judgement is required in assessing the fair value of development costs capitalised, including calculating the attributable costs and assessing the useful economic lives of these assets for the purposes of amortisation. The carrying value of development costs at the Balance Sheet date was £6,344k (2020: £5,242k).

1.16 Leases

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received

Notes (continued)

1.16 Leases (continued)

As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.17 Income from Government grants

During the period January 2021 to June 2021, the company received grants under the government's Coronavirus job retention scheme. The £238k (2020:£349k) has been recognised as a credit against staff costs.

Notes (continued)

2 Revenue

	2021 £000	2020 £000
Sale of goods and Services	18,378	16,059
Total revenue	<u>18,378</u>	<u>16,059</u>
By geographical market		
UK	16,900	14,382
Overseas	1,478	1,677
	<u>18,378</u>	<u>16,059</u>

3 Operating profit

Included in the profit and loss are the following:

	2021 £000	2020 £000
Research and development	1,344	1,328
Amortisation of intangible assets	1,885	839
Depreciation of owned assets	354	548
Loss on disposal of fixed assets	3	-
	<u> </u>	<u> </u>

4 Auditor's remuneration

Auditor's remuneration:

	2021 £000	2020 £000
Audit of these financial statements	83	77
Fees payable to the groups auditors for non-audit services	-	-
	<u> </u>	<u> </u>

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by Guestline Limited (including directors) during the period, analysed by category, was as follows

Number of employees

	2021	2020
Directors	6	7
Direct Staff	139	169
Administrative Staff	24	20
	<u>169</u>	<u>196</u>

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and Salaries	6,072	5,285
Social Security Costs	678	543
Contributions to defined contribution plans	130	120
	<u>6,880</u>	<u>5,948</u>

Included in Wages and Salaries are payroll costs relating to management services provided to Guestline Limited from Darwin Bidco Limited amounting to £753k (2020: £707k).

6 Directors' remuneration

	2021 £000	2020 £000
Directors' remuneration	886	634
Amounts receivable under long term incentive schemes	13	13

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £321k (2020: £180k), and company pension contributions of £nil (2020: £nil) were made to a money purchase scheme on their behalf.

Notes *(continued)*

7 Finance Income

Recognised in profit and loss

	2021	2020
	£000	£000
Bank interest	-	1
Other Interest	85	89
	<hr/>	<hr/>
Total finance income	85	90
	<hr/>	<hr/>

8 Finance expenses

Recognised in profit and loss

	2021	2020
	£000	£000
Bank interest	-	-
Interest expense on lease liabilities	6	25
Other Interest	10	42
	<hr/>	<hr/>
Total finance expenses	16	67
	<hr/>	<hr/>

Notes (continued)

9 Taxation

Total tax (credit)/charge recognised in the profit and loss account, other comprehensive income and equity

	2021		2020	
	£000	£000	£000	£000
<i>Current tax</i>				
Current tax on income for the year	-		-	
Foreign branch taxation	-		74	
Adjustments in respect of prior periods	2		(43)	
Total current tax		2		31
<i>Deferred tax (see note 15)</i>				
Origination and reversal of timing differences	635		310	
Adjustments in respect of prior periods	327		(325)	
Total deferred tax		962		(15)
Total tax		964		16

	2021			2020		
	£000	£000	£000	£000	£000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Tax charge	2	962	964	31	(15)	16
Total tax	2	962	964	31	(15)	16

Notes (continued)

9 Taxation (continued)

Reconciliation of effective tax rate

	2021 £000	2020 £000
Profit before taxation	4,158	2,187
Total tax charge	964	16
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2020:19%)	790	416
Fixed asset differences	-	-
Expenses not deductible for tax	(37)	36
Other short term timing differences	-	52
Group relief claimed	(299)	(51)
Adjustment to tax charge in respect of previous periods	2	(43)
Adjustment to tax charge in respect of previous periods - deferred tax	327	(325)
Adjust opening and closing deferred tax to average rate of 25% (2020:19%)	181	(69)
Deferred tax not recognised	-	-
	<hr/>	<hr/>
Total tax charge included in profit and loss	964	16
	<hr/>	<hr/>

Factors that may effect future and current tax charges

Budget 2021 announced that the UK corporation tax rate was to increase from 19% to 25% with effect from 1 April 2023. A small profits rate of 19% applies for taxable profits of £50,000 or less and a tapered rate will apply to companies with taxable profits between £50,001 and £249,999. This provision was substantially enacted on 24 May 2021, and so deferred tax closing balances have been computed at 25%.

On 23 September 2022 the newly appointed Chancellor of the Exchequer announced that the corporation tax rate will remain at 19% from 1 April 2023, reversing the original enacted measure above to increase the rate to 25%. This reversal in the tax rate from 1 April 2023 has not been enacted or substantively enacted and accordingly has no impact on the tax balances at 31 December 2021. The potential impact of this change on the deferred tax liability at 31 December 2021 would be a reduction of £181k.

Notes (continued)

10 Intangible assets

	Software	Development Costs	Total
	£000	£000	£000
Cost			
Balance at 1 January 2021	258	6,619	6,877
Additions	17	2,964	2,981
Balance at 31 December 2021	<u>275</u>	<u>9,583</u>	<u>9,858</u>
Amortisation and impairment			
Balance at 1 January 2021	145	1,377	1,522
Amortisation for the year	23	1,862	1,885
Balance at 31 December 2021	<u>168</u>	<u>3,239</u>	<u>3,407</u>
Net book value			
At 31 December 2020	113	5,242	5,355
At 31 December 2021	<u>107</u>	<u>6,344</u>	<u>6,451</u>

Intangible assets include capitalised elements of products we sell and products we use internally. Capitalised development of products we sell totalled to £2,964k (2020: £2,639k). Capitalised software includes the implementation and configuration of a new phone system amounting to £17k (2020: nil).

Amortisation and impairment charge

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

Notes (continued)

11 Tangible assets

	Leasehold Property	Computer Equipment	Fixtures & Fittings	Motor Vehicles	Computer Software	Total
	£000	£000	£000	£000	£000	£000
Cost						
Balance at 1 January 2021	564	1,356	121	958	447	3,446
Additions	-	62	-	-	24	86
Disposals	(240)	-	-	(33)	-	(273)
Balance at 31 December 2021	<u>324</u>	<u>1,418</u>	<u>121</u>	<u>925</u>	<u>471</u>	<u>3,259</u>
Depreciation and impairment						
Balance at 1 January 2021	464	934	80	877	277	2,632
Depreciation for the year	64	112	10	65	103	354
Disposals	(240)	-	-	(20)	-	(260)
Balance at 31 December 2021	<u>288</u>	<u>1,046</u>	<u>90</u>	<u>922</u>	<u>380</u>	<u>2,726</u>
Net book value						
At 31 December 2020	<u>100</u>	<u>422</u>	<u>41</u>	<u>81</u>	<u>170</u>	<u>814</u>
At 31 December 2021	<u>36</u>	<u>372</u>	<u>31</u>	<u>3</u>	<u>91</u>	<u>533</u>

Notes (continued)

12 Investments

An investment of £55 is held in Guestline Pty Limited. This relates to 100% of the ordinary share capital and the company is registered in Australia.

13 Inventories

	2021 £000	2020 £000
Finished goods	29	24
	<u>29</u>	<u>24</u>

14 Trade and other receivables

	2021 £000	2020 £000
Trade receivables	2,058	2,177
Amounts due from group undertakings	7,977	7,607
Other receivables	803	795
Prepayments and accrued income	249	414
Corporation tax recoverable	168	-
	<u>11,255</u>	<u>10,993</u>

Included in amounts due from group undertaking are loans relating to international entities that are repayable in full or in part on demand. The loans relating to the holding companies are repayable on a date agreeable by both parties.

Notes (continued)

15 Trade and other payables

	2021 £000	2020 £000
Trade payables	840	836
Amounts due to group undertakings	169	190
PAYE and social security	357	1,192
VAT	700	1,643
Accruals and deferred income	5,472	5,977
Corporation tax payable	-	36
	<u>7,538</u>	<u>9,874</u>

Included in amounts due to group undertaking are loans relating to international entities that are repayable in full or in part on demand. The loans relating to the holding companies are repayable on a date agreeable by both parties.

16 Interest-bearing loans & borrowings

	2021 £000	2020 £000
Current liabilities		
Lease liabilities	43	149
	<u> </u>	<u> </u>
Non-current liabilities		
Lease liabilities	-	47
	<u> </u>	<u> </u>

Terms and repayments schedule

	Currency	Interest Rate	Year of Maturity	2021 £000	2020 £000
Lease liabilities	GBP	7%	2022-32	43	196
				<u> </u>	<u> </u>

Notes *(continued)*

17 Deferred tax assets and liabilities

	2021	2020
	£000	£000
Deferred tax liability - intangible assets	(596)	-
Deferred tax liability - (accelerated)/decelerated capital allowances	(297)	(260)
Deferred tax (liability)/asset - short term timing differences	119	336
Deferred tax asset - unused tax losses	20	131
Net deferred tax (liability)/asset	(754)	207

18 Employee benefits

Defined contribution plans

The company operates a defined contribution pension plan. The total expense relating to these plans in the current period was £130k (2020: £120k).

Notes (continued)

19 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument. In accordance with IFRS 9, financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the balance sheet date reflects the designation of the financial instrument. The Company determines the classification at initial recognition and re-evaluates this designation at each balance sheet date, except for those financial instruments measured at fair value through profit or loss.

Non-derivative financial assets

Non-derivative financial assets are deemed to be assets which have no fixed or determinable payments that are not quoted in an active market and would therefore be classified as "loans and receivables". Such non-derivative financial assets are measured at amortised cost using the effective interest method, less any impairment and include trade and other receivables.

Cash and cash equivalents

For the purposes of the balance sheet, cash and cash equivalents comprise cash on hand and deposits held at call with banks.

Impairment of non-derivative financial assets

The Company assesses at each balance sheet date whether a non-derivative financial asset or group of financial assets is impaired. The "expected credit loss" approach is taken when calculating impairments on financial assets. All financial assets are reviewed for historic write offs and this proportion is applied to its class of financial assets to calculate the required provision.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost, and include trade and other payables.

Notes *(continued)*

20 Capital and reserves

Share Capital

	2021	2020
	£	£
<i>Allotted, called up and fully paid</i>		
457 "A" shares of £1 each	457	457
457 "B" shares of £1 each	457	457
50 "C" shares of £1 each	50	50
26 "F" shares of £1 each	26	26
10 "H" shares of £1 each	10	10
5 "I" shares of £1 each	5	5
3 "D" shares of £1 each	3	3
5 "E" shares of £1 each	5	5
1 "G" shares of £1 each	1	1
	<hr/> 1,014	<hr/> 1,014

Share Premium

The share premium account of £41k relates to EMI share options that were exercised as a result of the transaction with The Riverside Company.

The holders of all shares are entitled to receive dividends as declared from time to time. The holders of the "A" shares, the "B" shares, the "C" shares, and the "H" shares are entitled to vote at meetings of the company. The holders of the "D" shares, the "E" shares, the "F" shares, the "G" shares, and the "I" shares are not entitled to vote at meetings of the company.

Notes (continued)

21 Leases

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as tangible assets (see note 10):

	Leasehold Property £000	Motor Vehicles £000	Total £000
Balance at 1 January 2021	101	81	182
Additions - Cost of right-of-use assets	-	-	-
Disposals - Cost of right of use assets	(213)	(33)	(246)
Disposals - Depreciation of right of use assets	213	20	233
Depreciation charge for the year	(65)	(65)	(130)
Balance at 31 December 2021	<u>36</u>	<u>3</u>	<u>39</u>

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

Leases under IFRS 16

	2021 £000	2020 £000
Interest expense on lease liabilities	6	25
	<u>6</u>	<u>25</u>

Operating leases under IAS 17

	2021 £000	2020 £000
Lease expense	127	64
	<u>127</u>	<u>64</u>

Notes *(continued)*

22 Related parties

Identity of related parties with which the Company has transacted

Included within receivables are amounts owed by group undertakings amounting to £7,977k (2020: £7,645k). Included within payables are amounts due to group undertakings amounting to £169k (2020: £190k). Included within Administrative expenses are charges for management services of £791k (2020: £742k) from the parent company Darwin Bidco Limited.

24 Post balance sheet events

No post balance sheet events have been identified.

23 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Darwin Bidco Limited. The directors consider the ultimate UK controlling party to be Darwin Topco Limited, a company incorporated in Great Britain and registered in England and Wales whose ultimate controlling party is the Riverside Company.

The largest group in which the results of the Company and its group are consolidated is that headed by Darwin Topco Limited. The consolidated financial statements of these groups are available to the public from Company House, Crown Way, Cardiff, DF14 3UZ.