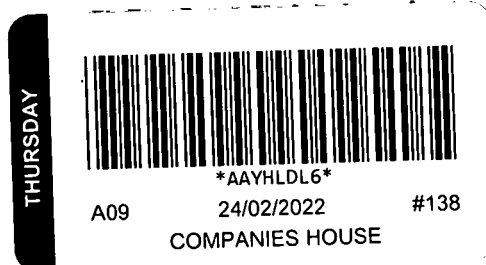


**Registered number: 02760212**

**OBJECTWAY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**



## **OBJECTWAY LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	A Cuccu A Cassar S Parekh JG Hogendoorn
<b>Registered number</b>	02760212
<b>Registered office</b>	Level 35 Mail Drop Cgc 35-02 25 Canada Square London E14 5LQ
<b>Independent auditors</b>	PricewaterhouseCoopers LLP One Chamberlain Square Birmingham, B3 3AX

## **OBJECTWAY LIMITED**

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## **OBJECTWAY LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021**

#### **Introduction**

The Directors present their strategic report together with the audited financial statements for the year ended 30 June 2021.

#### **Principal activities and business review**

Revenues are generated from the licensing and maintenance of software products, the intellectual property is owned by the company or its parent. These products need to be implemented for use by a client, and implementation work is usually chargeable, either as a fixed price contract or time and materials. Sometimes clients who use products need bespoke developments to support their business, and these are charged as either fixed price or time and material projects. In other cases the Company provides hosting operations services to run the software products, if the client wants to outsource this rather than do it themselves. The Company also provides entirely bespoke services for clients who want to hire professional skills to work on their existing systems, or undertake new developments on their behalf.

The major cost in the Company is therefore the staff that create and maintain the software product, or provide the service. Costs include salary and bonus, travel and subsistence, as well as office accommodation and systems on which to work. In order to promote the products and services available, the Company employs sales staff and runs a range of marketing activities, targeting the prospective clients.

Generally, the Company provides products and services to the Financial Services Industry, in the EMEA market. The core sectors served are Banking, Insurance, Asset Management, Wealth management and Private Client stock broking.

Overall, the Company will strive to sell additional products and services to both current and new customers following the strategic goal to improve the market positioning as leading provider of innovative software solutions.

#### **Principal and financial risks and uncertainties**

The Company has a strong position in the UK market in the Asset Management, Wealth Management and private client stock broking markets; this has proven to be a resilient sector, even during the past financial downturn albeit with limited growth potential.

The major future uncertainty for the Company is the capability and confidence of the European Financial Services industry to invest in, or enhance, their systems infrastructure. The global financial downturn and economic recession experienced in the past has had a material impact on the business and the rate at which the market recovers confidence is a future uncertainty.

The Company's credit risk, which is mainly attributable to its trade debtors, is under control, with debtor days averaging between 25 - 31 days.

Cash flows are monitored daily as part of normal control procedures. Regularly updated forecasts assist in controlling the Company's working capital requirements.

## **OBJECTWAY LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021**

#### **Financial key performance indicators**

The Company's management regularly reviews various KPIs but in the main concentrate on variances between actual revenues and net margins against expectations, also on a monthly basis against prior month forecasts.

In the year ended June 30th 2021 the Company's turnover was £16,073k with respect to £13,841k in the previous fiscal year ended June 30th 2020. The increase in turnover of about 16% is mainly ascribed to higher volumes of services provided to both existing and new clients. Assets have increased by £2,813k, liabilities have increased by £588k resulting in a net asset increase of £2,224k. This is due to an increase in liquidity on bank accounts.

The Company achieved a profit before taxation of £5,131k respect the previous fiscal year (2020: £1,904k).

Cash flow is monitored on a daily basis as part of normal control procedures. Regular forecasts control the Company's working capital requirements.

#### **Events after the reporting date**

Following the referendum held in June 2016 with the decision to exit from EU, the scenarios for the UK economy and the relationships with the other EU countries are still uncertain and barely predictable.

However, turnover is quite stable and confirms that the Company's business is highly resilient being above all focused on local market trends and dynamics with limited influence from external decisions taken from foreign countries.

With regard to local currency fluctuations, the sterling is still close to the highest negative peaks against the Euro even though the economic trends are still quite positive and inflation is under control at around 2% in line with target of 2% as recently stated by the Bank of England. In this scenario, there is no apparent reason why the sterling should keep on dwindling except for external speculative actions. In any case, nearly the whole Company's business is denominated in sterling for both revenues and costs so the accounts result naturally hedged from currency risks.

In this perspective, we keep a moderate positive outlook about the performances of the fiscal year closing at the end of June 2021.

The Company will continue to monitor the economic situation and market trends closely and act accordingly should future material developments or any other relevant conditions alter.

This report was approved by the board on 31 January 2022 and signed on its behalf.



**S Parekh**  
Director

## **OBJECTWAY LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021**

The Directors present their report and the audited financial statements for the year 30 June 2021.

#### **Principal activities**

The Company's principal activity is the provision of software services to the international banking and securities markets, particularly with regard to its investment management and stockbroking products.

The Company has a strong leading position in its market and the annual revenue drop mostly comes from the decrease in software services provided to the existing client's portfolio. However the vast majority of the commercial relationships with clients are long-standing, confirming a strong business stickiness.

#### **Dividends**

The Directors recommend the payment of a final dividend of £4,000,000 in respect of the financial statements for the year ended 30 June 2021 (interim dividend of £2,000,000).

#### **Going concern**

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Research and development**

Overall, the Company concentrates a structural part of its efforts to development costs in order to constantly provide innovative software platforms to customers adding new features and improving performances.

#### **Financial Instruments**

The Company's operations may expose it to a variety of financial risks that mainly include the effect of changes in credit, liquidity and interest rate.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company's finance department in order to manage interest rate risk and credit risk, and circumstances where it would be appropriate to use financial institutions to manage these.

#### **Price Risk**

The Company is barely exposed to commodity price risk as the vast majority of costs refer to employment agreements and the rest is related to general and administration expenses including, among others, lease and rent costs. The Company has no exposure to equity securities price risk as it has no listed or other equity investments.

#### **Credit Risk**

Credit risk arises from cash and cash equivalents, and deposits with financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only prominent and major providers are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past

## **OBJECTWAY LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021**

experience and other factors.

#### **Liquidity Risk**

The Company is traditionally cash positive and the excess liquidity is designed to ensure that the Company has sufficient available funds for operations and planned expansions. Furthermore, the parent company has put in place a group cash pooling structure which ensure minimum levels of cash to run the Company's operations also providing financial support in case of need. No such arrangements have been utilised during the financial year and up to the signing of the financial statements

#### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

A Cuccu (P)  
A Traverso (M)  
A Cassar (P)  
S Parekh (P)  
JH Hogendoorn (P)

#### **Future developments**

With regard to future developments, the Company will keep on striving to improve and innovate its digital software solutions and services aiming at offering a complete product range, which could fully supply and meet the market demand.

Future growth drivers will follow two main clear market trends: the former refers to the business opportunities coming from regulatory changes such as the adoption of MIFID II. The latter is the quest for digital services from ultimate customers who are increasingly pushing stockbrokers and all the other main financial institutions to implement a digital transformation of their business. Financial players have put off such a process following the additional uncertainty triggered after Brexit but they are aware that this is inevitable in order to remain competitive in their business environment.

In light of the above, we will keep on unifying and integrating our modular products in order to sell them either as single modules or in bundle as integrated solutions. In addition, we will nurture and upgrade the digital portal proposition as well in order to improve customer experience.

Therefore, the Company confirms the intention to address a relevant part of efforts on the seamless evolution and upgrade of its offering stack as structural limb of its long-term strategies.

#### **Disclosure of information to auditors**

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

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

#### **Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, proposing for the reappointment in accordance with section 485 of the Companies Act 2006 will be put forward at the Company's Annual General Meeting.

**OBJECTWAY LIMITED**

**DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED**

**Post balance sheet events**

No relevant events occurred after the fiscal year end. Please refer to the strategic report for Brexit considerations.

The financial statements on pages 1 to 26 were approved by the Board of Directors on 31 January 2022 and signed on its behalf by.

A handwritten signature in black ink, appearing to read 'S Parekh', is written over a horizontal line.

**S Parekh**  
Director



## **OBJECTWAY LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the annual report and financial statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

## **OBJECTWAY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OBJECTWAY LIMITED**

# **Report on the audit of the financial statements**

## **Opinion**

In our opinion, Objectway Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2021; the statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## **OBJECTWAY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OBJECTWAY LIMITED (CONTINUED)**

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 June 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

#### **Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to general laws and regulations applicable to all companies, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting unusual journal entries to increase revenue and profits or the manipulation of accounting estimates which could be subject to management bias. Audit procedures performed by the engagement team included:

- Enquiry of management and those charged with governance over compliance with general laws and regulations applicable to all companies; including consideration of actual or potential litigation and claims;
- Auditing the risk of management override of controls or risk of fraud in revenue recognition through testing journal entries mainly relating to entries with unusual account combinations to revenue;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and

## OBJECTWAY LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OBJECTWAY LIMITED (CONTINUED)

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Matthew Walker (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
31 January 2022

**OBJECTWAY LIMITED****STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Turnover	4	16,073,360	13,840,952
Cost of sales		(1,416,629)	(1,631,488)
<b>Gross Profit</b>		<b>14,656,731</b>	<b>12,209,464</b>
Administrative Expenses		(9,526,546)	(10,315,626)
<b>Operating profit</b>	5	<b>5,130,185</b>	<b>1,893,838</b>
Interest receivable and similar income		751	9,911
<b>Profit before tax</b>		<b>5,130,936</b>	<b>1,903,749</b>
Tax on profit	9	(944,515)	(352,181)
<b>Profit for the financial year</b>		<b>4,186,421</b>	<b>1,551,568</b>

The accounting policies and notes on pages 13 to 26 form part of these Financial Statements.

REGISTERED NUMBER: 02760212

**OBJECTWAY LIMITED**

**BALANCE SHEET AT 30 JUNE 2021**

		2021	2020
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	11	134,235	309,998
Tangible assets	12	103,049	140,825
Investments	13	<u>1</u>	<u>1</u>
		237,285	450,824
<b>Current assets</b>			
Debtors: amount falling due within one year	14	3,007,121	2,626,079
Cash at bank and in hand	15	<u>8,851,651</u>	<u>6,419,958</u>
		11,858,772	9,046,037
Creditors: amounts falling due within one year	16	(6,629,018)	(6,040,379)
<b>Net current assets</b>		5,229,754	3,005,658
<b>Total assets less current liabilities</b>		<u>5,467,039</u>	<u>3,456,482</u>
Creditors: amount falling due after more than one year	17	(203,080)	(378,944)
<b>Net assets</b>		<u>5,263,959</u>	<u>3,077,538</u>
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Profit and loss account	21	5,263,958	3,077,537
<b>Total shareholders' funds</b>		<u>5,263,959</u>	<u>3,077,538</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 January 2022.



**S Parehk**  
Director

The accounting policies and notes on pages 13 to 26 form part of these financial statements.

**OBJECTWAY LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2019	1	2,525,969	2,525,970
Profit for the year	-	1,551,568	1,551,568
Dividends: Equity capital	-	(1,000,000)	(1,000,000)
At 30 June 2020	1	3,077,537	3,077,538
Profit for the year		4,186,421	4,186,421
Dividends: Equity capital		(2,000,000)	(2,000,000)
At 30 June 2021	1	5,263,958	5,263,959

The accounting policies and notes on pages 13 to 26 form part of these financial statements.

## **OBJECTWAY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

#### **1. General information**

Objectway Limited is a private Company, limited by shares and incorporated and domiciled in the United Kingdom. The Company's principal activity during the year was the provision of software services to the international banking and securities markets, particularly with regard to its investment management and stockbroking products. It is a wholly owned subsidiary of Objectway S.p.A, a Company registered and domiciled in Italy. The address of its registered office is Level 35, Mail Drop Cgc 35-02 25 Canada Square, London, E14 5LQ. The Company's registered number is 02760212.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements and statements of compliance**

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

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

The accounting policies have been applied consistently.

The following principal accounting policies have been applied:

##### **2.2 Going concern**

The Company has a strong cash position. The Company's business has not been significantly operationally or financially impacted by Covid 19. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, (including for Covid 19 downside scenarios), show that the Company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and to meet its financial liabilities as they fall due. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

##### **2.3 Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemption. The Company has taken advantage of available exemption for qualifying entities, as follows:

- The Company is a wholly owned subsidiary of Objectway S.p.A. The Company's financial statements are included in the consolidated financial statements of Objectway S.p.A. which are publicly available. Therefore, the Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

- The Company has taken exemption from preparing a cash flow statement under Section 1.12 (b) of FRS 102, as the Company is a subsidiary undertaking where 100% or more of the voting rights are controlled within the group and consolidated financial statements in which those subsidiary undertakings are included are publicly available.

- The Company has not disclosed transactions entered into between wholly owned group companies in line with Section 33.1A of FRS 102.



## **OBJECTWAY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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

##### **2.4 Revenue**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from licenses are recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. Where a perpetual license is in place, the revenue is recognised over a ten year period.

Service revenue comprises revenues for maintenance, transaction processing and professional services. Maintenance and support contracts are recognised evenly over the period of the contract. Where multiple element contracts are entered into and the constituent parts do not stand alone, all revenues are spread over the period of the contract. Electronic data interchange and remote processing services are recognised monthly as work is performed. Professional services, such as implementation, training and consultancy, are recognised when the services are performed.

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

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

Other revenues and income include revenues and income not strictly attributable to core business.

##### **2.5 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

## **OBJECTWAY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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

##### **2.6 Employee benefits**

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

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

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### **2.7 Research and development**

In the research phase of an internal project, it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets may be recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, from when the asset became available.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### **2.8 Dividend income**

Dividend income is recognised when the right to receive payment is established.

##### **2.9 Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

## **OBJECTWAY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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

##### **2.10 Related party transactions**

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

##### **2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **2.12 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

##### **2.13 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Development expenditure - 20 % Straight line

##### **2.14 Tangible fixed assets**

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

## **OBJECTWAY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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

Depreciation is provided on the following basis:

S/Term Leasehold Property of the lease Office equipment	- Straight line over the life - 3 years straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### **2.15 Debtors**

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

#### **2.16 Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Bank overdrafts are shown within current liabilities.

#### **2.17 Financial Instruments**

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

## OBJECTWAY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 2. Accounting policies (continued)

##### 2.18 Creditors

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

##### 2.19 Share capital

Ordinary shares are classified as equity.

##### 2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

##### Impairment of assets:

In evaluating the valuation and recoverable amount of an intangible asset, management based its assumptions on the estimate of the value-in use of the cash generating unit. Management made an estimate of the expected future cashflows from the cash-generating unit and applied an appropriate discount rate in order to determine the present value of those cash flows. Annually, the directors consider whether there are any impairment triggers, where an impairment trigger is identified then an impairment review is performed.

##### Useful economic life of intangible assets:

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the condition of the assets. See note 11 for the carrying amount of the intangible assets.

#### 4. Turnover

	2021 £	2020 £
<b>Analysis of turnover by geography</b>		
United Kingdom	13,421,817	11,357,247
Rest of Europe	297,448	343,563
Rest of the world	1,850,444	1,489,752
Channel Islands	503,651	650,390
	<u>16,073,360</u>	<u>13,840,952</u>

**OBJECTWAY LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****4. Turnover (continued)**

	2021 £	2020 £
<b>Analysis of turnover by category</b>		
Licence revenue	2,356,072	1,817,688
Service revenue	12,199,595	10,375,166
Other services	1,220,245	1,304,535
Intercompany charges	297,448	343,563
	<u>16,073,360</u>	<u>13,840,952</u>

**5. Operating profit**

The operating profit is stated after charging:

<b>Operating profit</b>	2021 £	2020 £
Depreciation of tangible fixed assets	93,120	109,952
Exchange differences	775	611
Other operating lease rental	321,655	365,780
Amortisation of intangible assets	<u>240,763</u>	<u>1,177,776</u>

**6. Auditors' remuneration**

<b>Auditors' remuneration</b>	2021 £	2020 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>28,800</u>	<u>23,500</u>

**7. Employees**

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

	2021 £	2020 £
Wages and salaries	4,025,907	4,316,720
Social security costs	440,957	480,394
Other pension costs	668,618	720,006
	<u>5,135,482</u>	<u>5,517,120</u>

**OBJECTWAY LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****7. Employees (continued)**

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Programming and support	82	78
Sales and marketing	2	2
Administration and management	4	4
	<u>88</u>	<u>84</u>

**8. Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	29,979	27,500
	<u>29,979</u>	<u>27,500</u>

During the year retirement benefits were accruing to no Director (2020: none) in respect of defined contribution pension schemes.

Other than Directors there are no other key management personnel.

Any emoluments paid to the Directors by other group companies are not recharged to the Company.

**9. Tax on profit****Tax on profit**

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	953,047	339,422
	<u>953,047</u>	<u>339,422</u>
<b>Total current tax</b>	<u>953,047</u>	<u>339,422</u>
Deferred tax		
Origination and reversal of limiting differences	(8,532)	12,759
<b>Total deferred tax</b>	<u>(8,532)</u>	<u>12,759</u>
	<u>944,515</u>	<u>352,181</u>
<b>Tax on profit</b>	<u>944,515</u>	<u>352,181</u>

## OBJECTWAY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 9. Tax on profit (continued)

##### Factors affecting tax charge for the year

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

	2021 £	2020 £
Profit before tax	<u>5,130,936</u>	<u>1,903,749</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	974,878	361,712
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	909	6,295
Effect of increase/decrease in tax rates on deferred tax assets	<u>(31,272)</u>	<u>(15,826)</u>
Total tax charge for the year	<u>944,515</u>	<u>352,181</u>

##### Factors that may affect future tax charges

At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%.

The company has a deferred tax asset £130,297 (2020: £121,765) in relation to tax losses and decelerated capital allowances. The deferred tax asset has been calculated at 19% being the rate of corporation tax substantively enacted by the Balance sheet date.

The amount of the reversal of deferred tax expected to occur next year is nil, relating to the reversal of existing differences on tangible fixed assets.

#### 10. Dividends: Equity capital

##### Dividends

	2021 £	2020 £
Dividends paid to parent company's	2,000,000	1,000,000
	<u>2,000,000</u>	<u>1,000,000</u>

The amount should stay the same as the parent company's investment is one share.



**OBJECTWAY LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****11.Intangible assets**

	<b>Development costs</b>
	<b>£</b>
<b>Cost</b>	
At 1 July 2020	<b>5,888,910</b>
Additions	<b>65,000</b>
At 30 June 2021	<b>5,953,910</b>
<b>Accumulated Amortisation</b>	
At 1 July 2020	<b>5,578,912</b>
Change for the year	<b>240,763</b>
At 30 June 2021	<b>5,819,675</b>
<b>Net book value</b>	
At 30 June 2021	<b>134,235</b>
At 30 June 2020	<b>309,998</b>

The development costs relate to the improvement and innovation of the existing product platforms through additional functions and features to cater for additional customers' needs and to improve performances in light of any regulatory changes. In details, a great part of these developments also relates to a newly designed software product which was in the final stage of development in 2015 and during 2016 it became available to the market. The costs mainly relate to staff time involved in development, directly.

Based on the value and timings of future cashflows from sales, the Directors consider that no impairment is required although they believe that there could be some uncertainty related to exact timings.

The asset is amortised over 5 years being the estimated life of the software due to potential future technological advances.

Amortisation has been included in the Statement of Comprehensive Income under 'administrative expenses'.

**OBJECTWAY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

**12. Tangible assets**

	<b>S/Term Leasehold Property £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 July 2020	<b>708,712</b>	<b>1,844,429</b>	<b>2,553,141</b>
Additions	-	<b>55,344</b>	<b>55,344</b>
At 30 June 2021	<b>708,712</b>	<b>1,899,773</b>	<b>2,608,485</b>
<b>Accumulated Depreciation</b>			
At 1 July 2020	<b>708,712</b>	<b>1,703,604</b>	<b>2,412,316</b>
Change for the year on owned assets	-	<b>93,120</b>	<b>93,120</b>
At 30 June 2021	<b>708,712</b>	<b>1,796,724</b>	<b>2,505,436</b>
<b>Net book value</b>			
At 30 June 2021	-	<b>103,049</b>	<b>103,049</b>
At 30 June 2020	-	<b>140,825</b>	<b>140,825</b>

**13. Investments**

	<b>Unlisted investments £</b>
<b>Cost or valuation</b>	
At 1 July 2020	<b>1</b>
At 30 June 2021	<b>1</b>
At 1 July 2020 and 30 June 2021	<b>1</b>
<b>Net book value</b>	
At 30 June 2021	<b>1</b>
At 30 June 2020	<b>1</b>

## OBJECTWAY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 13. Investments (continued)

Fixed asset investments comprise and equity share in Objectway Financial Software NV, a company which is not publicly traded.

##### Objectway Financial Software NV

The Company owns 1% of the equity share capital of Objectway Financial Software NV. During the year the Company received £Nil dividends from Objectway Financial Software NV. The address of the registered office of Objectway Financial Software NV is Zandvoortstraat C45, B-2800 Mechelen, Belgium.

#### 14. Debtors: amounts falling due within one year

##### Debtors: amounts falling due within one year

	2021 £	2020 £
Trade debtors	2,075,860	1,871,675
Other debtors	18,207	20,105
Deferred taxation	130,297	121,765
Prepayments and accrued income	782,757	612,534
	<u>3,007,121</u>	<u>2,626,079</u>

#### 15. Cash at bank and in hand

	2021 £	2020 £
Cash at bank and in hand	8,851,651	6,419,958
	<u>8,851,651</u>	<u>6,419,958</u>

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

##### Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	509,135	588,887
Amounts owed to group undertakings	362,314	224,231
Taxation and social security	1,755,606	1,440,332
Other creditors	458,942	216,468
Accruals and deferred income	3,543,021	3,570,461
	<u>6,629,018</u>	<u>6,040,379</u>

In the amounts owed to group undertakings there are no financial loans.

**OBJECTWAY LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****17. Creditors: Amounts falling due after more than one year***Creditors: amounts falling due after more than one year*

	2021 £	2020 £
<i>Accruals and deferred income</i>	203,080	378,944
	<u>203,080</u>	<u>378,944</u>

**18. Deferred taxation**

	2021 £	2020 £
At beginning of year	121,765	134,524
Credited / (charged) to profit or loss	8,532	(12,759)
	<u>130,297</u>	<u>121,765</u>

**19. Pension commitment**

The Company operated a defined contribution pensions scheme. The total pension contributions during the year amounted to £668,618 (2020: £720,006). Contributions totalling £78,864 (2020: £59,014) were outstanding and payable at the year end.

**20. Called up Share capital***Called up share capital*

	2021 £	2020 £
Shares classified as equity		
Allotted, called up and fully paid 1 (2020: £1) ordinary share of £1	<u>1</u>	<u>1</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

**21. Profit and loss account****Profit and loss account**

The profit and loss account comprises profits and (losses) that have retained year on year since the Company began trading.