

Neverfail Limited

Report and Financial Statements

Year Ended

31 December 2020

Company Number 02778794



Neverfail Limited

Report and financial statements for the year ended 31 December 2020

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Director

Brian Hierholzer

Registered office

Fieldfisher, 17th Floor, No 1 Spinningfields, 1 Hardman Street, Manchester, M3 3EB

Company number

02778794

Auditors

BDO LLP, Thames Tower, Station Road, Reading, Berkshire, RG1 1LX

Neverfail Limited

Director's report for the year ended 31 December 2020

The director presents his report together with the audited financial statements for the year ended 31 December 2020.

Results and dividends

The statement of comprehensive income is set out on page 8 and shows the loss for the year, after taxation of £193,000 (2019 – £209,000).

No dividends were paid or proposed in respect of ordinary shareholders during the year (2019 - £Nil).

Principal activities

Neverfail's principal activity is that of a software author, distributor and as a sales and marketing organisation for sales of the software outside of North America. Neverfail will continue to maintain all its products and explore development opportunities for its products. Neverfail Limited receives support for sales and marketing activities from the US related party, Neverfail LLC.

Research and development

The company continues to invest in research and development, the charge in the year totals £825,928 (2019 - £883,386). The Company will continue to explore research and development opportunities in both existing products and new ideas.

Director

The sole director of the company during the year and up to the date of signature of the financial statements was:

Brian Hierholzer

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for at least twelve months from the date of approval of these financial statements.

The world is in the midst of the COVID-19 global pandemic which has impacted markets and companies across the world. The Director is continually monitoring the impact on the company and the markets in which it operates. However, the trading for the Neverfail Group continued to be in line with expectations, with the exception of increases in sales lead time. Neverfail has not seen any impact on sales in 2021/22 due to the loosening of restrictions. We work in a Global market and besides some delays in closing deals due to high volumes of COVID cases in some regions sales continue as expected. As things settle further we expect lead times to fall.

As well as the impact of COVID-19 the Director has evaluated the impact of Brexit on the ability of the company and group to continue as a going concern. Based on the initial assessment of the impact, the director has concluded that the Brexit deal will not have a material effect of the company and group.

Subsequent to the accounting period but before the signing of the accounts Ukraine/Russia conflict began. Neverfail receives services from Artisan Infrastructure SRL in Romania. Romania shares a border with Ukraine. We have not seen any impact from the conflict on services received from Artisan Infrastructure SRL and Neverfail does not have any customers in Ukraine or Russia or any distributors selling into these areas.

Management have prepared a cash flow forecast through to December 2023 indicating that Neverfail Limited will continue to generate a loss, will not be cash generative and will rely on the Group of which it is a member for support to continue trading. The overall Group is wholly owned and controlled by the Company's Director B Hierholzer.

However, forecasts prepared by the management of the Neverfail Group, indicate that the wider group will be able to generate the funds needed to continue to support the Company. The forecast has modelled zero growth in 2022

Neverfail Limited

Director's report for the year ended 31 December 2020 (continued)

Going concern (continued)

with a 7% growth in 2023. In 2022 there is a move away from perpetual license sales to term license sales. The 7% growth is believed to be sustainable based on partner and distributor activity and the continued growth of the pipeline.

Sensitivity analysis has been performed based on a sustained decline in activity and the results indicate that the Group can continue to meet its obligations as they fall due and therefore, provided the required support is forthcoming, the Company can continue to operate for at least 12 months from the date of approval of these financial statements.

If, as forecast, additional support is required the Company has received a letter of support from its Director and ultimate controlling party, who has confirmed his willingness to continue to support the business for a period of at least twelve months from the date of approval of these financial statements. However, this letter of support is not legally binding and is reliant on the Director having the ability to make sufficient funds available at the time they are required.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary should the going concern basis of preparation no longer be appropriate.

However, having reviewed the latest financial information and projected forecasts and, on the basis that the Company has the continued financial support for its operations referred to above, the Director considers that the Company will continue as a going concern for a period of at least twelve months from the date of signing. Accordingly, the Director continues to adopt the going concern basis of account in preparing these accounts.

Post balance sheet events

Subsequent to the year end the company's subsidiary, Neverfail Australasia PTY Limited was closed and deregistered on the 3 January 2021.

All employees of Neverfail Limited were transferred to another company owned by the ultimate parent company during January to March 2022. Operationally the company is run from the US.

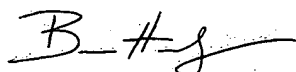
In January 2021 Neverfail Limited's intercompany balance with Artisan Infrastructure SRL was cleared by a distribution. Artisan Infrastructure SRL became a direct subsidiary of Hierholzer Holdings LLC in 2021 and is no longer a subsidiary of Neverfail Holdings Limited. As a result of this Artisan Infrastructure SRL now offers services throughout the organisation and now invoices specific services to Neverfail Limited rather than a Management Services Fee.

Auditors

The current director has taken all the steps that he ought to have taken to make himself aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board



B Hierholzer
Director

Date 26 May 2022

Neverfail Limited

Director's responsibilities statement for the year ended 31 December 2020

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial period. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Neverfail Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF NEVERFAIL LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Neverfail Limited (the 'Company') for the year ended 31 December 2020 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Material uncertainty relating to going concern

We draw attention to Note 1 to the financial statements, which indicates the Director's consideration over going concern and the requirement for additional financial support to be provided by the Company's Director and ultimate shareholder, which is not secured. As stated in note 1, these events or conditions indicate that a material uncertainty exists 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Director's report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Neverfail Limited

Independent auditor's report (continued)

Other Companies Act 2006 reporting

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

- the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's report has been prepared in accordance with applicable legal requirements.
- In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Director's report and from the requirement to prepare a Strategic report.

Responsibilities of Director

As explained more fully in the Director's responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Neverfail Limited

Independent auditor's report (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- Gaining an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, through discussion with management and our knowledge of the industry. This was obtained through focusing on those laws and regulations that had a significant effect on the financial statements or that had a fundamental effect on the operations of the Company. The significant laws and regulations we considered in this context included the UK Companies Act, United Kingdom Accounting Standards, including Financial Reporting Standard 102, and relevant tax legislation;
- Discussing among the audit engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in revenue recognition, specifically in relation to the application of appropriate accounting policies, as well as management override of controls specifically in relation to the financial data and inappropriate use estimates;
- Enquiring of management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
 - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - o the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Testing the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
- Performing a detailed review of the Company's year-end adjusting entries;
- Assessing whether the judgements made in significant accounting estimates were indicative of a potential bias;

Neverfail Limited

Independent auditor's report (continued)

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and those charged with governance concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing minutes of board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations and reviewing correspondence with HMRC;
- in addressing the risk for fraud in revenue recognition, testing the appropriateness of the revenue recognition policies and the application of these policies, performing specific procedures over the existence of revenue. In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Chris Pooles

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Christopher Pooles (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, United Kingdom

Date: 26 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Neverfail Limited

Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover		1,102	1,166
Cost of sales		-	-
Gross profit		1,102	1,166
Administrative expenses		(1,439)	(1,532)
Operating loss	3	(337)	(366)
Loss on ordinary activities before taxation		(337)	(366)
Taxation on loss on ordinary activities	5	144	157
Loss on ordinary activities for the financial year and total comprehensive loss		(193)	(209)

All amounts relate to continuing activities.

The notes on pages 11 to 19 form part of these financial statements.

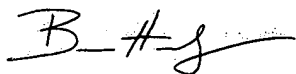
Neverfail Limited

Statement of financial position at 31 December 2020

<i>Company number 02778794</i>	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Tangible assets	6		4		-
Investments	7		-		-
			<hr/>		<hr/>
			4		-
Current assets					
Debtors	8	786		1,197	
Cash at bank and in hand		13		10	
		<hr/>		<hr/>	
		799		1,207	
Creditors: amounts falling due within one year	9	(7,147)		(7,359)	
		<hr/>		<hr/>	
Net current liabilities			(6,348)		(6,152)
Creditors: amounts falling due after one year	10		(13)		(12)
			<hr/>		<hr/>
Net liabilities			(6,357)		(6,164)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	12		574		574
Capital contribution			31,849		31,849
Capital redemption reserve			13		13
Profit and loss account			(38,793)		(38,600)
			<hr/>		<hr/>
Shareholders' deficit			(6,357)		(6,164)
			<hr/>		<hr/>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on



26 May 2022

B Hierholzer
Director

The notes on pages 11 to 19 form part of these financial statements.

Neverfail Limited

Statement of changes in equity for the year ended 31 December 2020

	Share Capital £'000	Capital contribution £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
1 January 2020	574	31,849	13	(38,600)	(6,164)
Comprehensive loss for the year:					
Loss for the year	-	-	-	(193)	(193)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year.	-	-	-	(193)	(193)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2020	574	31,849	13	(38,793)	(6,357)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

	Share Capital £'000	Capital contribution £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
1 January 2019	574	31,849	13	(38,391)	(5,955)
Comprehensive loss for the year:					
Loss for the year	-	-	-	(209)	(209)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year.	-	-	-	(209)	(209)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2019	574	31,849	13	(38,600)	(6,164)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 19 form part of these financial statements.

Neverfail Limited

Notes forming part of the financial statements for the year ended 31 December 2020

1 Accounting policies

Neverfail Limited is a private company, limited by shares and incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the director's report. The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 Section 1A Small Entities, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 Section 1A Small Entities requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

Basis of consolidation

The Company is exempt under Section 399 of the Companies Act from the requirement to prepare consolidated financial statements as the Company is subject to the small companies' regime. Information contained in these financial statements is therefore presented for the individual Company rather than for the group.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for at least twelve months from the date of approval of these financial statements. The Company recorded a loss of £193K (2019 - £209K) for the year ended 31 December 2020 and had net liabilities of £6,357 K (2019- £6,164K) at the balance sheet date.

The world is in the midst of the COVID-19 global pandemic which has impacted markets and companies across the world. The Directors are continually monitoring the impact on the company and the markets in which it operates. However, the trading for the Neverfail Group continued to be in line with expectations, with the exception of increases in sales lead time. However, the trading for the Neverfail Group continued to be in line with expectations, with the exception of increases in sales lead time. Neverfail has not seen any impact on sales in 2021/22 due to the loosening of restrictions. We work in a Global market and besides some delays in closing deals due to high volumes of COVID cases in some regions sales continue as expected. As things settle further we expect lead times to fall.

As well as the impact of COVID-19 the Director has evaluated the impact of Brexit on the ability of the company and group to continue as a going concern. Based on the initial assessment of the impact, the director has concluded that the Brexit deal will not have a material effect of the company and group.

Subsequent to the year end but prior to the date of approval of these financial statements, Ukraine/Russia conflict began. Neverfail receives services from Artisan Infrastructure SRL in Romania. Romania shares a border with Ukraine. We have not seen any impact from the conflict on services received from Artisan Infrastructure SRL and Neverfail does not have any customers in Ukraine or Russia or any distributors selling into these areas.

Management have prepared a cash flow forecast through to December 2023 indicating that Neverfail Limited will continue to generate a loss, will not be cash generative and will rely on the Group of which it is a member for support to continue trading. The overall Group is wholly owned and controlled by the Company's Director B Hierholzer.

However, forecasts prepared by the management of the Neverfail Group, indicate that the wider group will be able to generate the funds needed to continue to support the Company for at least 12 months from the date of approval of these financial statements. The forecast has modelled zero growth in 2022 with a 7% growth in 2023. In 2022 there is a move away from perpetual license sales to term license sales The 7% growth is believed to be sustainable based on partner and distributor activity and the continued growth of the pipeline.

Neverfail Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

Going concern (continued)

Sensitivity analysis has been performed based on a sustained decline in activity and the results indicate that the Group can continue to meet its obligations as they fall due and therefore, provided the required support is forthcoming, the Company can continue to operate for at least 12 months from the date of approval of these financial statements.

If, as forecast, additional support is required the Company has received a letter of support from its Director and ultimate shareholder, who has confirmed his willingness to continue to support the business for a period of at least twelve months from the date of approval of these financial statements. Whilst it is the Director's intention to continue to provide financial support to the Company as and when required, the letter of support is not legally binding and is reliant on the Director having the ability to make sufficient funds available at the time they are required.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would be necessary should the going concern basis of preparation no longer be appropriate.

However, having reviewed the latest financial information and projected forecasts and, on the basis that the Company has the continued financial support for its operations referred to above, the Director considers that the Company will continue as a going concern for a period of at least twelve months from the date of signing. Accordingly, the Director continues to adopt the going concern basis of account in preparing these accounts.

Turnover

Turnover represents amounts receivable for goods and services provided by the Company net of VAT and trade discounts. Perpetual software licence fees are recognised when a sales contract is in place and the software has been delivered and accepted by the customer. Annual support revenue is recognised on a straight line basis over the period to which it relates. Service revenue is recognised once work has been completed and approved by the customer. Subscription software is recognised monthly on invoice.

Royalty revenue represents royalty payments from external parties in respect of the sale of products. Non-refundable advance of royalty payments with no service obligations are recognised in the period when due. Royalties are also recognised from other group companies for software sales made in the USA.

Where the Company enters into global license agreements with third parties on behalf of the Group, revenues under those agreements that originate within the USA are recognised solely within the financial statements of Neverfail LLC and a royalty is paid to Neverfail Limited. All other revenues are recognised within the financial statements of Neverfail Limited.

Research and development

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred.

Neverfail Limited
Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

Fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset on a straight line basis as follows:

Equipment and fittings	- 3 years
Computer equipment	- 3 years

Investments in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the director when there has been an indication of potential impairment.

Pension costs

The company operates a defined contribution pension scheme for employees. Contributions are charged to the profit and loss account as they become payable.

Current and deferred taxation

Tax is recognised in comprehensive income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

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

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pounds Sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Neverfail Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

Financial instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form. The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans to and from third parties and related parties.

The company's cash at bank and in hand and trade and other debtors and its trade and other creditors are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Investments in unlisted company shares (financial asset) are carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss if their fair value can be measured reliably. Otherwise they are carried as cost less impairment.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Presentational currency

The currency used in the presentation of these financial statements is British Pound Sterling.

Capital contribution

Capital contributions receivable from other group entities are credited to the capital contribution reserve in the period they are received.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the director has made the following judgements:

- Determine whether there are indicators of impairment of the company's intercompany debtors due from other group undertakings. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the group undertaking.

Other key sources of estimation uncertainty

- *Revenue recognition*

The Director reviews recognition of revenue with respect to licence sales where they include an element of provision for support services. The Company's selling price for licence sales includes support and maintenance servicing and therefore the Company defers an element of revenue which is recognised over a subsequent period. Typically the servicing is for a period of between one and three years from date of sale, but can be longer. The Director considers that, based on past experience, an estimate of deferral of 15% in year one and 20% each subsequent year is appropriate and is consistent with the current level of support costs.

Neverfail Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

3 Operating loss

	2020 £'000	2019 £'000
This is arrived at after charging/(crediting):		
Depreciation of owned fixed assets	1	1
Research and development expenditure	825	883
Operating lease costs - land and buildings	-	1
(Gain) on foreign currency translation	(102)	(129)
Auditors remuneration:		
- Fees payable to the company's auditor for the audit of the company's financial statements	28	28
- Tax services	10	14
- Other services	8	10
	<u> </u>	<u> </u>

4 Employees

The average monthly number of employees (including directors) during the year was as follows:

By activity	2020 Number	2019 Number
Sales	-	1
Operations	1	1
Development	2	2
Administration and management	1	1
	<u> </u>	<u> </u>
	4	5
	<u> </u>	<u> </u>

The emoluments of the director have been borne by the ultimate parent company, Hierholzer Holdings Inc.

The director's services to the company do not occupy a significant amount of his time. As such the director does not consider he has received any remuneration for his incidental services to Neverfail Limited for the years ended 31 December 2020 and 31 December 2019.

Neverfail Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

5 Taxation on loss on ordinary activities

	2020 £'000	2019 £'000
<i>Current tax</i>		
UK corporation tax on losses for the year	144	157
	<hr/>	<hr/>
Total current tax	144	157
	<hr/>	<hr/>
The tax assessed for the year is different to the standard rate of corporation tax in the UK.		
	2020 £'000	2019 £'000
Loss on ordinary activities before tax	(337)	(366)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 – 19%)	(64)	(70)
Effects of:		
Expenses not deductible for tax purposes	1	1
Research and development cash credits	(119)	(120)
Surrender of tax losses	46	49
Adjustments to tax charge in respect of previous periods	5	-
Adjust closing deferred tax to average rate of 19% (2020 - 19%)	-	396
Adjust opening deferred tax to average rate of % (2020 - 19%)	(398)	(398)
Deferred tax not recognised	385	(15)
	<hr/>	<hr/>
Total tax credit for year	144	157
	<hr/>	<hr/>

No deferred tax asset has been recognised, see note 11 for further details.

Neverfail Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)

6 Tangible assets

	Equipment and fittings £'000	Computer equipment £'000	Total £'000
<i>Cost</i>			
At 1 January 2020	38	320	358
Additions	-	5	5
	<hr/>	<hr/>	<hr/>
At 31 December 2020	38	325	363
<i>Depreciation</i>			
At 1 January 2020	38	320	358
Charge for the year	-	1	1
	<hr/>	<hr/>	<hr/>
At 31 December 2020	38	321	359
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2020	-	4	4
	<hr/>	<hr/>	<hr/>
At 31 December 2019	-	-	-
	<hr/>	<hr/>	<hr/>

7 Fixed asset investments

The Company owns 100% of the ordinary share capital of the following subsidiary:

Name of undertaking	Country of incorporation	Description of shares held	Percentage activities	Principal Activities
Neverfail Australasia Pty Limited	Australia	Ordinary shares of A\$1 each	100%	Software distribution

Neverfail Australasia Pty Limited was closed on 3 January 2021.

8 Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	92	22
Other debtors	3	10
Amounts due from group undertakings	390	1,008
Corporation tax	301	157
	<hr/>	<hr/>
	786	1,197
	<hr/>	<hr/>

The assets of the company are provided as security for both fixed and floating charges with the parent entity Neverfail Holdings Limited.

Neverfail Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

9 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	14	33
Amounts owed to other group undertakings	6,896	6,876
Other creditors	3	3
Other taxation and social security	11	20
Accruals and deferred income	223	427
	<u>7,147</u>	<u>7,359</u>

10 Creditors: amounts falling due after one year

	2020 £'000	2019 £'000
Accruals and deferred income	13	12
	<u>13</u>	<u>12</u>

11 Deferred tax

Unrecognised deferred tax assets are calculated using a tax rate of % (2019 - 17%) at the year end and were as follows:

	2020 £'000	2019 £'000
Fixed asset timing differences	43	48
Other timing differences	912	797
Tax losses	2,819	2,522
	<u>3,774</u>	<u>3,367</u>

The company has not recognised the deferred tax assets as it is considered more likely than not that there will be insufficient taxable profits in the foreseeable future to realise the deferred tax asset.

Neverfail Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

12 Share capital

	Issued, allotted, called up and fully paid			
	2020 Number	2019 Number	2020 £	2019 £
Ordinary shares of £0.25 each	2,297,664	2,297,664	574,416	574,416

13 Ultimate parent company and controlling party

The company's immediate parent undertaking is Neverfail Group Limited, a company registered in England and Wales. In the opinion of the director, the company's ultimate parent undertaking is Hierholzer Holdings Inc. The ultimate controlling party is Brian Hierholzer.

14 Related party transactions

The company has taken advantage of the exemption available under "FRS 102 Section 1A Small Entities" and has not disclosed transactions with other members of the group wholly owned by the ultimate controlling party.

During the year the company received funding from Neverfail Group Holdings LLC, a fellow group company, to support the European operations of £57,314 (2019 – £924,814). The year end balance owed to Neverfail Group Holdings LLC was £1,418,891 (2019 – £1,361,574).

There was a reallocation of amounts due from Neverfail LLC to Neverfail Group Holdings LLC of £873,106.

During the year the company received Royalty income from Neverfail LLC of £376,706 (2019 - £525,705), a fellow group company. There was a foreign exchange gain on the balance with Neverfail LLC of £5,673. In addition, the company returned funding and other recharges to Neverfail LLC of £8,034 (2019 - £539,776). The year end balance owed from Neverfail LLC to the company was £ 358,961 (2019 – balance owed from £873,106).

There was also a recharge of staff costs of £234,767 with Neverfail Continuous Control, for staff secondment.

15 Post balance sheet events

Subsequent to the year end the Company's subsidiary, Neverfail Australasia Pty Limited was closed and deregistered on the 3 January 2021.

All employees were transferred from Neverfail Limited to another company owned by the ultimate parent company. Operationally the Company is run from the US.

In January 2021 Neverfail Limited's intercompany balance with Artisan Infrastructure SRL was cleared by a distribution. Artisan Infrastructure SRL became a direct subsidiary of Hierholzer Holdings LLC in 2021 and is no longer a subsidiary of Neverfail Holdings Limited. As a result of this Artisan Infrastructure SRL now offers services throughout the organisation and now invoices specific services to Neverfail Limited rather than a Management Services Fee.