Kalibrate Technologies Limited

Annual report and financial statements for the year ended 31 December 2021

Company number: 02800886

Strategic report

Principal activities

The principal activity of the Company is the sale of pricing and network planning solutions and services to the petroleum and convenience retail and wholesale industries.

The Company's pricing solutions include intelligent software products and related services that optimise tactical pricing and allows customs to decide what price to set and make decisions for businesses selling to mass consumer markets. These strategic objectives could be sales volumes, customer acquisition, customer retention or profitability. Our planning solutions enable our customers to effectively manage their networks of outlets to meet their strategic and profit-making objectives.

Business review

In the current year ("FY21"), the Company had revenue of $9.4m, compared to $12.1m for the 18-month period ended 31 December 2020 ("FY20") and recorded a statutory loss before tax for the year (FY21: period) of $0.6m (FY20: $8.9m). Given that the two accounting periods are of different lengths, the percentage change between periods has not been set out as such a comparison would not be meaningful.

The Company is part of a group that is private equity backed and the primary indicators of financial performance that the Board of Directors are concerned with are revenue and earnings before interest, taxation, depreciation and amortisation ("EBITDA"), stated before exceptional items. This is a non-GAAP measure and the reconciliation of EBITDA to operating loss is set out in the income statement on page 9.

The outcome for those primary KPIs was as follows:

KPIs	**FY21**	**FY20**
Revenue	$9.4m	$12.1m
EBITDA Pre-Exceptional items	$7.2m	$2.3m

Risk management

Risk management continues to be a high priority. Processes are designed to identify, mitigate and manage risk. The Board of Directors are ultimately responsible for risk management. The principal risks facing the business, and the controls in place to mitigate these, are as follows:

Dependence on key executives and personnel

The Group continues to invest in applicable resources to ensure the success of both recruitment and onboarding of employees and subsequent training.

Competitive risk

The Group continues to dedicate significant research and development resource to the constant enhancement of our technology solutions and protects this intellectual property by securing patents where possible, thereby maintaining a competitive edge.

Credit risk

The Group's primary financial assets are bank balances, trade and other receivables. Bank balances are lodged with the sponsoring bank which carries a high credit rating. Trade and other receivables are shown net of provisions for doubtful receivables. The Group has a good record of cash collection from its customer base.

Strategic report (continued)

Risk management (continued)

Contract renewal and award

Whilst the Group invests in client relationship management, its rapid expansion could place strain on the quality of these services. As part of its current recruitment plan, the Group continues to add skilled resource in these areas.

Product risks

The Group continues to invest significantly in both people and quality control processes within its research and development teams in order to ensure high quality products which remain at the cutting edge for clients.

Economic conditions and current economic weakness

The markets in which the Group offers its products and services are directly affected by many local and international factors that are also beyond the Group's control. The Group continuously reviews opportunities to diversify and broaden its product base in order to appeal to a wider clientele in a broader range of industries with an increased geographical diversity.

Currency risk

The Company has a functional currency of US Dollars but retains a Sterling cost base from its UK workforce, hence significant changes to Sterling exchange rates against the US Dollar could impact on the Group's results.

Liquidity risk

The Group maintains and monitors cash and bank balances to ensure it has sufficient available liquid resources for it to operate. Appropriate financing is maintained in order for the Group to meet is financial obligations.

Interest rate risk

The Group, of which the Company is a member, generates sufficient cash to service its borrowings. The Group and Company regularly monitor forecast cash flows to ensure sufficient facility and covenant headroom will be available in the future. The majority of the Group's bank debt is denominated in US dollars. The forecast cash flows take into account the potential for realistic movements in future USD LIBOR or USD SOFR, as appropriate.

By order of the board

RS Laker
Director
6 February 2023

Directors' report

The Directors present their annual report and the audited financial statements for the year ending 31 December 2021.

Directors

The directors who held office during the year and up to the date of this report were as follows:

A N Greatorex	
R S Laker	(appointed 27 May 2021)
M R Peacock	
T A Russell	
O D Shaw	(resigned 5 December 2022)
G E L Smyth	(appointed 22 July 2022)
J Maslen	(resigned 22 March 2021)

Results and dividends

The results for the period are set out in the income statement. No dividends were paid or proposed during the current year or prior period.

Payments to suppliers

It is the company's policy to agree terms and conditions for its business transactions with its suppliers. The Company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Going concern

The directors have prepared the financial statements of the Company on the going concern basis, subject to the various considerations set out in Note 1.2 to the financial statements.

Employment policies

The Company's policy is to consult and discuss with employees those matters likely to affect employees' interests.

The Company gives full and fair consideration for employment to people who are disabled and attempts to continue, wherever possible, the employment of employees who become disabled whilst employed by the Company.

Disclosure of information to auditor

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

Auditor

KPMG LLP will resign as the Company's auditor after completing the audit of this annual report and financial statements. The directors intend to appoint RSM UK Audit LLP to fill the vacancy created.

RS Laker

Director
6 February 2023

Company number: 02800886

Statement of Directors' responsibilities in respect of annual report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KALIBRATE TECHNOLOGIES LIMITED

Qualified opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework.*

In our opinion, except for the matter described in the basis for qualified opinion section of our report, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

As stated in Note 1 to the financial statements, group accounts, as required by the Companies Act 2006, have not been prepared.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Company management may be in a position to make inappropriate accounting entries; and
- the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to seldom used accounts and unexpected pairings in relation to revenue, cash and loans.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

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

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

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

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

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

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

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

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

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

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

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Nicola Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
6 February 2023

Income statement
for the year ended 31 December 2021

Continuing operations	*Note*	Year ended 31 December 2021 $000	18 month period ended 31 December 2020 $000
Revenue	*1,2*	**9,372**	12,062
Cost of Sales		**(3,960)**	(6,223)
Gross profit		**5,412**	5,839
Other income	*3*	**170**	-
Administrative expenses		**(4,814)**	(12,949)
Operating profit before exceptional acquisition and restructuring related costs, depreciation and amortisation of intangibles (EBITDA Pre-exceptional items)		**7,195**	2,304
Amortisation of intangible assets and depreciation	*7,8*	**(3,773)**	(4,140)
Exceptional items	*3*	**(2,654)**	(5,274)
Operating profit/(loss)	*3*	**768**	(7,110)
Financial income and expenses	*5*	**(1,406)**	(1,784)
Loss before tax		**(638)**	(8,894)
Taxation credit/(charge)	*6*	**571**	(1,053)
Loss for the year/period		**(67)**	(9,947)

Statement of comprehensive income
for the year ended 31 December 2021

	Note	Year ended 31 December 2021 $000	18 month period ended 31 December 2020 $000
Loss for the year/period		**(67)**	(9,947)
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences		**13**	418
Total comprehensive expense for the year/period		**(54)**	(9,529)

The notes on pages 12 to 30 form an integral part of the financial statements.

Balance sheet
at 31 December 2021

	Note	2021 $000	2020 $000
Fixed assets			
Property, plant and equipment	7	**179**	491
Intangible assets	8	**5,475**	6,557
Investments	9	**20,130**	20,130
		25,784	27,178
Current assets			
Trade and other receivables	11	**41,049**	21,436
Contract assets	2	**30**	67
Cash and cash equivalents	12	**946**	-
		42,025	21,503
Creditors: Amounts falling due within one year	13	**(62,574)**	(36,969)
Net current liabilities		**(20,549)**	(15,466)
Total assets less current liabilities		**5,235**	11,712
Creditors: Amounts falling due after more than one year	14	**(6,096)**	(12,519)
Net liabilities		**(861)**	(807)
Capital and reserves			
Share capital	15	**137**	137
Share premium		**12,596**	12,596
Foreign exchange reserve		**(2,645)**	(2,658)
Retained earnings		**(10,949)**	(10,882)
Shareholders' deficit		**(861)**	(807)

These financial statements were approved by the Board of Directors on 6 February 2023 and were signed on its behalf by:

RS Laker
Director

Company number: 02800886

The notes on pages 12 to 30 form an integral part of the financial statements.

Statement of changes in equity
for the year ended 31 December 2021

	Share capital	Share premium	Foreign exchange reserve	Retained earnings	Total equity
	$000	$000	$000	$000	$000
Balance at 1 July 2019	**137**	**12,596**	**(3,076)**	**(935)**	**8,722**
Total comprehensive income for the period:					
Loss for the period	-	-	-	(9,947)	(9,947)
Other comprehensive income	-	-	418	-	418
	-	-	418	(9,947)	(9,529)
Balance at 31 December 2020	**137**	**12,596**	**(2,658)**	**(10,882)**	**(807)**
Total comprehensive income for the year:					
Loss for the year	-	-	-	(67)	(67)
Other comprehensive income	-	-	13	-	13
	-	-	13	(67)	(54)
Balance at 31 December 2021	**137**	**12,596**	**(2,645)**	**(10,949)**	**(861)**

The notes on pages 12 to 30 form an integral part of the financial statements.

Notes to the accounts

1 Accounting policies

Kalibrate Technologies Limited ("the Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 02800886 and the registered address is 213, No 2 Circle Square, 1 Symphony Park, Manchester, M1 7FS.

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Kalibrate Acquisition Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Kalibrate Acquisition Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 25 Savile Row, London, United Kingdom, W1S 2ER.

Ordinarily, the Company is entitled to claim exemption from the preparation of consolidated financial statements under section 401 of the Companies Act 2006, due to it being included within the consolidated financial statements of Kalibrate Acquisition Limited, as explained above. However, as those consolidated financial statements of Kalibrate Acquisition Limited were not filed with the Registrar of Companies by the statutory filing deadline for this Company, the exemption does not apply for the year ended 31 December 2021. Accordingly, the Company is required under the Companies Act 2006 to prepare consolidated financial statements. The directors of the Company have elected not to prepare such consolidated financial statements on the grounds that:

- Doing so would take a significant amount of extra time, which would cause a further delay to the filing of these financial statements at Companies House, when these financial statements are already overdue for filing, despite the efforts of the Directors to avoid them being late.
- Had the financial statements been filed by the filing deadline, being a relatively short period of time before these financial statements were actually approved, then there would be no requirement for the Company to prepare consolidated financial statements, in any event.
- Taking both of these factors into account, the Directors are of the view that preparing consolidated financial statements for the Company would not be in the best interests of the Company as a whole.

Accordingly, the auditors have issued a qualified audit opinion.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, intangible assets and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

Notes to the accounts

1 Accounting policies *(continued)*

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Notwithstanding net liabilities of $861,000 and net current liabilities of $20,549,000 as at 31 December 2021 and a loss for the year then ended of $54,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is part of the larger Kalibrate group and, as noted above, has an ultimate parent company, Kalibrate Acquisition Limited. The Company relies upon the wider Group for its ongoing funding and the Directors have obtained confirmation from its ultimate parent company that it is the intention of Kalibrate Acquisition Limited to continue to provide this support in the short to medium term, as explained further below.

In November 2022, the Group refinanced it debt facilities and entered into a new facility which falls due for repayment in 2029. That facility is subject to two financial covenants, the compliance with which is a function of both cash flow generation and profitability.

The Directors are aware that the directors of Kalibrate Acquisition Limited have prepared consolidated cash flow forecasts for a period through to 31 March 2024 ("The Forecast Period") which indicate that, taking account of reasonably possible downsides and associated mitigating factors, where appropriate (together "The Downside Case"), the Group will both have sufficient funds, through its cash and debt facilities, to meet its liabilities as they fall due for that period, with those forecasts also including forecast outcomes of financial covenant tests for the same period, with no indication of covenant breach of covenants.

The Company is dependent on fellow group companies not seeking repayment of the amounts currently due, which at 31 December 2021 are as set out in Note 13 to the accounts, and Kalibrate Acquisition Limited potentially providing additional financial support as required during the Forecast Period. Kalibrate Acquisition Limited has indicated its intention to continue to make available such funds as are needed by the Company and that it will ensure fellow group companies do not intend to seek repayment of the amounts due at the balance sheet date, for the Forecast Period. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the accounts *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Financial statements are prepared under the functional currency of US dollar, despite the Company's debt being denominated in US dollar and share capital being denominated in Sterling, due to the majority of daily transactions within the Group being denominated in US dollar, such that the US dollar is considered to be the primary economic environment impacting the Company.

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

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The revenues and expenses are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Notes to the accounts *(continued)*

1.4 Leases

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

To assess whether a contract conveys the right to control the use of an asset, the Company assesses whether:

- The contract involves the use of an identified asset, this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all the capacity of a physically distinct asset;
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
    - The Company has the right to operate the asset; or
    - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

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

The right of use asset is subsequently depreciated using the straight-line method from commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

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

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

- Fixed payments, including in-substance fixed payments.

The Company presents right of use assets within "Property, plant and equipment" and lease liabilities in "Loans and borrowings" in the Balance Sheet.

Short term leases

The Company has elected not to recognise right of use assets and lease liabilities for short term leases that have a term of less than 12 months. The Company recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

Notes to the accounts *(continued)*

1 Accounting policies *(continued)*

1.5 Non-derivative financial instruments

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

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

Interest-bearing borrowings

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

1.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which the cost is incurred.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment on a straight-line basis over their estimated useful lives, having regard to residual value. The estimated useful lives are as follows:

Computer equipment	3 years
Furniture, fixtures and equipment	3 years
Leasehold property improvements and right of use assets	over the term of the lease
Right of use assets	over the term of the lease

The residual values and useful lives of the assets are reviewed and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within operating expenses in the Statement of Comprehensive Income.

Notes to the accounts (continued)

1 Accounting policies *(continued)*

1.7 Intangible assets

Internally generated software

Expenditure on software development activities is capitalised if the product or process is technically feasible, commercially marketable, the costs are separately identifiable and reliably measurable, and the Company intends to, and has sufficient resources to, complete development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria above. Where no internally generated intangible asset can be recognised, development expenditure is charged to the Statement of Comprehensive Income in the year in which it is incurred. Amortisation is recorded once the asset is brought into use.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recorded on a straight-line basis over the useful life of the asset which is assessed individually as between three and five years.

Computer software

Purchased software is recorded at historical cost less accumulated amortisation. Amortisation is recorded on a straight-line basis over the asset's expected useful life of three to five years.

Research

Research expenditure is recognised as an expense in the year in which it is incurred.

1.8 Impairment excluding deferred tax assets

Financial assets (including receivables)

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

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

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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

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

Notes to the accounts (continued)

1 Accounting policies *(continued)*

1.8 Impairment excluding deferred tax assets (continued)

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

1.9 Employee benefits

Defined contribution plans

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

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.10 Revenue

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a service to a customer.

The following is a description of principal activities separated by reportable revenue streams from which the Company generates its revenue. For more detail see note 2.

Pricing

Revenues from perpetual software licence agreements, are recognised on a straight-line basis over the life of other non-distinct areas of the contract. Revenue under fixed-term subscription licence agreements are recognised on a straight-line basis over the life of the contract.

Professional services include implementation fees, consultancy and training. Revenues and costs derived from fixed fee contracts for consultancy are distinct from the software provision as the consultancy does not determine the use of the software and vice-versa and are recognised over the period in which each individual contract is delivered. Provisions for any estimated losses on incomplete contracts are made in the year in which the loss is anticipated. Professional service revenues for implementation and training are recognised over the same period as the associated software licence to which they relate.

Planning

Revenues from network planning contracts for which the duration is more than six weeks are recognised based on milestones completed. All other revenue from network planning contracts is recognised upon completion of the contracted service. Revenues from maintenance and support services are recognised over the period that the services are provided on a straight-line basis. Payments received in advance of services performed are recorded as deferred income and vice versa.

Revenues from royalty arrangements are recognised only once the actual revenue to be recognised is ascertained.

Contract Costs

Contract costs associated with the implementation of software are recognised on a straight-line basis over the life of other non-distinct areas of the contract.

Notes to the accounts (continued)

1 Accounting policies *(continued)*

1.11 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

1.12 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.13 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. See note 17.

2 Revenue

All of the Company's revenues were generated from the principal activities of the Company, the geographical spread of revenue is presented below:

	Year ended 31 December 2021	18 month period ended 31 December 2020
	$000	$000
Europe	**6,561**	9,280
North America	**170**	-
Rest of the World	**2,641**	2,782
	9,372	12,062

Notes to the accounts (continued)

2 Revenue *(continued)*

All of the Company's revenues were generated from the principal activities of the Company, the spread between the three distinct revenue streams is presented below:

	Year ended 31 December 2021	18 month period ended 31 December 2020
	$000	$000
Pricing	**8,074**	11,196
Planning	**1,298**	866
	9,372	12,062

	31 December 2021	31 December 2020
	$000	$000
Receivables, which are included in trade and other receivables	**1,161**	892
Contract assets	**30**	67
Contract liabilities, which are included within accruals and deferred income within trade and other payables	**(3,521)**	(3,759)
	(2,330)	(2,800)

The contract assets primarily relate to the rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers for Pricing contracts, for which revenue is recognised in a straight line over the life of the license provided or associated contract length for other key services.

Notes to the accounts (continued)

3 Operating loss

Operating loss is stated after (crediting)/charging

	Year ended 31 December 2021 $000	18 month period ended 31 December 2020 $000
Other income - profit share from joint venture	(170)	(313)
Depreciation of property, plant and equipment	397	335
Amortisation of intangible assets	3,376	3,805

During the year, the company incurred certain exceptional costs which are not expected to recur in future years, as summarised below:

Exceptional items

	Year ended 31 December 2021 $000	18 month period ended 31 December 2020 $000
Professional advisor fees	1,719	3,356
Restructuring costs	1,164	803
Duplicate contract costs	-	630
Deal fees & acquisitions costs	352	-
(Reversal of impairment)/impairment of intercompany receivable	(789)	789
Profit share from joint venture*	-	(313)
Other exceptional items	208	9
	2,654	5,274

Professional advisor fees relate to various items not associated with the ongoing trade of the Company, including certain fees from the main shareholder of the Company, as further explained in Note 16. Deal fees and acquisition costs relate to incremental costs wholly associated with acquisitions, which are required to be expensed in accordance with IFRS 3.The other items in the above table, are as described in the table.

* *presented as exceptional in prior period due to its size*

Auditor's remuneration:

During the year the Company obtained the following services from the Company's auditors at costs as detailed below:

	Year ended 31 December 2021 $000	18 month period ended 31 December 2020 $000
Audit of these financial statements	145	108

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent.

The Company has borne the audit fees on behalf of all companies in the Group, of which the Company is part.

Notes to the accounts (continued)

4 Employees and directors

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

	Number of employees Year ended 31 December 2021	Number of employees 18 month period ended 31 December 2020
Research and development	**49**	52
Sales and marketing	**10**	7
Professional services	**17**	16
Administrative and management	**21**	16
	97	91

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2021	18 month period ended 31 December 2020
	$000	$000
Wages and salaries	**8,819**	10,817
Social security costs	**1,085**	1,273
Pension costs	**340**	470
	10,244	12,560

Key management compensation	Year ended 31 December 2021	18 month period ended 31 December 2020
	$000	$000
Salaries and short-term employee benefits	**1,575**	2,087
Post employment benefits	**134**	101
	1,709	2,188

Key management compensation for the Company includes the Board of the Company and senior executives within the Company.

	Year ended 31 December 2021	18 month period ended 31 December 2020
	$000	$000
Directors		
Aggregate emoluments		
Salaries and short-term employee benefits	**746**	1,299
Post-employment benefits	**23**	57
	769	1,356
Remuneration of highest paid director including pension contributions	**348**	393

Notes to the accounts (continued)

5 Finance income and expense

Recognised in profit or loss

	Year ended 31 December 2021 $000	18 month period ended 31 December 2020 $000
Interest charged on lease liability	**34**	37
Change in fair value of derivative financial instrument	**134**	-
Interest on loans and other borrowings	**1,238**	1,747
Total finance expense	**1,406**	1,784

6 Taxation

Recognised in the income statement

	Year ended 31 December 2021 $000	18 month period ended 31 December 2020 $000
Current tax		
Current year	**90**	1,053
Prior periods	**(661)**	-
Total current tax	**(571)**	1,053
Deferred tax		
Current year	-	-
Prior periods	-	-
Total deferred tax	-	-
Total tax (credit)/charge	**(571)**	1,053

Reconciliation of effective tax rate

	Year ended 31 December 2021 $000	18 month period ended 31 December 2020 $000
Loss before tax	**(638)**	(8,894)
Tax using the UK corporation tax rate of 19% (2020: 19%)	**(121)**	(1,690)
Credit for research and development	-	972
Overseas tax and withholdings	**89**	82
Income not taxable	**(108)**	(276)
Expenses not deductible for tax purposes	**18**	302
Adjustment in relation to prior year research and development	**(661)**	-
Effects of unrecognised temporary differences	**212**	1,663
Total tax (credit)/ charge	**(571)**	1,053

Factors that may affect future current and total tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

Notes to the accounts (continued)

7 Property, plant and equipment

	Leasehold property improvements $000	Right of use asset $000	Computer equipment $000	Furniture and fixtures, and office equipment $000	Total $000
Cost					
Balance at 31 Dec 2020	364	942	1,069	99	2,474
Additions	-	-	92	-	92
Disposals	-	-	(2)	-	(2)
Foreign exchange	(3)	(7)	(12)	(1)	(23)
Balance at 31 Dec 2021	**361**	**935**	**1,147**	**98**	**2,541**
Depreciation					
Balance at 31 Dec 2020	285	581	1,036	80	1,982
Charge for the year	30	270	83	14	397
Disposals	-	-	(2)	-	(2)
Foreign exchange	(3)	(7)	(4)	(1)	(15)
Balance at 31 Dec 2021	**312**	**844**	**1,113**	**93**	**2,362**
Net book value					
At 31 December 2021	**49**	**91**	**34**	**5**	**179**
At 31 December 2020	79	361	33	19	491

The Company leases property for ongoing use in the business. In accordance with IFRS 16, the lease is accounted for as a finance lease and the corresponding asset is classified as a right of use asset. Information about the right of use asset for which the Company is a lessee is presented below.

	Property $000
Balance at 1 January 2021	361
Depreciation charge in the year	(270)
Balance at 31 December 2021	**91**

Notes to the accounts (continued)

8 Intangible assets

	Computer software	Internally generated software	Total
	$000	$000	$000
Cost			
Balance at 31 December 2020	795	17,872	18,667
Additions	12	2,454	2,466
Disposals	-	(137)	(137)
Foreign exchange	(6)	(83)	(89)
Balance at 31 December 2021	**801**	**20,106**	**20,907**
Amortisation			
Balance at 31 December 2020	669	11,441	12,110
Amortisation charge for the year	32	3,344	3,376
Foreign exchange	(5)	(49)	(54)
Balance at 31 December 2021	**696**	**14,736**	**15,432**
Net book value			
At 31 December 2021	**105**	**5,370**	**5,475**
At 31 December 2020	126	6,431	6,557

The amortisation charge of $3,376,000 is recognised within administrative expenses in the income statement.

9 Investments

	2021	2020
	$000	$000
Long term debt in subsidiary	**16,369**	16,369
Investment in subsidiaries	**3,761**	3,761
	20,130	20,130

Notes to the accounts (continued)

9 Investments (continued)

Subsidiary companies	Country of incorporation	Per cent interest in ordinary shares at 31 Dec 2021	Principal activity
Knowledge Support Systems Licensing Limited	UK	100	Intermediate holding company
Knowledge Support Systems Inc.	USA	100*	Pricing and planning
Market Planning Solutions Inc.	USA	100*	Pricing, planning & insights
MPSI Systems Japan Co Ltd	Japan	100*	Planning
MPSI Systems Limited	UK	100*	Planning
Trade Area Systems Inc	USA	100*	Planning
eSite Analytics Inc	USA	58.5*	Planning
Intalytics Inc	USA	100*	Planning
Kalibrate Australia Pty Limited	Australia	100*	Pricing and planning
MPSI Systems Canada, Inc.	Canada	100*	Planning
Kalibrate Software (Shanghai) Co Ltd	China	100*	Pricing and planning
MPSI International, Inc.	USA	100*	Planning
MPSI Systems Pte Limited	S. Korea	100*	Planning
MPSI Africa Limited Inc	USA	100*	Planning
Kalibrate Strategic Advisory Services India LLP	India	70*	Pricing and planning
Market Planning Solutions India LLP	India	70*	Pricing and planning
Kalibrate Technologies (Canada) Limited	Canada	100%*	Intermediate holding company
Kent Group Limited	Canada	100%*	Planning

* Indirect holding.

In the opinion of the Directors, the investments in and amounts due from the Company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet. The subsidiary companies registered offices were as follows:

Country	Companies	Registered office address
United Kingdom	Knowledge Support Systems Licensing Limited MPSI Systems Limited	213, No 2 Circle Square, 1 Symphony Way, Manchester, M1 7FS
United States	Knowledge Support Systems Inc Market Planning Solutions Inc Trade Area Systems Inc MPSI International, Inc MPSI Africa Limited Inc	640 George Washington Highway Building A, Suite 100, Lincoln, RI 02865
United States	eSite Analytics Inc	528 Johnnie Dodds Blvd, Suite 201, Mount Pleasant, SC 29464
United States	Intalytics Inc	5 Research Drive, Suite A, Ann Arbor, MI 48103
Japan	MPSI Systems Japan Co Ltd	Shukaen Bldg, 3F, 11-1 Komazawa 2 Chome Setagaya-Ku, Tokyo 154-0012.
Australia	Kalibrate Australia Pty Limited	The Hub, 696 Bourke Street, Melbourne, VIC 3000.
Canada	MPSI Systems Canada, Inc Kalibrate Technologies (Canada) Limited	Borden Ladner Gervais LLP, 22 Adelaide Street West, Suite 3400, Toronto, Ontario, M5H 4E3
Canada	Kent Group Limited	367 Princess Ave, London, Ontario N6B 2A7, Canada
China	Kalibrate Software (Shanghai) Co Ltd	12F, No. 331 North Caoxi Rd, Bldg A, CCIG International Plaza Shanghai, China
South Korea	MPSI Systems Pte Limited	13, 1303-dong, 1202, Hyunjung-ro, Western Ilsan, Goyang-si, Gyeonggi-do
India	Kalibrate Strategic Advisory Services India LLP	8th Floor, Raheja Centre, Free Press Journal Marg, 214 Nariman Point Mumbai, 400021

Notes to the accounts (continued)

10 Deferred tax

The Company has no recognised deferred tax assets and liabilities at either 31 December 2021 or 31 December 2020.

The Company has estimated losses of $25,856,000 (2020 filed tax return position: $25,385,000) available for carry forward against future trading profits. No deferred tax asset has been recognised due to the uncertainty of generating future taxable profits.

11 Trade and other receivables

	2021 $000	2020 $000
Trade receivables	1,161	892
Amounts due from subsidiaries	37,882	19,341
Tax receivables	661	5
Other receivables	427	392
Prepayments	918	806
	41,049	21,436

Amounts due from subsidiaries are payable upon demand.

Included within trade and other receivables is $nil expected to be recovered in more than 12 months (2020: $nil).

12 Cash and cash equivalents

	2021 $000	2020 $000
Cash and cash equivalents per balance sheet	946	-
Cash and cash equivalents	946	-

13 Trade and other payables

	2021 $000	2020 $000
Trade payables	2,132	1,933
Amounts due to subsidiaries	39,940	18,822
Other tax and social security	205	-
Accruals and deferred income	5,325	5,763
Borrowings (Note 14)	13,428	9,808
Fair value of derivative financial instrument	137	-
Bank overdrafts	1,407	643
	62,574	36,969

Amounts due to subsidiaries are payable upon demand.

Notes to the accounts (continued)

14 Borrowings

The Company's loans and other borrowings are measured at amortised cost.

	2021 $000	2020 $000
Current liabilities		
Lease liability	54	216
Property loan	-	29
Bank loans	6,374	3,563
Revolving credit facility	7,000	6,000
	13,428	9,808
Non-current liabilities		
Lease liability	-	50
Bank loans	6,096	12,469
	6,096	12,519
Total borrowings	19,524	22,327

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2021 $000	Carrying amount 2021 $000
Bank loans	US$	US$ LIBOR plus 3%-4%	2023	12,470	12,470
Revolving credit facility	US$	US$ LIBOR plus 3%-4%	2023	7,000	7,000
Lease liability	GBP	4%	2022	57	54
Property loan	GBP	3%	2021	-	-
				19,526	19,524

Finance leases

The Company has a property lease in place, which is accounted for as a finance leases in accordance with IFRS 16. The corresponding asset, which relates to the finance lease liabilities recognised, is shown separately within Note 7 as a Right of Use asset. The following table sets out a maturity analysis of lease payments receivable, showing the undiscounted lease payments to be received after the reporting date:

	2021 $000	2020 $000
Less than one year	57	223
Between one and two years	-	50
Total undiscounted lease receivable	54	274
Unearned finance income	(3)	(7)
Net investment in the leases	54	266

The total cash outflow in respect of the above leases in the year was $244,000 (2020: $235,000).

Notes to the accounts (continued)

15 Share capital

	Number of ordinary shares	$000
Issued, called up and fully paid		
At 31 December 2021 and 31 December 2020	**37,156,043**	**137**

There were no shares issued during the current year or prior period.

16 Controlling party and related party transactions

The Company is a subsidiary undertaking of Kalibrate Acquisition Limited, which is the immediate parent company and is incorporated in the United Kingdom.

Kalibrate Acquisition Limited is a subsidiary undertaking of Hanover Active Equity Fund LP, which is incorporated in the Cayman Islands, and is controlled by its parent and its connected parties. The largest group in which the results of the Company are consolidated is that headed by Kalibrate Acquisition Limited, 25 Savile Row, London, United Kingdom, W1S 2ER. The consolidated financial statements of Kalibrate Acquisition Limited are available to the public and may be obtained from 25 Savile Row, London, United Kingdom, W1S 2ER.

During the period, there were related party transactions between the Company and entities affiliated with Hanover Investors Management LLP (together "Hanover"). Hanover Investors Management LLP is the advisor to the investment manager of the funds which ultimately own 100% of the share capital of Kalibrate Acquisition Limited.

Transactions with Hanover during the year (2020: period) are summarised as follows:

- Fees of $346,423 (2020: $573,848) were charged to the Company, comprising $345,899 (2020: $558,033) in relation to board and operating fees and $524 (2020: $15,815) in relation to travel costs, recharged on a pass-through basis with zero margin. Of the amount charged, $nil (2020: $nil) was included within trade and other payables and $nil (2020: $nil) included within accruals at 31 December 2021. These fees covered:
    - Director services;
    - Provision of strategic advice;
    - Ongoing assessment of business performance relative to financial and strategic objectives;
    - Evaluation of acquisition targets, strategic partnerships, etc; and
    - Assistance in key negotiations (e.g. major contracts, acquisitions, disposals).
- Fees of $808,228 (2020: $1,524,479) were charged to the Company by Hanover Operating Management Ltd, with $170,128 (2020: $194,775) included within trade and other payables and $nil (2020: $nil) included within accruals at 31 December 2021. The fees charged by Hanover Operating Management Ltd cover the following activities:
    - Strategy analysis and definition;
    - Implementing best practice in sales, marketing and procurement;
    - Upgrading support functions of finance, HR and legal; and
    - Executing M&A transactions

Transactions between the company and other companies within the Kalibrate Acquisition Limited group are exempt from disclosure.

Notes to the accounts (continued)

17 Accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Critical accounting assumptions and estimates

Carrying value of internally generated software. The Group, to which the Company is party, performs an annual assessment of whether carrying value of its intangible assets is impaired. This includes internally generated software and the annual assessment includes a number of key assumptions regarding future growth and discount rates.

Sources of estimation uncertainty

Depreciation and amortisation rates are based on estimates of the useful lives and residual values of the assets involved. The carrying value of property, plant and equipment is $205,000 (2020: $491,000) (see Note 7) and intangible assets are $5,610,000 (2020: $6,557,000) (see Note 8).

18 Events after the reporting date

In November 2022, the Kalibrate Group, of which the Company is a member, completed a refinancing of its debt facilities.

The Company entered into a seven-year loan of $25.7m, on the date of closing of the refinancing, from an external lender, as well as becoming a guarantor of a further $31.3m seven-year loan that was borrowed by a subsidiary undertaking of the Company.

The proceeds of the loan to the subsidiary undertaking were used to repay intercompany balances due to the Company from that subsidiary undertaking.

The total proceeds of the new loans, flowing to the Company, were used to repay certain intercompany liabilities of the Company to its ultimate parent company, pay certain transaction fees, repay existing bank loans and other borrowings and to provide additional working capital for the Company and the wider Group, of which the Company is a member.