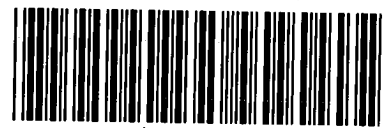


Caplin Systems Limited - 02823818

Annual report and financial statements for the financial year
ended 31 December 2019

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CAPLIN SYSTEMS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the financial year ended 31 December 2019

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CAPLIN SYSTEMS LIMITED

COMPANY INFORMATION

DIRECTORS

J Ashworth
S South
S Veasey

SECRETARY

A Woods

REGISTERED OFFICE

c/o Ion
10 Queen Street Place,
London,
EC4R 1BE
UK

REGISTERED NUMBER OF INCORPORATION

02823818

AUDITOR

PricewaterhouseCoopers
One Spencer Dock,
North Wall Quay,
Dublin 1
Ireland

CAPLIN SYSTEMS LIMITED

STRATEGIC REPORT

for the financial year ended 31 December 2019

The Directors present their Strategic Report on Caplin Systems Limited (the "Company") for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the Company continued to be that of the creation and marketing of computer software and services for online trading of financial instruments.

Highlights

During the year to 31 December 2019:

- We continued to provide an increasingly broad range of e-distribution solutions, including foreign exchange trading, options trading, structured products trading, equities trading and wealth management.
- We continue to expand our customer base with significant sales to customers in Europe, South East Asia and the United States of America.

Financial Performance Indicators

The Company's key measures of financial performance are Revenue, Operating (Loss)/ Profit and (Loss)/ Profit after Taxation.

	2019	2018 (9 months)	2018 (annualised)	Change (against 2018 annualised)
Revenue	£7.8m	£8.1m	£10.8m	(£3.0m)
Operating (loss)/ profit	(£1.9m)	£0.03m	£0.04m	(£1.94m)
(Loss)/ Profit after taxation	(£0.7m)	£0.1m	£0.1m	(£0.8m)
Cash and bank balances	£1.2m	£4.2m	£4.2m	(£3.0m)

The Company was unable to maintain a high level of new sales during the year leading to a significant reduction in revenue compared to the prior period. Cost reductions were made compared to the prior period, but the Company continued to service its products and ongoing customer projects at a high level.

Investment in our products and solutions continued throughout the year reducing customers' time to market and associated cost of building single-dealer platforms. Development cost additions in this year are £2,214k versus £1,316k in prior period.

Outlook

The nature of the Company's trading activities, with a high level of stable and annually recurring receipts, gives the Directors confidence that the Company will not be significantly impacted by the Covid-19 pandemic. The Company's products are generally licensed under multi-year contracts and are fully integrated into customers' trading infrastructure. This gives the Company protection against the short to medium term economic impact of the pandemic. Demand for the Company's products, such as mobile trading solutions, are expected to increase as financial institutions consider the longer term impact on their trading systems.

The Company continues to see demand for its products resulting from:

- An increased willingness on the part of banks to buy rather than build software.
- The growing popularity of single-dealer platforms, particularly in the foreign exchange market.
- The increase in our global presence.
- Distribution opportunities arising from our partner companies.
- An accelerated move to automation in our clients' sales functions.

STRATEGIC REPORT

for the financial year ended 31 December 2019 (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties which the Company face are:

- The market for the development and implementation of single-dealer platforms is increasingly competitive, and some competitors may have greater technical and financial resources than the Company;
- The Company has a limited number of large customers in the financial services industry. The collapse of one of these could have a significant impact on the profitability of the Company;
- New regulations such as the Dodd Frank law in the US and MiFID/MiFIR in the EU may affect the Company's customers' activities, making the Company's proposition less attractive;
- Rapid evolution of software technology may render the Company's solution less attractive; and
- The Company's reputation and growth prospects would be at risk if poor quality products were released.

The Company has insurances, business policies and organisational structures to limit these risks and uncertainties. The Board of Directors and management regularly review, reassess and proactively limit the associated risks.

On behalf of the Directors



John Ashworth
Director

Date: 1 September 2020

DIRECTORS' REPORT

for the financial year ended 31 December 2019

The Directors present herewith their report and audited financial statements ("financial statements") for the Company for the financial year ended 31 December 2019.

DIRECTORS AND THEIR INTERESTS

The names of the Directors who served at any time during the financial year are as listed below.

J Ashworth
S South
S Veasey

None of the Directors, nor the secretary of the Company, including their spouses and minor children had a direct interest in the share capital of the Company at year end.

RESEARCH AND DEVELOPMENT

The Company carries out significant research and development, updating and maintaining a technology road map which identifies in detail the new products and product enhancements which will be developed in the next financial year. The Company capitalises research and development in line with our accounting policy as set out in note 1 (d).

EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

By the date of signing these financial statements, the COVID-19 pandemic had reached most continents since the initial outbreak in China at the end of 2019. Currently there is a growing concern about its impact on the global economy with a significant correction in the financial markets observed in the first quarter of 2020. Governments and global health agencies are making strong efforts to contain the virus spread and the Company's management continues to actively monitor the economic impact. These recent developments do not require any adjustment to these financial statements.

At present, the detailed impact of the pandemic on the Company is difficult to assess, however, the possible impact of the virus has been considered by the Board in their assessment of the Company's ability to continue as a going concern. The Company has enabled work from home capabilities for all employees via laptops, which is assisting in reducing the impact of office closures. Given the nature of the business, the COVID-19 pandemic is not expected to have a material impact on the Company's performance.

On 31 January 2020, the UK left the European Union and entered a transition period that will continue until 31 December 2020. No adjustment to these financial statements is required because of this.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Having made enquiries of fellow Directors and the Company's auditors, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

DIRECTORS' REPORT

for the financial year ended 31 December 2019 (*continued*)

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with Financial Reporting Standards 101 – Reduced Disclosure Framework ("FRS 101").

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing those 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 the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2006 and enable the financial statements to be audited. 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.

GOING CONCERN

The nature of the Company's trading activities, with a high level of stable and annually recurring receipts, gives the Directors confidence that the Company will not be significantly impacted by either the Covid-19 pandemic or the ongoing Brexit process.

Given the recent financial performance of the Company, the Directors have reviewed the future plans for the business and associated cash flow projections, ensuring that adequate funding is available to support the ongoing trading operations of the Company. This review has considered the following points:

- Due to the Company's annual billing cycle, with the majority of the Company's annually recurring revenue invoiced in October, the Company's cash reserves are typically at a lower than average level during the fourth quarter of a given year.
- The Company is reliant on an unsecured overdraft facility to provide immediate liquidity through to November 2020. This overdraft facility is unsecured and subject to regular bank review, the first such review being in November 2020.

DIRECTORS' REPORT

for the financial year ended 31 December 2019 (*continued*)

- The Company has received confirmation from its parent that it will not seek repayment of the intercompany liability that is payable.
- In addition, the Company expects to receive a large R&D tax credit from HMRC during October 2020. The Company has a history of receiving annual R&D tax credits and this expected receipt is consistent with previous claims.
- Detailed cash flow projections for 2020 show that, assuming receipt of the R&D tax credit, the Company has sufficient liquidity to support normal trading operations. Should there be a delay in receipt of the R&D tax credit, the Company has contingency plans which include seeking alternative funding sources and reaching short-term deferral arrangements with suppliers and other creditors. Alternative funding sources could include support from intermediate parent companies.
- Detailed projections for 2021 show the Company does not forecast a similar liquidity shortfall in Q4 2021. These projections have been stress tested, including a scenario with no new growth in recurring revenue levels, and show the Company will retain sufficient cash reserves through 2021.

The Directors are therefore satisfied that the Company can continue to prepare the financial statements on a going concern basis.

INDEPENDENT AUDITORS

PricewaterhouseCoopers have indicated their willingness to be reappointed for another term.

The Directors disposed with the requirement to hold an Annual General Meeting and to appoint auditors annually as the Company is a wholly owned subsidiary.

STATEMENT UNDER SECTION 172 OF THE COMPANIES ACT 2006

The Directors recognise the importance of collaboration and stakeholder engagement. The Directors believe that the Company will only succeed by working with employees, customers, suppliers, investors and other stakeholders. Examples of how the Company engaged with various stakeholders:

- Employees are engaged by having 1-2-1 meetings with line managers, weekly entire company standups, daily team standups and 360 appraisals.
- Customers are engaged with regularly by our accounts management team to ensure they are happy with our service and to see potentially what else we would support them with.
- Suppliers are engaged with every time we renew a contract, to ensure we are being cost effective.
- Investors are engaged with quarterly, where financials are provided to our investors to ensure that they understand where the Group is trading at.

On behalf of the Directors



John Ashworth
Director

Date: 1 September 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPLIN SYSTEMS LIMITED

Report on the financial statements

Our opinion

In our opinion, Caplin Systems Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2019;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPLIN SYSTEMS LIMITED (*Continued*)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Donal Boyle (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors Dublin

Date: 2 September 2020

Caplin Systems Limited

**STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2019**

	<i>Note</i>	<i>Year Ended Dec 2019 £</i>	<i>9 months to Dec 2018 £</i>
Revenue	2	7,825,032	8,086,899
General and administrative expenses		(9,643,496)	(8,061,967)
Operating (loss)/ profit	3	(1,818,464)	24,932
Interest receivable and similar income	7	25,982	1,083
Finance costs and similar charges	8	(74,687)	-
(Loss)/ profit on ordinary activities before taxation		(1,867,169)	26,015
Tax credit on (loss)/ profit on ordinary activities	9	1,213,895	99,347
(Loss)/ profit for the financial year		(653,274)	125,362
Other comprehensive income		-	-
Total comprehensive (loss)/ income		(653,274)	125,362

STATEMENT OF FINANCIAL POSITION
at 31 December 2019

	<i>Note</i>	<i>As at Dec 2019 £</i>	<i>As at Dec 2018 £</i>
FIXED ASSETS			
Intangible assets	10	2,584,910	3,262,297
Tangible assets	11	1,174,789	124,132
		<u>3,759,699</u>	<u>3,386,429</u>
CURRENT ASSETS			
Debtors – amounts falling due within one year	13	5,340,729	5,261,029
Cash at bank and in hand		1,185,908	4,240,393
		<u>6,526,637</u>	<u>9,501,422</u>
CREDITORS (amounts falling due within one year)	14	<u>(9,549,166)</u>	<u>(12,456,265)</u>
NET CURRENT ASSETS/ (LIABILITIES)		<u>737,170</u>	<u>431,586</u>
Provisions for liabilities		-	(65,462)
Lease liability	12	(725,071)	-
Loan and borrowings	15	(299,249)	-
		<u>(287,150)</u>	<u>366,124</u>
NET (LIABILITIES)/ ASSETS		<u>(287,150)</u>	<u>366,124</u>
CAPITAL AND RESERVES			
Called up share capital presented as equity	17	100,000	100,000
(Accumulated losses)/ Retained earnings		(387,150)	266,124
SHAREHOLDERS' (DEFICIT)/ FUNDS		<u>(287,150)</u>	<u>366,124</u>

The notes on pages 13-32 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 1 September 2020. They were signed on the Company's behalf by:



John Ashworth

Director

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2019

	<i>Called up share capital</i>	<i>Retained earnings/ (Accumulated losses)</i>	<i>Total equity</i>
	£	£	£
Balance as at 1 April 2018	100,000	(530,830)	(430,830)
Adjustment related to IFRS 15	-	671,592	671,592
Adjusted balance 1 April 2018	100,000	140,762	240,762
Profit for the financial period	-	125,362	125,362
Total comprehensive income for the financial period	-	125,362	125,362
Balance at 31 December 2018	100,000	266,124	366,124
Loss for the financial year	-	(653,274)	(653,274)
Total comprehensive loss for the financial year	-	(653,274)	(653,274)
Balance at 31 December 2019	100,000	(387,150)	(287,150)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

1. ACCOUNTING POLICIES

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

(a) *Basis of preparation*

The financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standards 101 '*Reduced Disclosure Framework*' ("FRS 101"). The financial statements are prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(c).

(b) *Exemptions utilised under FRS 101*

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7 '*Financial Instruments: Disclosures*' ("IFRS 7");
- Paragraph 38 of IAS 1 '*Presentation of financial statements*' ("IAS 1") comparative information requirements in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. paragraph 73(e) of IAS 16 '*Property, plant and equipment*' ("IAS 16");
- The following paragraphs of IAS 1:
 - i. 10(d), (statement of cash flows);
 - ii. 10(f) (a statement of financial position as at the beginning of the preceding year when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - iii. 16 (statement of compliance with all IFRS);
 - iv. 38A (requirement for minimum of two primary statements, including cash flow statements);
 - v. 38B-D (additional comparative information);
40A-D (requirements for a third statement of financial position);
 - vi. 111 (cash flow statement information); and
 - vii. 134-136 (capital management disclosures).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

1. ACCOUNTING POLICIES *(continued)*

(b) Exemptions utilised under FRS 101 *(continued)*

- IAS 7 'Statement of cash flows' ("IAS 7");
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' ("IAS 8") (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective Paragraph 17 of IAS 24 'Related party disclosures' ("IAS 24") (key management compensation);
- The requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group; and
- Paragraphs 130(f)(ii), 130(f)(iii), 123(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of assets' ("IAS 36").
- IFRS 15 'Revenue from contracts with customers' (IFRS 15")
- The requirements in IFRS 15 states that a qualifying entity is exempt from many of the disclosure requirements of IFRS 15, including:
 - I. qualitative and quantitative information to assist users in understanding nature, amount, timing and uncertainty of revenue
 - II. disaggregation of revenue
 - III. information about the entity's performance obligations, transaction prices and any significant judgements.
 - IV. Information about the entity's electing to use the practical expedient for a significant financing component or incremental costs of obtaining a contract.

(c) Judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

i. Going Concern:

The nature of the Company's trading activities, with a high level of stable and annually recurring receipts, gives the directors confidence that the Company will not be significantly impacted by either the Covid-19 pandemic or the ongoing Brexit process.

Given the recent financial performance of the Company, the Directors have reviewed the future plans for the business and associated cash flow projections, ensuring that adequate funding is available to support the ongoing trading operations of the Company. This review has considered the following points:

- Due to the Company's annual billing cycle, with the majority of the Company's annually recurring revenue invoiced in October, the Company's cash reserves are typically at a lower than average level during the fourth quarter of a given year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

1. ACCOUNTING POLICIES (continued)

(c) Judgments and key sources of estimation uncertainty (continued)

i. Going Concern (continued)

- The Company is reliant on an unsecured overdraft facility to provide immediate liquidity through to November 2020. This overdraft facility is unsecured and subject to regular bank review, the first such review being in November 2020.
- The Company has received confirmation from its parent that it will not seek repayment of the intercompany liability that is payable (£4,477,639).
- In addition, the Company expects to receive a large R&D tax credit from HMRC during October 2020. The Company has a history of receiving annual R&D tax credits and this expected receipt is consistent with previous claims.
- Detailed cash flow projections for 2020 show that, assuming receipt of the R&D tax credit, the Company has sufficient liquidity to support normal trading operations. Should there be a delay in receipt of the R&D tax credit, the Company has contingency plans which include seeking alternative funding sources and reaching short-term deferral arrangements with suppliers and other creditors. Alternative funding sources could include support from intermediate parent companies.
- Detailed projections for 2021 show the Company does not forecast a similar liquidity shortfall in Q4 2021. These projections have been stress tested, including a scenario with no new growth in recurring revenue levels, and show the Company will retain sufficient cash reserves through 2021.

The Directors are therefore satisfied that the Company can continue to prepare the financial statements on a going concern basis.

ii. Revenue recognition over time:

As set out in note 1(o), revenue pursuant to time and material professional services contracts are recognised as the related performance obligation is performed, based on the actual service provided to the end of the reporting year as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. Estimates are made over the total expected labour hours based on project managers' estimated and revised budgets, however circumstances may change which will impact on the hours to complete.

iii. Provisions and accruals:

In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to settle the obligation and the expected timing of those costs. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

iv. Capitalised intangibles:

Assets are capitalised based on demonstrating the technical feasibility of completing the intangible asset so that it will be available for sale, intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

1. ACCOUNTING POLICIES (continued)

(c) *Judgments and key sources of estimation uncertainty (continued)*

v. *Revenue recognition for licences around point in time/ over time:*

The determination around whether to recognise licences at a point in time or over time is driven by when control is transferred. When there are multi performance obligations a dominant feature is determined by reference to specific features in the individual contracts.

(d) *Intangible assets*

Intangible assets acquired separately, such as software, are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. Intangible assets with finite lives, such as software, are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting year. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation year or method, as appropriate, and are treated as changes in accounting estimates. All intangible assets are amortised over three years.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when all of the following criteria are satisfied:

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

1. ACCOUNTING POLICIES (continued)

(d) Intangible assets (continued)

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised evenly over the year of expected future benefit.

The Company has capitalised £2,214,232 of development costs in the current year (2018: £1,315,558).

(e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost or valuation less accumulated depreciation and impairment losses. Cost comprises the amount paid and the costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Right of use asset	- Over the lease term
Leasehold improvements	- Over the lease term
Computer equipment	- 3 years
Furniture, fittings & Equipment	- 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. Any gain or loss arising from the de-recognition of the asset is included in the Statement of Comprehensive Income in the year of de-recognition.

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

(f) Financial assets

Initial recognition and measurement - the Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Impairment of financial assets - the Company assesses at the end of reporting year whether there is objective evidence that a financial asset or group of financial assets are impaired. Impairment losses are only incurred if there is objective evidence of impairment, as a result of one or more events that occurred after the initial recognition of the asset and had an impact on the estimated future cash flows of the asset or group of financial assets that can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

1. ACCOUNTING POLICIES (*continued*)

(f) *Financial assets (continued)*

Derecognition - a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(g) *Financial liabilities*

Initial recognition and measurement - the Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

Subsequent measurement - for purposes of subsequent measurement, financial liabilities held by the Company are classified as follows:

- Loans and borrowings - after initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

Derecognition of financial liabilities - a liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the Statement of Comprehensive Income.

(h) *Cash at bank and in hand*

Cash at bank and in hand includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

1. ACCOUNTING POLICIES (*continued*)

(i) *Provision for liabilities*

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

(j) *Leases*

The Company applied IFRS16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated, it is presented as previously reported under IAS17 and related interpretations. Additionally, the disclosure requirement in IFRS16 have not generally been applied to comparative information. The cumulative effect of initial application of IFRS16 at 1 January 2019 is £nil.

At inception of a contract, the Company assess whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to contract 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 identified asset, the Company assesses whether:

- (i) 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 of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (ii) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use and
- (iii) The Company has the right to direct the use of the asset. The Company has this 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:
 - a. The Company has the right to operate the asset
 - b. The Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Right of use assets are measured at cost comprising of the following:

- The amount of the initial measure of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs
- Restoration costs

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

1. ACCOUNTING POLICIES *(continued)*

(j) Leases (continued)

Lease liabilities are initially measured at present value basis. The lease payments are discounted using the interest rate implicit in the lease or lessee's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period.

At the 1 January 2019, the date of adoption of the standard, the Company had nil right of use assets and nil lease liabilities.

(k) Pre IFRS 16 Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases, net of any incentives received from the lessor, are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease, unless another systematic basis is more representative of the time pattern of the users benefit.

(l) Pension costs

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income and recognised as employee benefit expenses as they become payable in accordance with the rules of the scheme.

(m) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in pound sterling (£), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(n) Taxation

The tax expense for the financial year comprises current and deferred tax. Current tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, current tax is charged or credited to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the profit or loss, in the Statement of Comprehensive Income.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

1. ACCOUNTING POLICIES (continued)

(n) Taxation (continued)

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except for deferred tax assets which are only recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

(o) 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 product or service to a customer.

Multi element arrangements and allocations of the transaction price

The Company derives revenue from licences of its software and related professional services, which can include; assistance in implementation, customisation and integration, post-contract customer support, and other professional services. In the event that an agreement with the Company's customers is executed in close proximity to other agreements with the same customer, the Company evaluates whether the separate agreements are linked, and, if so, the agreements together are considered a single multi-element arrangement. Where such multiple-element arrangements exist, the amount of revenue allocated to each distinct element is based upon the relative fair values of the various distinct elements. The fair values of each element are determined based on the best estimate of the current market price of each of the elements when sold separately.

In determining the total transaction price, the Company adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Company with a significant benefit of financing the transfer of goods or services to the customer.

Arrangements with multiple performance obligations

The Company's contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on the prices charged to customers, or by using an expected cost plus margin approach.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

1. ACCOUNTING POLICIES (continued)

(o) Revenue recognition (continued)

Performance obligations are determined by promises in the contract to transfer services to a customer that are distinct.

Sale of and subscription to licences

Revenue is recognised over the year of the related sales agreement, unless the licence is not distinct or has a dominant feature separate from the post contractual support ("PCS"), in which case the licence revenue is recognised when the Company has no further obligations to perform in respect of the licence, and to the extent that the licence is considered a right of use of the software. Where the licence is distinct or is considered a right to access IP, the licence revenue is recognised at a point in time. Where the licence is distinct and separated from the PCS, the PCS revenue is recognised over the PCS year in the sales agreement.

Rendering of services

Revenue pursuant to time and material professional services contracts are recognised as services are performed. Revenues from fixed-fee professional service contracts is recognised based on the actual service provided to the end of the reporting year as a proportion of the total services to be provided. This is determined based on the actual labour hours spend relative to the total expected labour hours. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the year in which the circumstances that give rise to the revision become known. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Deferred revenues

The Company records deferred revenues when cash payments are received or due in advance of the performance, including amounts which are refundable.

The Company's payment terms vary by the type and location of the customer, and the products or services offered. The term between invoicing and when payment is due is not significant. For certain products or services and customer types, the Company requires payment before the products or services are delivered to the customer.

The Company assessed the impact of time value of money in its contracts, it also concluded that this has been found to be immaterial and as such it is not visible in the finance line.

(p) Contract assets and liabilities

The Company records contract assets as its right to consideration in exchange for goods or services that it has transferred to a customer. A contract liability is recorded as the Company's obligation to transfer goods or services to a customer for which it has received consideration from the customer.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. REVENUE

Revenue was wholly derived from the Company's principal activity wholly undertaken in the United Kingdom. It comprises the value of goods and services sold, excluding VAT.

	<i>Year ended Dec 2019</i>	<i>9 Months to Dec 2018</i>
	£	£
Geographical source of revenue:		
United Kingdom	1,683,379	1,638,891
Rest of Europe	1,878,835	1,315,699
North America	1,087,795	2,183,039
Rest of the world	3,175,023	2,949,270
	<u>7,825,032</u>	<u>8,086,899</u>

	<i>Year ended Dec 2019</i>	<i>9 months to Dec 2018</i>
	£	£
Licences and support	5,668,263	5,232,814
Professional services	<u>2,156,769</u>	<u>2,854,085</u>
	<u>7,825,032</u>	<u>8,086,899</u>

Revenue recognised in relation to contract liabilities:

	<i>Year ended Dec 2019</i>	<i>9 Months to Dec 2018</i>
	£	£
Revenue recognised that was included in the contract liability balance at the beginning of the period	<u>1,196,588</u>	<u>-</u>

3. OPERATING (LOSS)/ PROFIT

	<i>Year ended Dec 2019</i>	<i>9 Months to Dec 2018</i>
	£	£
Operating (loss)/ profit is stated after charging/ (crediting):		
Depreciation of tangible assets	258,799	111,479
Amortisation of intangible assets	2,891,619	2,025,680
Operating lease rentals		
- Plant and machinery	-	1,825
- Land and buildings	-	139,510
Foreign exchange losses/ (gains)	6,248	(14,221)
Gain on disposal of fixed assets	(9,758)	(1,015)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

4. AUDITORS' REMUNERATION

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	<i>Year ended Dec 2019</i>	<i>9 Months to Dec 2018</i>
	£	£
Audit of Company financial statements	32,860	25,192
Tax	3,105	16,738
	<u>35,965</u>	<u>41,930</u>

5. DIRECTORS' REMUNERATION

	<i>Year ended Dec 2019</i>	<i>9 Months to Dec 2018</i>
	£	£
The amounts paid to the Directors are as follows:		
Salaries and other short-term employee benefits	567,383	369,886
Pension contributions	33,965	15,696
	<u>601,348</u>	<u>385,582</u>

The highest paid Director received aggregate remuneration of £256,100 (2018 - £206,970).

6. STAFF COSTS

	<i>Year ended Dec 2019</i>	<i>9 Months to Dec 2018</i>
	£	£
Wages and salaries	4,308,365	3,213,782
Social welfare costs	571,369	430,269
Other pension costs	386,236	200,464
Temporary staff and contractors	1,729,941	1,400,358
	<u>6,995,911</u>	<u>5,244,873</u>
Staff costs are split as follows:		
Capitalised in the year	2,214,232	1,315,558
Expensed in the year	4,781,679	3,929,315
	<u>6,995,911</u>	<u>5,244,873</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

6. STAFF COSTS (continued)

The average monthly number of employees (including Directors) during the year was:

	<i>Year ended Dec 2019 Number</i>	<i>9 Months to Dec 2018 Number</i>
Administrative	12	11
Technical	62	60
Sales	4	3
	<u>78</u>	<u>74</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>Year ended Dec 2019 £</i>	<i>9 Months to Dec 2018 £</i>
Bank interest	25,982	1,083
	<u>25,982</u>	<u>1,083</u>

8. FINANCE COSTS AND SIMILAR CHARGES

	<i>Year ended Dec 2019 £</i>	<i>9 Months to Dec 2018 £</i>
Interest expense	74,687	25
	<u>74,687</u>	<u>25</u>

9. TAX CREDIT ON (LOSS)/ PROFIT ON ORDINARY ACTIVITIES

	<i>Year ended Dec 2019 £</i>	<i>9 Months to Dec 2018 £</i>
(a) <i>Tax on profit on ordinary activities</i>		
The tax credit is made up as follows:		
Current tax:		
UK corporation tax	(903,290)	(97,612)
Under provision in previous years	(310,605)	(1,735)
Total current tax	<u>(1,213,895)</u>	<u>(99,347)</u>
Tax on profit on ordinary activities (note 8(b))	<u>(1,213,895)</u>	<u>(99,347)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting tax charge/(credit) for the year:

The tax assessed for the year differs (2018: differs) from that calculated by applying the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	Year ended Dec 2019 £	9 Months to Dec 2018 £
Accounting (loss)/profit before tax	(1,867,169)	26,015
Accounting (loss)/profit before tax multiplied by standard rate of corporation tax in the United Kingdom of 19% (2018: 19%)	(354,762)	4,943
Effects of:		
R&D tax credit	(839,032)	(303,606)
Expenses not deductible and fixed asset differences	24,935	152,273
Adjustment in respect of prior years – corporation tax	(310,605)	(1,735)
R&D expenditure surrendered for tax credit	280,331	30,293
Impact of rate change	(1,554)	1,946
Other	(13,208)	16,539
Tax on (loss)/profit on ordinary activities (<i>note 8(a)</i>)	(1,213,895)	(99,347)

The Company has estimated losses of £3,021,895 (2018 - £3,021,895) available for carry forward against future trading profits, which have not been recognised as a deferred tax asset. No deferred tax asset has been recognised with regards to this element of the losses as Management do not consider that sufficient profits will arise in the future to utilise these losses against.

(c) Deferred tax liability

	2019 £	2018 £
Accelerated capital allowances	(14,042)	(2,814)
Tax losses	387,107	373,921
Other short term timing differences	5,621	-
Intangibles	(378,686)	(371,107)
	-	-
Losses not recognised	126,614	139,822

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

10. INTANGIBLE ASSETS

	<i>Software</i>	<i>Other intangibles</i>	<i>Development costs</i>	<i>Total</i>
	£	£	£	£
<i>Cost</i>				
At 1 January 2019	390,522	2,463,134	5,935,651	8,789,307
Additions	-	-	2,214,232	2,214,232
At 31 December 2019	390,522	2,463,134	8,149,883	11,003,539
<i>Amortisation</i>				
At 1 January 2019	(386,971)	(1,386,094)	(3,753,945)	(5,527,010)
Charge for the year	(1,447)	(721,045)	(2,169,127)	(2,891,619)
At 31 December 2019	(388,418)	(2,107,139)	(5,923,072)	(8,418,629)
NBV at 31 Dec 2019	2,104	355,995	2,226,811	2,584,910
NBV at 31 Dec 2018	3,551	1,077,040	2,181,706	3,262,297

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

11. TANGIBLE ASSETS

	<i>Right-of-use asset</i> £	<i>Leasehold improvements</i> £	<i>Computer equipment</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Total</i> £
<i>Cost</i>					
At 1 January 2019	-	375,972	529,793	150,197	1,055,962
Additions - right of use asset	673,915	-	-	-	673,915
Additions - other	-	428,100	126,329	82,761	637,190
Disposals	-	(375,972)	(60,139)	(4,400)	(440,511)
At 31 December 2019	673,915	428,100	595,983	228,558	1,926,556
<i>Depreciation</i>					
At 1 January 2019	-	(364,675)	(425,811)	(141,344)	(931,830)
Charge for the year	(90,719)	(73,123)	(75,178)	(19,779)	(258,799)
Disposals	-	375,972	58,490	4,400	438,862
At 31 December 2019	(90,719)	(61,826)	(442,499)	(156,723)	(751,767)
Net book value at 31 Dec 19	583,196	366,274	153,484	71,835	1,174,789
Net book value at 31 Dec 18	-	11,297	103,982	8,853	124,132

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

12. LEASES

The Company has one real estate lease for a property which is being used for the executive and administrative offices, and has a weighted average remaining lease term of 3.5 years. The incremental borrowing rate was determined by the use of the recent third-party financing received by the Company and adjusted specifically to the lease term.

The incremental borrowing rate is equal 7.44%.

Leases amounts recognised in the statement of financial position:

	2019 £	2018 £
Right-of-use assets		
<i>Buildings</i>	583,196	-
	<u>583,196</u>	<u>-</u>
Lease liabilities		
Current	183,348	-
Non-current	725,071	-
	<u>908,419</u>	<u>-</u>

	2019 £	2018 £
<i>Amounts recognised in the statement of Comprehensive Income relating to leases:</i>		
Depreciation charge of right-of-use assets	90,719	-
Interest expense (included in finance cost)	49,125	-
Expense relating to short term leases	20,496	-
Expense relating to leases of low value assets	<u>2,000</u>	<u>-</u>

The total cash outflow for leases in 2019 was £nil.

At 31 December the Company had the following future minimum lease payments under non-cancellable leases for each of the following periods:

	2019 £
2020	249,249
2021	347,268
2022	347,268
2023	<u>101,286</u>
Total	1,045,071
Less: present value adjustment	<u>(136,652)</u>
Lease liability	<u>908,419</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

13. DEBTORS – amounts falling due within one year

	2019 £	2018 £
<i>Amounts falling due within one year</i>		
Trade debtors	1,721,333	3,270,210
Amounts due from group undertakings	8,878	23,235
Prepayments and accrued income	2,070,173	1,827,445
Other debtors	228,630	42,527
Corporation tax	1,311,715	97,612
	<u>5,340,729</u>	<u>5,261,029</u>

Amounts due from group undertakings are all unsecured non-interest bearing trade balances, repayable on demand. With the exception of a £385,000 loan to the immediate parent company, Caplin Technology Limited which bears 5% interest per day and late payment interest of 2%.

14. CREDITORS – amounts falling due within one year

	2019 £	2018 £
<i>Amounts falling due within one year</i>		
Trade creditors	249,830	211,394
Amounts owed to group undertakings	4,519,738	4,921,363
Other taxation and social security	134,160	178,987
Other creditors	110,410	157,190
Accruals & deferred income	4,022,361	5,578,170
Contract liabilities	16 212,573	1,409,161
Lease liabilities	12 183,348	-
Current secured borrowings	15 116,746	-
	<u>9,549,166</u>	<u>12,456,265</u>

Amounts due to group undertakings are all unsecured non-interest bearing trade balances, repayable on demand.

15. LOAN AND BORROWINGS

	Current £	Non- Current £	Total £
Other borrowings	116,746	299,249	415,995
	<u>116,746</u>	<u>299,249</u>	<u>415,995</u>

The other borrowings are secured against the related assets that the borrowings financed.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

16. CONTRACT LIABILITY

	2019 £	2018 £
Contract liability	212,573	1,409,161
	<u>212,573</u>	<u>1,409,161</u>

The contract liability balance relates to the remaining amount of the transaction price allocated to a long-term professional services contract that is partially unsatisfied at 31 December. Management expects the balance at 31 December 2019 to be fully recognised in 2020.

17. CALLED UP SHARE CAPITAL

	2019 £	2018 £
Authorised		
10,000,000 Ordinary Shares of 1p each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

Ordinary Shares have full voting and dividend rights, and carry distribution rights upon a winding up, sale or quotation of the Company.

	2019 £	2018 £
Allotted, called up and fully paid		
10,000,000 Ordinary Shares of 1p each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

18. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The pension cost charge representing contributions payable by the Company to the scheme in 2019 amounted to £386,236 (2018: £200,464). Contributions payable to the fund at the year-end date amounted to £31,563 (2018: £34,218).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

19. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with Directors are disclosed in note 5. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

20. PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The Company's immediate parent controlling party is Caplin Group Limited, a company incorporated in England. The Company's ultimate controlling party is ION Private Equity Fund II Limited Partnership (an Irish Limited Partnership managed by ION Capital Management Limited).

The largest and smallest group in which the results of the Company are consolidated is that headed by Lab49 Consulting Holdings Limited, a company registered in Ireland, and Caplin Group Limited respectively. Consolidated financial statements are available to the public and may be obtained from Companies Registration Office and Companies House.

21. EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

By the date of signing these financial statements, the COVID-19 pandemic had reached most continents since the initial outbreak in China at the end of 2019. Currently there is a growing concern about its impact on the global economy with a significant correction in the financial markets observed in the first quarter of 2020. Governments and global health agencies are making strong efforts to contain the virus spread and the Company's management continues to actively monitor the economic impact. These recent developments do not require any adjustment to these financial statements.

At present, the detailed impact of the pandemic on the Company is difficult to assess, however, the possible impact of the virus has been considered by the Board in their assessment of the Company's ability to continue as a going concern (see note 1 (c)). The Company has enabled work from home capabilities for all employees via laptops, which is assisting in reducing the impact of office closures. Given the nature of the business, COVID-19 pandemic is not expected to have a material impact on the Company's performance.

On 31 January 2020, the UK left the European Union and entered a transition period that will continue until 31 December 2020. No adjustment to these financial statements is required because of this.

22. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved and authorised for issue the financial statements in respect of the financial year ended 31 December 2019 on 1 September 2020.