

**BigHand Limited**

**Annual Report and Unaudited Financial  
Statements**

**Registered number 03128724**

**For the year ended 31 March 2022**

**Registered office: 27 Union Street, London SE1 1SD**



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## Strategic report

The Directors present their Strategic report for the year ended 31 March 2022.

### Business review and results

BigHand is a customer-centric global software business with a primary focus on the legal market with an expanding range of innovative solutions specifically designed to create value and tangible return on investment. With our focused solutions, we are empowering the business of law

**BigHand's Mission:** To help law firms around the globe optimise their business by increasing professional productivity and enhancing profitability

We do this through offering four categories of productivity tools, 1) People Productivity (workflow management and resource management), 2) Financial Productivity (business intelligence and pricing & profitability), 3) Document Productivity (document creation and metadata management) and 4) Business Productivity (pitching & proposals). Our deep domain knowledge across all our solutions means we act as trusted advisors to our customers. This ensures high levels of customer satisfaction, a market leading net promoter score and, accordingly, high levels of retention and renewal.

**BigHand's Vision:** To be regarded as the first choice globally for each key solution we offer, whilst being the most respected software partner to law firms globally

### Financial Overview

The profit for the year, after taxation, amounts to £10,775,000 (2021: £9,468,000)

In the year to 31 March 2022 the Company generated revenues of £24.3m compared to £26.5m in 2021. When adjusted for intercompany revenue, trading revenues were £20.3m compared to £20.1m in 2021.

The Company considers adjusted EBITDA\* as a key performance indicator and reviews it on a monthly basis.

Adjusted EBITDA\* has decreased in the year to £10.3m (2021: £12.4m), when adjusted for intercompany revenue, Adjusted EBITDA\* was £6.3m (2021: £5.9m).

*\* The Company defines adjusted EBITDA as earnings before interest, taxation, depreciation, goodwill amortisation and exceptional items.*

### Staff

A critical contributor to the success of BigHand is the enthusiasm, commitment and talent of our staff. The Group of companies headed by BigHand UK Topco Limited ("the Group"), of which BigHand Limited is the key trading company, is now 222 employees and a key part of the recruitment process for new 'BigHanders' is the assessment of cultural fit as well as future potential.

The Group makes considerable efforts around staff engagement, including regular communications, events, awards for staff achievements, external staff events, innovation competitions, and making time available for the development team to innovate.

In the technology sector, talent is at a premium and the Group continues to improve its reward, recognition, and talent management initiatives for staff. We have done extensive work around our Employee Value Proposition, ensuring we leverage its strengths and identify enhancements, to support in the attraction and retention of talent.

The Group runs a confidential staff survey each year, as well as pulse surveys throughout the year, to gather feedback on key topics, and the results show very positive feedback. This positive staff sentiment was re-affirmed publicly, as BigHand has been named as the 25th UK's Best Workplace™, by Great Places to Work®, in the Medium category (organisations with 50-499 employees), for a sixth year running.

## Strategic report *(continued)*

### Customer Service and Support

Our Client Services teams across the globe continue to deliver best in class delivery and support to our growing customer base.

The Company utilises a software application to gather information on a weekly basis to provide independent assurance for customer care. Customer satisfaction with our products and value-added services, exceeded an average of 97% and our Net Promoter Score ('NPS') exceeded 78 across the year. Our focus on high quality software and support results in exceptional levels of customer retention.

We continue to invest in client service with a particular focus on the new products that will be deployed in the year ahead.

### Environmental, Social and Governance

The Group has continued to develop and implement our Environmental Social and Governance strategy, with progress formally reported to the Board on a quarterly basis. These initiatives include robust governance measures to ensure our staff act in an ethical manner in all their dealings with external parties, continued focus on ensuring our high data security standards are maintained, charitable activities, and environmental initiatives to help establish strong environmental performance standards. The Group has an Information Security Committee which meets regularly to assess risks and threats, and implement appropriate actions.

## Principal risks and uncertainties

### Financial risk management

The Company's activities expose it to a number of financial risks including, cash flow risk, credit risk, liquidity risk and foreign currency risk. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide principles on the use of financial derivatives to manage these risks. The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

#### Cash flow risk

The Company's cash flow risk is its exposure to variability in cash flows associated with a recognised asset or liability, such as future interest payments on a debt. Interest-bearing liabilities are held at a fixed margin over LIBOR and the Company has interest rate hedging arrangements on bank debt to improve certainty of its future cash flows.

In addition, the Company manages this risk, by monitoring cash flow projections on a regular basis to ensure that appropriate facilities are available to be drawn upon as necessary.

#### Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of a provision for doubtful receivables. A provision for impairment is made where there is an identified loss event which is evidence of a reduction in the recoverability of the balance due.

Very few customers receive greater than 30 days credit terms and this minimises the risk of any non-payment. We closely monitor the payment history of all customers and communicate with a customer very early if payment is not received on the due date.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets in respect of accounts receivable and carefully managing accounts payable.

**Strategic report (continued)****Foreign currency risk**

Sales outside of the UK are typically made in the local currency relevant to the market. The Company is therefore exposed to movements in the international currency markets against Sterling. These transactions are hedged through a combination of expenditure incurred in the local currency and appropriate financial currency contracts.

**Technology / Cyber Risk**

The Company's Information Security Committee meets quarterly to assess risks and threats and implement appropriate actions. An Annual Management Review is also held between the Information Security Committee and Senior Management to provide assurance to the Board that significant technology risks to the business are being identified and appropriate mitigations have been implemented, and that the Company's Information Security Management System remains effective.

BigHand has continued carrying out Phishing testing and appropriate training to reduce the risk of the business being caught out by a phishing attack. The business regularly meets its target of 5% or less of staff failing a phishing attack test. BigHand also completed the rollout of Password Manager software, Keeper, in the year, which is in line with NCSC guidance on best practice password security and reduces the risk of a security breach due to password mismanagement.

BigHand recognises that Cyber risk is a threat and mitigates this through investment in best of breed firewall and anti-virus software, and a full and comprehensive backup strategy that if required can be used to restore all services. To compliment the technologies in place the Company also holds a continuous education program for staff awareness, regular penetration and application testing, business continuity plans and disaster recovery plans that cover all business areas, and the scenario-based testing of incident management plans.

**Business Interruption Risk**

The Company has a framework of operational procedures and business continuity plans that are regularly reviewed, updated and tested. Back-up facilities and contingency plans are in place and are reviewed and tested regularly to ensure that business interruptions are minimised. The Company's IT invests in its infrastructure to ensure that they are able to respond to the needs of the business. Back-up facilities and contingency plans are in place and are reviewed and tested regularly to ensure that data is protected from corruption or unauthorised use.

**Acquisitions**

We are actively looking for additional acquisitions where there is a strong strategic rationale.

**Summary**

The Company is well positioned for the future, with a strong product pipeline, deep client relationships and an enthusiastic, talented "BigHander" team.

Signed on behalf of the directors



J Davis  
Director

Dated 01/12/2022

## Directors' report

The directors present their report and the financial statements for the year ended 31 March 2022

### Principal activities

The principal activity of BigHand Limited is the provision of software and services related to improving professional productivity (workflow management and document creation) and enhanced profitability (financial business intelligence and matter pricing & tracking). The directors expect it to continue to do so in the future

### Dividends

During the year the Company paid an interim dividend of £nil (2021: £nil). There is no final dividend (2021: £nil)

### Directors

The directors who served the Company during the year and thereafter were as follows:

S Toulson  
J Davis

### Donations

During the year the Company made charitable donations of £10,000 (2021: £10,000). The Company made no political donations in either year

### Going concern

We have assessed company's ability and have concluded the going concern basis is appropriate. Please see Note 1 for further detail.

### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done in respect of the review of the principal risks and uncertainties and key performance indicators

Signed on behalf of the directors



J Davis

Director

Dated: 01/12/2022

## Profit and loss account

as at 31 March 2022

	<i>Note</i>	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Turnover	2	24,270	26,466
Cost of sales		(2,494)	(2,473)
Gross profit		21,776	23,993
Administrative expenses		(16,051)	(15,874)
<b>EBITDA: earnings before non-recurring, acquisition, depreciation, amortisation, finance and tax costs</b>		<b>10,244</b>	<b>12,384</b>
Non-recurring costs	3	(1,663)	(2,650)
Depreciation and amortisation	3	(2,856)	(1,615)
Total costs		(4,519)	(4,265)
Operating profit	3	5,725	8,119
Interest receivable	6	2,413	3,760
Interest payable and similar charges	6	(826)	(2,295)
Net finance expense		1,583	1,465
Profit for the year before taxation		7,312	9,584
Tax on profit for the year	7	3,463	(116)
<b>Profit for the year</b>		<b>10,775</b>	<b>9,468</b>

In both the current and preceding year, the Company had no discontinued operations

## Balance sheet

as at 31 March 2022

	<i>Note</i>	<b>2022</b> £'000	<b>2021</b> £'000
<b>Non-current assets</b>			
Right of Use Assets	<i>10</i>	<b>791</b>	1,025
Tangible assets	<i>8</i>	<b>548</b>	531
Intangible assets	<i>9</i>	<b>6,329</b>	2,995
Investments	<i>11</i>	<b>82,270</b>	4,312
Deferred Tax Asset	<i>14</i>	<b>6,262</b>	2,338
		<b>96,200</b>	11,201
<b>Current assets</b>			
Stocks	<i>12</i>	<b>53</b>	127
Debtors	<i>13</i>	<b>53,356</b>	72,258
Cash at bank and in hand		<b>2,448</b>	11,368
		<b>55,857</b>	83,753
<b>Creditors: amounts falling due within one year</b>	<i>16</i>	<b>(94,441)</b>	(47,933)
<b>Net current assets</b>		<b>(38,584)</b>	35,391
<b>Creditors: amounts falling due greater than one year</b>	<i>17</i>	<b>(678)</b>	(927)
Deferred tax liability	<i>15</i>	<b>(497)</b>	(429)
<b>Net assets</b>		<b>56,441</b>	45,665
<b>Capital and reserves</b>			
Share capital	<i>18</i>	<b>1</b>	1
Share premium		<b>71</b>	71
Profit and loss reserve		<b>56,368</b>	45,593
<b>Total equity</b>		<b>56,441</b>	45,665

For the period ending 31<sup>st</sup> March 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. These financial statements were approved by the board of directors and signed on their behalf by:



J Davis

*Director*

Dated 01/12/2022

Company registered number: 03128724



## Statement of Changes in Equity

for the year ended 31 March 2022

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total Equity £'000
<b>31 March 2020</b>	<b>1</b>	<b>71</b>	<b>36,125</b>	<b>36,198</b>
Profit for the year to 31 March 2021	-	-	9,468	9,468
Total comprehensive income for the year	-	-	9,468	9,468
<b>31 March 2021</b>	<b>1</b>	<b>71</b>	<b>45,593</b>	<b>45,666</b>
Profit for the year to 31 March 2022	-	-	10,775	10,775
Total comprehensive income for the year	-	-	10,775	10,775
<b>31 March 2022</b>	<b>1</b>	<b>71</b>	<b>56,368</b>	<b>56,441</b>

## Notes to the financial statements (forming part of the financial statements)

### 1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### Basis of preparation

BigHand Limited is incorporated and domiciled in England and Wales. The Company is private and limited by shares. The Company's financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pound (£000) except when otherwise indicated.

The financial statements contain information about BigHand Limited as an individual entity and do not contain consolidated financial information. The Company has taken advantage of the exemption under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of its ultimate parent undertaking, BigHand UK Topco Limited, which are publicly available at Companies House.

The parent company financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2022. The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment,
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations,
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows,
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors,
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures,
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member, and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

## Notes to the financial statements (continued)

### 1 Accounting Policies (continued)

#### Going Concern

During the year the company made profits of £10.8m and as at the balance sheet date the company had net assets of £56.4m

The directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Therefore, the financial statements have been prepared on the going concern basis, which is dependent on the continuing financial and operational support of the Company's ultimate parent undertaking, BigHand UK Topco Limited which has agreed to provide financial support as necessary for a period of at least twelve months from the date of approval of these financial statements of the Company

#### Estimates and judgements

The preparation of financial statements in conformity with FRS101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The directors consider the following to be critical estimates and judgements applicable to the financial statements

##### *Investments in subsidiaries*

Management perform annual impairment reviews using forecasted future cash flows for each cash generating unit, the key assumptions included within the forecasts are in note 11

Management also perform a sensitivity analysis over these key assumptions to ensure they are reasonable and in line with historical experience and applicable circumstances.

##### *Fair values*

Management consider the fair values of the identifiable assets and liabilities for each new business combination. The fair values of any intangible assets recognised are considered individually. The method of valuing intangible assets depends upon the class of asset to be recognised. Management have used a discounted cash flow analysis to determine the fair value of intangible assets recognised as part of the business combination in the past.

## Notes to the financial statements (continued)

### 1 Accounting Policies (continued)

#### Foreign currency translation & functional currency

The company's financial statements are presented in sterling, which is also the company's functional currency

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

#### Financial instruments

Financial instruments comprise investments in equity and debt securities, trade and other debtors, amounts owed by group undertakings, cash and cash equivalents, loans and borrowings, trade and other creditors and amounts owed to group undertakings

##### *Trade and other debtors*

Trade and other debtors, including amounts owed by group undertakings, 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 creditors*

Trade and other creditors, including amounts owed to group undertakings, 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 at banks and on hand and short-term deposits with a maturity of 3 months or less which are subject to an insignificant risk in changes in value.

##### *Interest-bearing loans and borrowings*

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

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax and is recognised in the income statement

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

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

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



## Notes to the financial statements (continued)

### 1 Accounting Policies (continued)

#### Investments

Fixed asset investments are recorded at cost less any provision for impairment. The carrying values of fixed asset investments are reviewed for impairment when assets or changes in circumstances indicate the carrying value may not be recoverable.

#### Financial instruments for financial assets and financial liabilities

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible a degree of judgement is required in establishing fair values. Estimation uncertainties arise from assumptions on liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of financial instruments.

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 income statement.

#### Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold property	over 5 years
Fixtures and fittings	over 4 years
Equipment	over 2 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. The carrying value of fixed assets are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable.

#### Intangible assets

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of computer software. The estimated useful lives for software is 3 years.

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date. The carrying value of intangible assets are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable.

## Notes to the financial statements (continued)

### 1 Accounting Policies (continued)

#### Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### Dividends on shares presented within equity

Dividend income is recognised when the Company's right to receive payment is established

#### Revenue

##### *(i) General*

Revenue represents the fair value of the consideration received or receivable from the sales of software and related support and maintenance, IT equipment and professional services, net of discounts and sales taxes

Revenue is recognised when the Company has fulfilled its performance obligations under the relevant customer contract

The Company sells a number of products which typically consists of all, or some, of the following types of revenue – licensed products, support and maintenance, subscriptions, equipment sales, and professional services. Where the contract includes multiple elements, the fair value of those elements is based on the relative stand-alone selling prices

To the extent that invoices are raised to a different pattern than the revenue recognition described below, appropriate adjustments are made through deferred and accrued income to account for revenue when the performance obligations have been met

The Company has arrangements with some of its clients whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods and services to the customer. The Company acts as a principal if it controls a promised good or service before transferring that good or service to the customer. The Company is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Company has in establishing the price for the specified good or service, whether the Company has inventory risk and whether the Company is primarily responsible for fulfilling the promise to deliver the service or good. Where the Company is acting as a principal, revenue is recorded on a gross basis. Where the Company is acting as an agent, revenue is recorded at a net amount reflecting the margin earned

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### Revenue (continued)

##### *(ii) Licencing Models*

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer

##### *(a) Licenced Products*

The majority of products are licenced and either installed on the customer's own equipment or hosted by BigHand or a third party. In addition to a licence fee, the Company charges annual support and maintenance fees. The fee charged depends on the level of support service contracted

The elements for a software order typically include licenced products, IT hardware, professional services for implementation and support and maintenance. The individual elements whilst part of an overall order are charged for and recognised separately. Revenue is recognised as described below

##### *SaaS*

SaaS products are only hosted by BigHand and the customer is provided access to the software over the internet. These products are delivered to the customer as a service over time and no support and maintenance is charged as the single subscription fee covers this. Revenue is recognised as described below

##### *(iii) Revenue Recognition by Revenue Type*

(a) The Company licences software under non-cancellable licence agreements on a perpetual basis. Performance obligations are considered to be met, and revenue is recognised, when a non-cancellable licence agreement has been signed and the software has been made available to the customer, except for where there are uncertainties surrounding product acceptance or there are significant vendor obligations. When this arises revenue recognition is deferred until all material obligations are satisfied. For the majority of contracts, this results in licence revenues being recognised in full at the start of the contract.

(b) Revenue from contracts for software maintenance and support is recognised on a pro rata basis over the contract period, reflecting the Company's obligation to support the relevant software products and update their content over the contract period.

(c) SaaS - customers typically enter into contracts on an annual basis. Revenue is recognised evenly over the period of the contract. Subscription fees include the hosting of the software and support and maintenance

(d) IT equipment - Revenue from the sale of IT equipment is recognised when the control of the asset has transferred to the buyer, which is the date the equipment is delivered and accepted by the customer.

(e) Revenue from professional services (which includes software implementation, training and consultancy services) is recognised in the accounting period in which the services are delivered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services

to be provided (percentage of completion method). Percentage completion is estimated based on the total number of hours performed on the project compared to the total number of hours expected to complete the project. Estimates of completion are revised if circumstances change

(f) Business intelligence solutions – customers are not able to use the software until the data warehouse is built, which requires implementation time to bespoke and install. Revenue is recognised when control is transferred to the customer, on completion of installation when the customer has the use and benefit of the product



## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### Pensions

The Company operates a defined contribution plan. Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable

#### Non-recurring costs

The company presents non-recurring costs on the face of the income statement, these are material items of income and expense, which because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance for the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance

#### Leases

##### *As a lessee*

The Company leases various offices and some equipment. At the 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 control the use of an identified asset for a period of time in exchange for consideration

The Company recognises a right-of-use asset and a corresponding lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability 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 the 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 estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment

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

For leases acquired through business acquisition, the lease liability is measured as if it were a new lease (reassessing its term, lease payments) and the right of use asset is measured at the market rate at the point of acquisition.

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

The Company presents the right-of-use assets that are investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

##### *Short term leases and leases of low-value assets*

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



## Notes to the financial statements (continued)

### 2 Turnover

An analysis of turnover by destination is given below:

	2022 £'000	2021 £'000
United Kingdom	19,305	19,163
Europe	1,433	1,489
North America	2,000	4,291
Asia-Pacific	1,507	1,494
Africa	25	29
Total revenues	24,270	26,466

Turnover is categorised as follows

	2022 £'000	2021 £'000
Support and subscription	15,818	15,508
Licence	1,762	1,689
Services	2,169	2,091
IT hardware	299	541
Other	4,222	6,637
Total revenues	24,270	26,466

### 3 Operating profit

	2022 £'000	2021 £'000
Depreciation on property, plant and equipment	337	277
Depreciation on Right of Use assets	234	235
Amortisation of intangible assets	2,285	1,099
Exceptional items- professional fees & restructuring (administrative expenses)	1,663	2,650

In 2022, exceptional costs associated with the change in ownership of the BigHand group, refinancing, acquisitions and reorganisation of £1,663k were incurred (FY21: £2,650k)

### 4 Staff numbers & costs including directors

The average number of employees (including directors) during the year, analysed by category, was as follows -

	2022 £'000	2021 £'000
Administration	77	76
Operations	74	68
	151	144

The average number of employees (including directors) during the year was 151 (2021: 144).

	2022 £'000	2021 £'000
Wages and salaries	7,576	7,869
Social security costs	1,132	953
Contributions to defined contribution plans	219	183
	8,927	9,005

## Notes to the financial statements (continued)

### 5 Directors' remuneration

	2022 £'000	2021 £'000
<i>The directors' aggregate remuneration in respect of qualifying services was:</i>		
Remuneration receivable	-	51
<i>Remuneration of highest paid director:</i>		
Remuneration receivable	-	51

Remuneration for the directors of the company is paid for by another subsidiary of the ultimate parent undertaking, BigHand UK Bidco Ltd. The fellow subsidiary companies have not recharged any amount to the company on the basis that the amount attributable to the company is negligible. The directors do not believe that it is practical to apportion the remuneration for their qualifying services between remuneration as directors of the Company and their remuneration as directors of the fellow subsidiary companies.

BigHand UK Bidco Ltd does recharge the remuneration cost to BigHand Limited with a 10% mark-up. These directors are also considered to be the key management of the UK Group.

### 6 Interest receivable and Interest payable and similar charges

	2022 £'000	2021 £'000
<b>Interest receivable</b>		
Interest receivable on intercompany balances	2,381	3,755
Bank interest receivable	29	5
Dividends received from subsidiary undertaking	3	-
	<b>2,413</b>	<b>3,760</b>
	2022 £'000	2021 £'000
<b>Interest payable and similar charges</b>		
Interest payable on intercompany balances	(77)	(1,387)
Foreign exchange losses	(672)	(522)
Unwind of discount on deferred remuneration	-	(287)
Debt Finance Fee	-	(7)
Lease interest	(77)	(92)
	<b>(826)</b>	<b>(2,295)</b>

### 7 Taxation

	2022 £'000	2021 £'000
<b>Current Tax Expense</b>		
UK corporation tax based on the results for the year	-	-
Adjustment in respect of prior years	392	67
Current Tax Expense	<b>392</b>	<b>67</b>
<b>Deferred Tax Expense</b>		
Origination & reversal of temporary differences	(2,565)	433
Adjustment in respect of prior years	(1,290)	(384)
Deferred Tax Expense	<b>(3,855)</b>	<b>49</b>
<b>Total Tax Expense</b>	<b>(3,463)</b>	<b>116</b>

## Notes to the financial statements (continued)

### 7 Taxation (continued)

#### Factors affecting tax charge

	2022 £'000	2021 £'000
Profit excluding taxation	7,309	9,584
Profit multiplied by standard UK tax rate of 19% (2021: 19%)	1,389	1,821
Patent Box	(486)	(519)
Effects of		
Expenses not deductible for tax purposes	189	512
IFA expenditure treated as R&D	(405)	-
Group relief	(788)	(317)
Deductible temporary differences	(2,464)	591
Adjustments in respect of prior years	(898)	(1,972)
	<b>(3,463)</b>	<b>116</b>

No tax has been recognised in other comprehensive income or directly in equity.

### 8 Tangible fixed assets

	Leasehold property £'000	Fixtures and Fittings £'000	Equipment £'000	Total £'000
<b>Cost</b>				
Balance at 1 April 2021	599	82	679	1,360
Additions	18	-	336	354
Disposals	(97)	(29)	(175)	(301)
Balance at 31 March 2022	520	53	840	1,413
<b>Depreciation and impairment</b>				
Balance at 1 April 2021	227	56	546	829
Depreciation charge for the year	110	14	213	337
Disposals	(97)	(29)	(175)	(301)
Balance at 31 March 2022	240	41	584	865
<b>Net book value</b>				
At 31 March 2021	372	26	133	531
At 31 March 2022	280	12	256	548

## Notes to the financial statements (continued)

### 9 Intangible assets

	Computer Software £'000
Cost	
Balance at 1 April 2021	5,570
Additions	5,619
Disposals	(971)
Balance at 31 March 2022	10,218
Depreciation and impairment	
Balance at 1 April 2021	2,575
Amortisation charge for the year	2,285
Disposals	(971)
Balance at 31 March 2022	3,889
Net book value	
At 31 March 2021	2,995
At 31 March 2022	6,329

### 10 Right of use assets and lease liabilities

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases

#### Non-current right of use assets

	Buildings £'000	Equipment £'000	Total £'000
Cost			
Balance at 1 April 2021 and 31 March 2021	1,354	40	1,394
Depreciation and impairment			
Balance at 1 April 2020	357	12	369
Depreciation charge for the year	226	8	234
Balance at 31 March 2021	583	20	603
Net book value			
At 31 March 2021 and 1 April 2021	997	28	1,025
At 31 March 2022	771	20	791
		2022 £'000	2021 £'000
Lease liabilities			
Less than one year		251	234
One to five years		678	927
		929	1,161

## Notes to the financial statements (continued)

### 11 Investments

	Shares in subsidiary undertaking £'000
<i>Cost:</i>	
As at 1 April 2021	4,312
Share subscription of BigHand UK Finco Limited	2,838
Share subscription of BigHand Inc	75,248
Revaluation of contingent consideration of Mason and Cook Limited	(128)
<b>At 31 March 2022</b>	<b>82,270</b>

On 1<sup>st</sup> February 2022 the Company subscribed to the following shares:

- 2,837,689 Ordinary Shares in BigHand UK Finco Limited for \$3,826k (£2,838k)
- 97 Ordinary Shares in BigHand Inc for \$97,390k (£75,248k)

The Company owns 100% of the issued share capital of the companies listed below:

Name	Country of incorporation and registered office address
nFlow Software Limited	England - 27 Union Street, London, SE1 1SD
Ipheion Limited	England - 27 Union Street, London, SE1 1SD
Mason and Cook Limited	England - 27 Union Street, London, SE1 1SD
BigHand UK Finco Limited	England - 27 Union Street, London, SE1 1SD
BigHand Inc	USA - 2711 Centerville Road, Suite 400, Wilmington, Newcastle, Delaware 19808, USA / 125S
BigHand Software Inc	Canada - 199 Bay St. Commerce Court West, Suite 4000, Toronto ON M5L 1A9
Payne Group Inc*	USA - 1218 3rd Avenue, Suite 1900, Seattle, WA 98101-3051
BigHand Software Pty Ltd	Australia - Suite 2 Level 11, 92 Pitt Street, Sydney, NSW 2000, Australia
BigHand B V	Flight Forum 40 Ground Floor 5657 DB, Eindhoven, NOORD-BRABANT Netherlands
Iridium Technology NZ Ltd	7a, 331 Rosedale Road Albany Auckland, AUCKLAND, 0632 New Zealand
Iridium Technology Canada Ltd	220-7565 132nd St, Surrey, BC, Canada
Iridium Technology Holdings, LLC*	5470 Kietzke Lane, Suite 300 Reno, NV 89511
Iridium Technology Opco, LLC*	5470 Kietzke Lane, Suite 300 Reno, NV 89511
Iridium Technology Canada Inc (US)*	5470 Kietzke Lane, Suite 300 Reno, NV 89511
Smart Web Parts LLC*	1350 Dell Ave, Suite 106 Campbell, CA 95008

\* Wholly-owned by BigHand Inc, therefore indirectly owned.

The principal activity of all of the companies is the provision of voice productivity solutions to the professional services and healthcare markets.

The carrying value and impairment are reviewed annually for impairment by projecting cash flow for 5 years. A growth rate of between 5% to 24%, and then 5% after 5 years in perpetuity. Growth rates applied beyond the 5 year forecast period are based on management's assumptions of industry comparatives and past performance of achieving against the industry. Projected cash flows are discounted to present value at rate of 11%. The management has determined the recoverable amount of the cash generating units based on key assumptions, the directors do not believe a reasonably possible change in those assumptions would cause the carrying amount of goodwill to exceed the recoverable amount of that cash generating unit.

Management have ensured that assumptions on which its current cash flow projections are based are consistent with past actual outcomes

## Notes to the financial statements (continued)

### 12 Stocks

	2022 £'000	2021 £'000
Goods for resale	53	127
	<b>53</b>	<b>127</b>

### 13 Debtors

	2022 £'000	2020 £'000
Trade debtors	4,514	4,676
Amounts owed by group undertakings	47,450	65,963
Other debtors	1,180	1,249
Corporation tax payable	212	370
	<b>53,356</b>	<b>72,258</b>

Amounts owed by group undertakings are unsecured and have no fixed date of repayment. For the year end 31 March 2022, the amounts owed by group undertakings had an interest rate of 6% per annum (2021: 6%)

### 14 Credit quality of financial assets and expected credit losses

The aging of trade receivables at the balance sheet date was

	Gross 2022 £'000	Expected Credit Loss 2022 £'000	Gross 2021 £'000	Expected Credit Loss 2021 £'000
Not past due	3,512	-	3,254	-
Past due 0-30 days	418	-	567	-
Past due 31-90 days	128	-	367	-
More than 90 days	295	(301)	525	(269)
	<b>4,353</b>	<b>(301)</b>	<b>4,713</b>	<b>(269)</b>

The movement in the allowance for expected credit losses in respect of trade receivables during the period was as follows

	2022 £'000	2021 £'000
Balance at 1 April 2021	269	85
Acquired in the year		
Additions in the year	64	251
Utilised in the year	(32)	(67)
Balance at 31 March 2022	<b>301</b>	<b>269</b>

The allowance account for trade receivables is used to record expected credit losses unless the company is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly

## Notes to the financial statements (continued)

### 15 Deferred tax assets and liabilities

The movement in deferred taxation asset and liability in the year was

31 March 2022	1 April 2021 £'000	Recognised in income £'000	Deferred taxes acquired in business combinations £'000	31 March 2022 £'000
<b>Movement in the year</b>				
Tax value of losses carry-forwards	2,295	2,271	-	4,566
CIR - unused interest capacity		1,654	-	1,654
Lease	43	(1)	-	42
Deferred tax asset	2,338	3,923	-	6,262
<b>Movement in the year</b>				
Property, plant and equipment	(415)	(82)	-	(497)
Lease	(14)	14	-	-
Deferred tax liability	(429)	(82)	-	(497)

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

	2022 £'000	2021 £'000
Trade creditors	1,097	643
Other taxes and social security	508	2,681
Amounts owed to group undertakings	77,151	28,142
Contract liability	13,532	13,203
Accruals	1,902	3,030
Lease liability	251	234
	<b>94,441</b>	<b>47,933</b>

Amounts owed to group undertakings are unsecured and have no fixed date of repayment. For the year end 31 March 2022, the amounts owed to group undertakings had an interest rate of 6% per annum (2021: 6%)

### 17 Creditors: amounts falling due greater than one year

	2022 £'000	2021 £'000
Lease liability	678	927
	<b>678</b>	<b>927</b>

### 18 Share capital & reserves

	2022 £	2021 £	2022 £'000	2021 £'000
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £0.01 each	108,748	108,748	1	1
	<b>108,748</b>	<b>108,748</b>	<b>1</b>	<b>1</b>

#### Profit and loss account

Represents cumulative profit and loss net of distributions to owners

## Notes to the financial statements (continued)

### 19 Guarantees and security

Guarantees have been granted by BigHand UK Midco Limited, BigHand Limited, BigHand Holdings Limited, BH Group Topco Limited, BH Group Midco Limited, BH Group Bidco Limited, BH Topco Limited, BH Midco Limited and BH Bidco Limited in respect of bank loans provided to BigHand UK Bidco Limited. The bank loans are secured by debentures which gives a fixed and floating charge over all the assets of these entities.

### 20 Related party transactions

The Company has taken advantage of the exemption conferred by FRS 101 'Related party disclosures' (paragraphs 17 and 18a) not to disclose transactions with members of the group headed by BigHand UK Topco Limited on the grounds that 100% of voting rights of such members are controlled within that group and the financial statements of BigHand Limited is included in the consolidated financial statements of BigHand UK Topco Limited.

### 21 Ultimate parent company

As at 31 March 2022, the Company's immediate parent company is BigHand UK Bidco Limited.

As at 31 March 2022, the ultimate controlling party is Levine Leichtman Capital Partners.

The smallest group into which the financial statements are consolidated is BigHand UK Topco Limited. The largest group into which the financial statements of the company are consolidated is Levine Leichtman Capital Partners VI AIV, L.P. which has a registered office C/o Maples Corporate Services Limited PO Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104.