Caplin Group Limited - 03202240

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

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
for the financial year ended 31 December 2021

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COMPANY INFORMATION

DIRECTORS	J Ashworth S South S Veasey
REGISTERED OFFICE	c/o Ion, 10 Queen Street Place, London, EC4R 1BE, UK.
REGISTERED NUMBER OF INCORPORATION	03202240
INDEPENDENT AUDITORS	PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, Ireland.

STRATEGIC REPORT
for the financial year ended 31 December 2021

The Directors present their Strategic Report on Caplin Group Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS
The principal activity of the Group 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 2021:

- 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 continued to expand our customer base with sales to customers in Europe, South East Asia and the United States of America.

Financial Performance Indicators
The Group's key measures of financial performance are Revenue, Operating Loss, Profit/(Loss)/ after Taxation, and Net Cash Flow.

	2021	2020	Change
Revenue	£7.4m	£6.6m	£0.8m
Operating loss	(£0.4m)	(£1.2m)	£0.8m
Profit/(loss) after taxation	£0.2m	(£0.6m)	£0.8m
Net cash flow from operating activities	£2.2m	£2.7m	(£0.5m)
Cash and bank balances	£1.3m	£1.8m	(£0.5m)

The Group continued to grow revenue and annual recurring customer contract values. As well as cost reductions were made compared to the prior year leading to an increase in profits.

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 the year were £2.2m versus £1.8m in prior year.

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

The Group 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 2021 (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES
The principal risks and uncertainties which the Group faces 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 Group;
- The Group 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 Group;
- New regulations such as the Dodd Frank law in the US and MiFID/MiFIR in the EU may affect the Group's customers' activities, making the Group's proposition less attractive;
- Rapid evolution of software technology may render the Group's solution less attractive; and
- The Group's reputation and growth prospects would be at risk if poor quality products were released.

The Group 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: 31st August 2022

DIRECTORS' REPORT
for the financial year ended 31 December 2021

The Directors present herewith their report and audited consolidated financial statements ("financial statements" or "consolidated financial statements") for the financial year ended 31 December 2021.

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 Group, including their spouses and minor children had a direct interest in the share capital of the Group at year end.

DIVIDENDS
No Dividends were declared or paid this year or last year.

EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE
There are no significant events since the statement of financial position date.

RESEARCH AND DEVELOPMENT
The Group 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 Group capitalises research and development in line with our accounting policy as set out in note 1 (e).

EMPLOYEE MATTERS
The well-being of the Group's employees is safeguarded through the strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act, 2005 imposes certain requirements on Directors, managers and employees. The Group has taken the necessary action to ensure compliance with the Act, including the adoption of a safety statement.

DISCLOSURE OF INFORMATION TO THE AUDITORS
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 Group'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' 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 prepared the Group and Company financial statements in accordance with UK-adopted international accounting standards.

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 Group and Company and of the profit or loss of the Group and Company for that year.

DIRECTORS' REPORT
for the financial year ended 31 December 2021 (Continued)

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

he Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking adequate reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclosures with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006...

ENVIRONMENTAL MATTERS
The Group will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Group has complied with all applicable legislation and regulations.

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

Given the recent financial performance of the Group, 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 Group. This review has considered the following points:

- Due to the Group's annual billing cycle, with the majority of the Group's annually recurring revenue invoiced in October, the Group's cash reserves are typically at a lower than average level during the fourth quarter of a given year.
- The Group is reliant on an unsecured overdraft facility to provide immediate liquidity through to December 2022. This overdraft facility is unsecured and subject to regular bank review, the first such review being in December 2022.
- The Group has received confirmation from its parent that it will not seek repayment of the intercompany liability that is payable.
- Cash flow projections for 2022 show that the Group has sufficient liquidity to support normal trading operations.
- Detailed projections for 2023 show the Group would require additional liquidity which would be received from another unsecured overdraft facility.

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

DIRECTORS' REPORT
for the financial year ended 31 December 2021 (Continued)

INDEPENDENT AUDITORS
PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Directors

John Ashworth
Director
Date: 31st August 2022

pwc

Independent auditors' report to the members of Caplin Group Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Caplin Group Limited's group consolidated financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's cash flows for the year then ended;
- the Group consolidated financial statements have been properly prepared in accordance with UK-adopted international accounting standards);
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise:

- the consolidated and company statements of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to data protection and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates, transactions outside the normal course of business, and the posting of fraudulent journal entries. Audit procedures performed by the engagement team included:

- Consideration of fraud risk as part of our audit planning process;
- Discussions with management and those charged with governance, in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of the company's programs and controls designed to address fraud risk and compliance with laws and regulations;
- Implementing specific procedures to address risks associated with the management override of controls, including examination of journal entries and other adjustments, testing of accounting estimates, identifying indicators of possible management bias and evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Fiona Kirwan

Fiona Kirwan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
26 September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2021

	Note	*Year ended Dec 2021* £	*Year ended Dec 2020* £
Revenue	2	7,449,797	6,616,538
Operating expenses		(7,808,268)	(7,736,167)
Operating loss	3	(358,471)	(1,119,629)
Interest receivable and other income	7	19,517	19,572
Finance costs and similar charges	8	(63,566)	(95,947)
Loss before taxation		(402,520)	(1,196,004)
Tax credit on loss	9	571,503	606,181
Profit/(loss) for the financial year		168,983	(589,823)
Other comprehensive (expense)/income:			
Exchange difference on translation of foreign operations		(535)	1,429
Total comprehensive profit/(loss)		168,448	(588,394)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Note	*As at Dec 2021* £	*As at Dec 2020* £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	2,041,448	2,042,176
Property, plant and equipment	12	545,394	836,374
		2,586,842	2,878,550
CURRENT ASSETS			
Trade and other receivables	14	8,015,272	6,963,509
Cash and cash equivalents		1,263,795	1,765,674
		9,279,067	8,729,183
TOTAL ASSETS		11,865,909	11,607,733
EQUITY			
Called up share capital	19	3,220	3,220
Share premium account		6,670,469	6,670,469
Other reserves		99,002	99,002
Foreign currency translation reserve		403	938
Accumulated losses		(1,188,145)	(1,357,128)
TOTAL EQUITY		5,584,949	5,416,501
LIABILITIES			
NON-CURRENT LIABILITES			
Lease liability	13	99,582	424,186
Loans and borrowings	16	35,955	172,831
		135,537	597,017
CURRENT LIABILITIES			
Trade and other payables	15	965,631	824,802
Lease liability	13	415,229	393,662
Loans and borrowings	16	136,875	126,403
Deferred revenue		4,627,688	4,249,348
		6,145,423	5,594,215
TOTAL LIABILITIES		6,280,960	6,191,232
TOTAL LIABILITIES AND EQUITY		11,865,909	11,607,733

The notes on pages 19 - 42 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 31st August 2022. They were signed on its behalf by:

John Ashworth
Director

COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2021

	Note	As at Dec 2021 £	As at Dec 2020 £
ASSETS			
NON-CURRENT ASSETS			
Financial assets	11	145,752	145,752
CURRENT ASSETS			
Trade and other receivables	14	2,937,632	2,768,804
Cash and cash equivalents		2,586	3,173
		2,940,218	2,771,977
TOTAL ASSETS		3,085,970	2,917,729
EQUITY			
Called up share capital	19	3,220	3,220
Share premium account		6,670,469	6,670,469
Accumulated losses		(3,587,774)	(3,756,016)
TOTAL EQUITY		3,085,915	2,917,673
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	55	56
TOTAL LIABILITIES		55	56
TOTAL LIABILITIES AND EQUITY		3,085,970	2,917,729

The notes on pages 19 - 42 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 31st August 2022. They were signed on its behalf by:

John Ashworth
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2021

	Share capital	*Share premium*	*Other reserves*	*Foreign currency translation reserves*	*Accumulated losses*	*Total equity*
	£	£	£	£	£	£
Balance as at 01 January 2020	3,220	6,670,469	99,002	(491)	(767,305)	6,004,895
Loss for the financial year	-	-	-	-	(589,823)	(589,823)
Other comprehensive income for the financial year	-	-	-	1,429	-	1,429
Total comprehensive loss for the financial year	-	-	-	1,429	(589,823)	(588,394)
Balance at 31 Dec 2020	3,220	6,670,469	99,002	938	(1,357,128)	5,416,501
Profit for the financial year	-	-	-	-	168,983	168,983
Other comprehensive expense for the financial year	-	-	-	(535)	-	(535)
Total comprehensive income for the financial year	-	-	-	(535)	168,983	168,448
Balance at 31 December 2021	3,220	6,670,469	99,002	403	(1,188,145)	5,584,949

COMPANY STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2021

	Share capital £	*Share premium* £	*Accumulated losses* £	*Total equity* £
Balance as at 01 January 2020	3,220	6,670,469	(3,166,882)	3,506,807
Loss for the financial year	-	-	(589,134)	(589,134)
Total comprehensive loss for the financial year	-	-	(589,134)	(589,134)
Balance at 31 December 2020	3,220	6,670,469	(3,756,016)	2,917,673
Profit for the financial year	-	-	168,242	168,242
Total comprehensive profit for the financial year	-	-	168,242	168,242
Balance at 31 December 2021	3,220	6,670,469	(3,587,774)	3,085,915

CONSOLIDATED CASH FLOW STATEMENT
for the financial year ended 31 December 2021

	Note	Year to Dec 2021 £	Year to Dec 2020 £
Cash flows from operating activities			
Loss before tax		(402,520)	(1,196,004)
Adjustments for:			
Depreciation and amortisation of non-current assets	3	2,547,624	2,716,822
Loss/(gain) on disposal of property, plant & equipment	3	150	(1,185)
Finance costs	8	63,566	95,947
Provision for doubtful debts		1,857	10,499
Foreign exchange (gain)/ loss	3	(507)	8,643
Interest receivable and other income	7	(19,517)	(19,572)
		2,190,653	1,615,150
Movements in working capital:			
(Increase) in trade receivables	14	(341,688)	(320,223)
(Increase) in other assets	14	(731,550)	(242,824)
Increase in trade and other payables	15	140,829	43,517
Increase in deferred revenue		378,337	290,066
R&D tax credit received and foreign income tax paid		593,027	1,325,053
Net cash flows generated from operating activities		2,229,608	2,710,739
Cash flows from investing activities			
Proceeds from sale of property, plant & equipment		1,251	1,761
Purchase of property, plant & equipment	12	(91,287)	(47,638)
Purchase of intangible assets	10	-	(11,700)
Interest received	7	19,517	19,572
Development of intangible assets	10	(2,166,030)	(1,776,911)
Net cash flows used in investing activities		(2,236,549)	(1,814,916)

CONSOLIDATED CASH FLOW STATEMENT (Continued)
for the financial year ended 31 December 2021

	Note	*Year to Dec 2021* £	*Year to Dec 2020* £
Cash flows from financing activities			
Repayment of borrowings		(145,740)	(145,770)
Payment of lease liabilities	13	(347,264)	(157,220)
Interest paid		(19,336)	(29,010)
Net cash flows used in financing activities		(512,340)	(332,000)
Net (decrease)/increase in cash and cash equivalents		(519,281)	563,823
Net foreign exchange difference		17,402	11,060
Cash and cash equivalents brought forward		1,765,674	1,190,791
Cash and cash equivalents at year end		1,263,795	1,765,674

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021

1. ACCOUNTING POLICIES

(a) *General information*

The consolidated financial statements for the Group were authorised for issue by the Directors on 31st August 2022. The Company is a private limited company incorporated in the United Kingdom. The registered office address is c/o Ion, 10 Queen Street Place, London, EC4R 1BE. The principal activities of the Group are described in the Directors' Report. The ultimate parent undertaking is disclosed in note 23.

(b) *Basis of preparation*

The financial statements of the Group have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006 and Generally Accepted Accounting Practice in the United Kingdom (Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101)). In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Caplin Group Limited transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework. The consolidated financial statements of Caplin Group Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Company has availed of the exemption in Section 408 of the Companies Act 2006 from presenting the Statement of Comprehensive Income. The accounting policies described below apply equally to the consolidated financial statements and the Company financial statements.

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in pound sterling (£), which is also the parent company's functional currency. The consolidated financial statements have been prepared on a going concern basis.

(c) *Basis of consolidation*

The Group financial statements consolidate the financial statements of the parent company and all of its subsidiary undertakings prepared to 31 December 2021.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Upon the acquisition of a business, fair values are attributed to the identifiable net assets acquired.

Where the financial statements of subsidiary undertakings are prepared to a year end that differs from that of the parent company, the amounts included in the consolidated financial statements in respect of these subsidiary undertakings are represented by their latest financial statements prepared to their respective year ends, together with management accounts for the intervening years to 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

1. ACCOUNTING POLICIES (Continued)

(c) *Basis of consolidation (continued)*
Financial statements of subsidiaries are prepared using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

(d) *Judgements and key sources of estimation uncertainty*
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet 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 judgements (and estimates) have had the most significant effect on amounts recognised in the financial statements:

(i) Going concern: The nature of the Group's trading activities, with a high level of stable and annually recurring receipts, gives the Directors confidence that the Group will not be significantly impacted by either the Covid-19 pandemic.

Given the recent financial performance of the Group, 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 Group. This review has considered the following points:

- Due to the Group's annual billing cycle, with the majority of the Group's annually recurring revenue invoiced in October, the Group's cash reserves are typically at a lower than average level during the fourth quarter of a given year. The Group is reliant on an unsecured overdraft facility to provide immediate liquidity through to December 2022. This overdraft facility is unsecured and subject to regular bank review, the first such review being in December 2022.
- The Group has received confirmation from its parent that it will not seek repayment of the intercompany liability that is payable.
- Cash flow projections for 2022 show that the Group has sufficient liquidity to support normal trading operations.
- Detailed projections for 2023 show the Group would require additional liquidity which would be received from another unsecured overdraft facility.

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

(ii) *Revenue recognised over time*: As set out in note 1(p), revenue pursuant to time and material professional services contracts are recognised as services are 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

1. ACCOUNTING POLICIES (Continued)

(d) Judgements and key sources of estimation uncertainty (continued)

(iii) *Development costs*: The Group capitalises development costs for development projects in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, and the expected period of benefits.

(iv) *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.

(e) Intangible assets

Intangible assets acquired separately 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 profit or loss in the year in which the expenditure is incurred. Intangible assets with finite lives 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 period 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

1. ACCOUNTING POLICIES (Continued)

(e) *Intangible assets (continued)*

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.

The Group has capitalised £2,166,030 of development costs in the current year (2020: £1,776,911).

(f) *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's (or cash-generating unit) fair value less costs to sell and its value in use and is determined at the individual asset level, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

(g) *Property, plant and equipment*

Property, plant and equipment 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 property, plant and equipment, 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
Fixtures & fittings	- 3 years
Office 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 derecognition of the asset is included in the Statement of Comprehensive Income in the year of derecognition.

(h) *Cash and cash equivalents*

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.

(i) *Provision for liabilities*

A provision is recognised when the Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

1. ACCOUNTING POLICIES (Continued)

(j) *Leases*

Leases as a lessee - the Group accounts for a contract or a part of a contract as 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.

On the commencement of a lease, the Group recognises a right-of-use asset and a lease liability for all leases except short term leases that have a lease term of 12 month or less and leases of low-value assets.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred, any initial payments which have already been made but are not included in the lease liability and an estimate of the restoration costs required under the terms of the lease less any lease incentives received. Depreciation on the right-of-use asset is charged to the Statement of Comprehensive Income on a straight-line basis over the shorter of the asset's useful life and the lease term. For purposes of subsequent measurement of the right-of-use asset, the Group follows the policy for property, plant and equipment, being cost less accumulated depreciation and accumulated impairment losses.

The Group initially measures the lease liability at the present value of the lease payments over the lease term that are not paid at commencement date, discounted using the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments with a corresponding adjustment made to the carrying amount of right-of-use asset unless the carrying value of right-of-use asset is reduced to zero.

The Group has elected to account for short-term leases and leases of low-value items in profit or loss on a straight line basis over the lease term. Low-value items comprise IT equipment.

Leases as a lessor - when the Group is a lessor, the Group accounts for the leases as a finance lease when, the Group transfers substantially all the risks and rewards of ownership of the underlying asset, otherwise the lease is accounted for as an operating lease on a straight line basis through profit or loss.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group was an intermediate lessor, the sub-leases were classified with reference to the underlying asset.

(k) *Pension costs*

The Group operates defined contribution pension schemes. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

1. ACCOUNTING POLICIES (Continued)

(l) *Financial assets*

Initial recognition and measurement - the Group 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.

Trade receivables – The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses trade receivables have been based on percentage of losses over a period of 10 years. The Group has therefore concluded that the expected loss rates for trade receivable are a reasonable approximation of the loss rates. The expected loss rates are based on the payment profiles of sales over a period of 10 years before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are not adjusted to reflect further adjustments as there are not significant risks for the Group.

The loss allowances for trade receivable as at 31 December reconcile to the opening loss allowances as follows:

	Year ended Dec 2021	*Year ended Dec 2020*
	£	£
Opening loss allowance at 1 January	10,499	-
Increase in loss allowance recognised in profit or loss during the year	1,757	10,499
Unused amount reversed	-	-
Closing loss allowance at 31 December	12,256	10,499

Impairment of financial assets - The Group 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.

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 Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

1. ACCOUNTING POLICIES (Continued)

(m) *Financial liabilities*

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

Subsequent measurement - for purposes of subsequent measurement, financial liabilities held by the Group 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 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.

(n) *Foreign currency translation*

Items included in the financial statements of each individual Group entity are measured using the currency of the primary economic environment in which the entity operates ('the 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.

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. On consolidation, the assets and liabilities of foreign operations are translated into pound sterling (£) at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at average exchange rates. The exchange differences arising on translation for consolidation are recognised in the Statement of Comprehensive Income.

(o) *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 and loss. 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 CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

1. ACCOUNTING POLICIES (Continued)

(o) 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 profit 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 statement of financial position date. Deferred tax assets and liabilities are offset, only if a legally enforceable 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 group to make a single net payment.

The Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime). The company accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(p) Revenue recognition

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

Multi element arrangements and allocations of the transaction price

The Group 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 Group's customers is executed in close proximity to other agreements with the same customer, the Group 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 Group 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 Group with a significant benefit of financing the transfer of goods or services to the customer.

A modification to an existing contract that does not result in a separate contract is accounted for as an adjustment to the existing contract, either prospectively or through a cumulative catch-up adjustment. The determination depends on whether the remaining goods or services to be provided to the customer under the modified contract are distinct.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

1. ACCOUNTING POLICIES (Continued)

(p) Revenue recognition (continued)

Arrangements with multiple performance obligations
The Group's contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers, or by using an expected cost plus margin approach. 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 Group 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 Group records deferred revenues when cash payments are received or due in advance of the performance, including amounts which are refundable. The Group'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 Group requires payment before the products or services are delivered to the customer. The Group 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.

(q) Contract assets and liabilities
The Group 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 Group's obligation to transfer goods or services to a customer for which it has received consideration from the customer.

(r) New standards and interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and issued in the year have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

2. REVENUE

Revenue was wholly derived from the Group's principal activity undertaken in the United Kingdom. It comprises the value of services sold, excluding VAT. The Group has recognised the following amounts relating to revenue in the Statement of Comprehensive Income:

	Year ended Dec 2021 £	*Year ended Dec 2020* £
Geographical source of revenue:		
United Kingdom	3,037,360	2,000,318
Rest of Europe	1,631,205	1,631,439
North America	1,293,195	911,837
Rest of the world	1,488,037	2,072,944
	7,449,797	6,616,538
Licences and support	6,926,896	5,995,632
Professional services	522,901	620,906
	7,449,797	6,616,538

Revenue recognised in relation to contract liabilities:

	Year ended Dec 2021 £	*Year ended Dec 2020* £
Revenue recognised that was included in the deferred revenue balance at the beginning of the year	4,627,684	3,497,283
Revenue recognised that was included in the contract liability balance at the beginning of the year	752,065	212,573
	5,379,749	3,709,856

3. OPERATING LOSS

	Year ended Dec 2021 £	*Year ended Dec 2020* £
Operating loss is stated after charging / (crediting):		
Depreciation of property, plant and equipment	380,866	385,477
Amortisation of intangible assets	2,166,758	2,331,345
Foreign exchange (gains)/losses	(507)	8,643
Loss/(gain) on disposal of property, plant and equipment	150	(1,185)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

4. AUDITORS' REMUNERATION	*Year ended Dec 2021* £	*Year ended Dec 2020* £
Audit of Group financial statements	29,348	31,588
Tax	4,821	5,189
	34,169	36,777

5. DIRECTORS' REMUNERATION	*Year ended Dec 2021* £	*Year ended Dec 2020* £
The amounts paid to the Directors are as follows:		
Salaries and other short-term employee benefits	597,732	643,354
Pension contributions	54,772	41,784
	652,504	685,138

The highest paid Director received aggregate remuneration of £269,674 (2020: £292,586).

6. STAFF COSTS	*Year ended Dec 2021* £	*Year ended Dec 2020* £
Wages and salaries	4,498,611	4,070,586
Social welfare costs	571,224	526,274
Other pension costs	434,598	397,356
Temporary staff and contractors	547,997	759,341
	6,052,430	5,753,557

Staff costs are split as follows:		
Capitalised in the year	2,166,030	1,776,911
Expensed in the year	3,886,400	3,976,646
	6,052,430	5,753,557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

6. STAFF COSTS (Continued)

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

	Year ended Dec 2021 No.	*Year ended Dec 2020 No.*
Administrative	13	13
Technical	53	47
Sales	2	4
	68	64

7. INTEREST RECEIVABLE AND OTHER INCOME

	Year ended Dec 2021 £	*Year ended Dec 2020 £*
Bank interest	19,517	19,572

8. FINANCE COSTS AND SIMILAR CHARGES

	Year ended Dec 2021 £	*Year ended Dec 2020 £*
Lease interest expense	44,228	66,649
Interest expense	19,338	29,298
	63,566	95,947

9. TAX CREDIT ON LOSS

(a) *Tax credit on loss on ordinary activities*
The tax credit is made up as follows:

	Year ended Dec 2021 £	*Year ended Dec 2020 £*
Current tax:		
Corporation tax on profit for the year	(571,356)	(593,027)
Foreign tax	-	-
Under provision for prior years	(184)	(13,154)
Total current tax	(571,540)	(606,181)
Tax credit on loss on ordinary activities *(note 9(b))*	(571,540)	(606,181)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

9. TAX CREDIT ON LOSS (Continued)

(b) Factors affecting tax credit for the year

The tax assessed for the year differs (2020: differs) from that calculated by applying the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	Year ended Dec 2021 £	*Year ended Dec 2020* £
Loss on ordinary activities before tax	(402,520)	(1,196,004)
Accounting loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(76,478)	(227,241)
Effects of:		
R&D expenditure increased deduction	(698,225)	(611,713)
Expenses not deductible for tax purposes	20,438	33,406
R&D expenditure surrendered for tax credit	177,318	184,042
Impact of rate change	(55,409)	(14,896)
Adjustments in respect of prior years – current tax	(184)	(13,154)
Timing differences for which deferred tax is not recognised	61,052	43,203
Foreign exchange	(52)	172
Foreign tax	-	-
	(571,540)	(606,181)

The Group has estimated gross losses of £3,021,896 (2020 - £3,021,896) available for carry forward against future trading profits. £2,098,424 (2020 - £2,128,132) of these have been recognised to offset deferred tax liabilities and the remaining element of £923,472 (2020 - £893,764) is not recognised as Management do not consider that sufficient profits will arise in the future to utilise these losses against.

	Year ended Dec 2021 £	*Year ended Dec 2020* £
(c) Deferred tax liability		
Accelerated capital allowances	(23,928)	(22,789)
Other short term timing differences	8,404	4,641
Intangibles	(509,082)	(386,197)
	(524,606)	(404,345)
Deferred Tax Liability Losses not recognised	230,868	169,816

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

10 INTANGIBLE ASSETS

	Software	*Non-Software intangibles*	*Development costs*	*Total*
	£	£	£	£
Cost				
At 1 Jan 2021	402,222	2,463,134	9,926,794	12,792,150
Additions	-	-	2,166,030	2,166,030
At 31 December 2021	402,222	2,463,134	12,092,824	14,958,180
Accumulated Amortisation				
At 1 Jan 2021	(392,359)	(2,463,134)	(7,894,481)	(10,749,974)
Charge for the year	(4,737)	-	(2,162,021)	(2,166,758)
At 31 December 2021	(397,096)	(2,463,134)	(10,056,502)	(12,916,732)
NBV at 31 Dec 21	5,126	-	2,036,322	2,041,448
NBV at 31 Dec 20	9,863	-	2,032,313	2,042,176

11 FINANCIAL ASSETS - COMPANY

	Year ended Dec 2021	*Year ended Dec 2020*
	£	£
Investments		
Cost and net book value at 1 Jan	145,752	145,752
Cost and net book value at 31 Dec	145,752	145,752

The subsidiary undertakings of the Company all of which are 100% directly or indirectly owned, as at 31 December 2021, are set out below. All shareholdings are in ordinary shares:

Company	Country of incorporation	Principal activity
Caplin Systems Limited	England	Development and sale of software for financial instruments and related services
Caplin Systems, Inc	USA	Non-trading
Caplin Systems (Singapore) Pte Ltd	Singapore	Non-trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

12. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use asset	*Leasehold improvements*	*Fixtures & fittings*	*Office equipment*	*Total*
	£	£	£	£	£
Cost					
At 1 January 2021	673,915	428,100	232,273	680,242	2,014,530
Additions – other	-	-	-	91,287	91,287
Disposals	-	-	-	(3,247)	(3,247)
At 31 December 2021	673,915	428,100	232,273	768,282	2,102,570
Accumulated Depreciation					
At 1 January 2021	(246,238)	(168,852)	(190,070)	(572,996)	(1,178,156)
Charge for the year	(155,518)	(107,026)	(29,967)	(88,355)	(380,866)
Disposals	-	-	-	1,846	1,846
At 31 December 2021	(401,756)	(275,878)	(220,037)	(659,505)	(1,557,176)
Net book value at 31 Dec 21	272,159	152,222	12,236	108,778	545,394
Net book value at 31 Dec 20	427,677	259,248	42,203	107,246	836,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

13. LEASE LIABILITY

The Group 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 Group and adjusted specifically to the lease term (7.29%).

Leases amounts recognised in the statement of financial position:

Right-of-use assets	*2021* £	*2020* £
Buildings	272,158	427,677
	272,158	427,677
Lease liabilities		
Current	415,229	393,662
Non-current	99,582	424,186
	514,811	817,848

	2021 £	*2020* £
Amounts recognised in the statement of Comprehensive Income relating to leases:		
Depreciation charge of right-of-use assets	155,519	155,519
Interest expense (included in finance cost)	63,566	66,649
Expense relating to leases of low value assets	1,948	974

The total cash outflow for leases in 2021 was £347,264.

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

	2021 £
2022	434,085
2023	101,286
Total	535,371
Less: present value adjustment	(20,560)
Lease liability	514,811

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

14. TRADE AND OTHER RECEIVABLES

	Group *2021* £	Company 2021 £	*Group* *2020* £	*Company* *2020* £
Trade receivables	2,383,244	-	2,041,556	-
Prepayments and accrued income	3,022,731	-	2,310,460	-
Other debtors	211,407	-	211,645	-
Amounts owed from fellow group undertakings	1,825,121	2,937,631	1,805,603	2,768,704
Corporation tax	572,769	-	594,245	-
VAT	-	-	-	100
	8,015,272	2,937,632	6,963,509	2,768,804

Amounts owed from fellow group and related undertakings are all unsecured non-interest bearing trade balances, repayable on demand.

Allowances for doubtful debts are determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. Provision for impairment is made through profit or loss in the statement of financial performance when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. The Group has recognised an allowance for doubtful debts £12,256 (2020: £10,499). Trade receivables are non-interest bearing and are generally on terms of 30-45 days.

Aged receivables past due but not impaired:

	2021 £	*2020* £
30 – 90 days	1,160,721	1,803,402
91 – 120 days	-	-
120 days plus	-	-
	1,160,721	1,803,402

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

15. TRADE AND OTHER PAYABLES

	Group 2021 £	*Company 2021* £	*Group 2020* £	*Company 2020* £
Trade creditors	304,884	-	141,051	-
Other tax and social security	297,495	-	242,198	-
Accruals	322,606	-	409,203	-
Other creditors	40,646	55	32,350	56
	965,631	55	824,802	56

Trade creditors are stated at amortised cost, which approximates to fair value given the short term nature of these liabilities. Trading balances are all due within one year, unsecured and interest free.

16. LOANS AND BORROWINGS

Group	*Current* £	*Non- Current* £	*Total* £
Other borrowings 2021	136,875	35,955	172,830
Other borrowings 2020	126,403	172,831	299,234

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

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Group and Company

Financial risk
The Group's multinational operations expose it to various financial risks that include credit risk, liquidity risk, currency risk and interest rate risk. The Group has a risk management program in place which seeks to limit the impact of these risks on the financial performance of the Group.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing the risk, and the Group's management of capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (Continued)

Financial risk (continued)

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively.

(i) Credit risk

Exposure to credit risk
Credit risk arises from credit extended to customers and associates arising on outstanding receivables and outstanding transactions as well as cash and cash equivalents and deposits with banks and financial institutions.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a large exposure to the financial services industry and the credit risk profile of the Group could be adversely affected by significant changes in that industry.

The Group has detailed procedures for assessing and managing the credit risk related to its trade receivables based on experience, customer's track record and historic default rates. The Group actively follows up on all overdue debtors. The aging profile and the details of the provision are given in note 14 to the financial statements.

Financial instruments, cash and short term bank deposits
Financial instruments, cash and short term bank deposits are invested with institutions with the highest credit rating with limits on amounts held with individual banks or institutions at any one time.

The carrying amount of financial assets, net of impairment provisions represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end is the carrying value of the assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

It is the policy of the Group to have adequate committed undrawn facilities available at all times to cover unanticipated financing requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (Continued)

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

2021

	Carrying value	*No set maturity*	*Less than one year*	*One to five years*	*Over five years*
	£	£	£	£	£
Trade and other payables	965,631	-	965,631	-	-
Lease liability	535,371	-	434,085	101,286	-
Other borrowings	182,176	-	145,740	36,435	-
	1,683,178	-	1,545,456	137,721	-

2020

	Carrying value	*No set maturity*	*Less than one year*	*One to five years*	*Over five years*
	£	£	£	£	£
Trade and other payables	2,096,932	-	2,096,932	-	-
Lease liability	887,851	-	439,297	448,554	-
Other borrowings	327,916	-	145,740	182,176	-
	3,312,699	-	2,681,969	630,730	-

(iii) Market risk

Market risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, and interest rates. It will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's risk management strategy is to manage and control market risk exposures within acceptable parameters, while optimising the return earned by the Group.

The Group has two types of market risk namely currency risk and interest rate risk each of which are dealt with as follows:

Currency risk
Foreign exchange risk arises from assets and liabilities denominated in foreign currencies. Management requires all Group companies to manage their foreign exchange risk against their functional currency.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue is denominated in a foreign currency and the Group's net investments in foreign subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (Continued)

(iii) Market risk (continued)

Overall the Group seeks to hedge its foreign exchange exposure by matching the income and liabilities in each currency and additionally financing any acquisitions of significant transactions in the currency of the acquired entity or acquired asset.

The Group's material exposures to foreign currency risk for amounts not denominated in the functional currency of the relevant entities at the balance sheet date were as follows:

	AUD £	*EUR* £	*USD* £
Cash and cash equivalents	68	13,821	10,484
Gross balance sheet exposure	68	13,821	10,484

A 5% strengthening or weakening of the exchange rates in respect of the translation of amounts not denominated in the functional currency of relevant entities into the functional currency would impact on the profit before tax by the amounts shown below. This assumes that all other variables remain constant.

Impact on profit before tax	*AUD* £	*EUR* £	*USD* £
Impact of 5% strengthening	3	691	524
Impact of 5% weakening	(3)	(691)	(524)

Fair values and levelling
For all material categories of financial assets and liabilities the carrying amounts are reasonable approximations of fair values. Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

18. NET CASH RECONCILIATION

Net cash reconciliation	*2021* £	*2020* £
Cash and cash equivalents	1,263,795	1,765,674
Other borrowings	(172,830)	(299,234)
Lease liabilities	(514,811)	(817,848)
Net cash	576,154	648,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

18. NET CASH RECONCILIATION (Continued)

Movement in net cash

	Liabilities from financing activities		*Other assets*	
	Other borrowings	*Lease liabilities*	*Cash and cash equiv.*	*Total*
	£	£	£	£
At 1 Jan 2021	(299,234)	(817,848)	1,765,674	648,592
Cashflows	145,740	347,264	(519,281)	(26,277)
Other changes	(19,336)	(44,227)	-	(63,563)
Net foreign exchange difference	-	-	17,402	17,402
At 31 December 2021	(172,830)	(514,811)	1,263,795	576,154

Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

19. CALLED UP SHARE CAPITAL

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

Allotted, called up and fully paid	*2021 No.*	*2020 No.*	*2021 £*	*2020 £*
Ordinary shares of £0.0001 each	23,048,720	23,048,720	2,304	2,304
Series 'A' shares of £0.0001 each	1,579,229	1,579,229	158	158
Series 'B' preference shares of £0.0001 each	7,577,825	7,577,825	758	758
Series 'C' preference shares of £0.0001 each	100	100	-	-
	32,205,874	32,205,874	3,220	3,220

All shares rank pari passu apart from on a return of assets where the series 'B' preference shares will receive the first £2,000,000 and the following £2,491,543 split between the series 'A' preference shares and series 'C' preference shares, issued in the proportion of 80:20 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

19. CALLED UP SHARE CAPITAL (Continued)

CAPITAL MANAGEMENT
For the purpose of the Group'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 Group's capital management is to maximise the shareholder value. The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans.

SHARE PREMIUM ACCOUNT
This reserve records the amount above the nominal value received for shares sold, less transaction costs.

20. CAPITAL COMMITMENTS

At 31 December 2021, amounts contracted for but not provided in the financial statements for the acquisition of property, plant and equipment amounted to nil (2020: nil).

21. RELATED PARTY TRANSACTIONS

Key management personnel of the Group, being senior management and the directors of the entity, received the following remuneration:

	Year ended Dec 2021	*Year ended Dec 2020*
	£	£
Salaries and other short-term employee benefits	671,382	722,083
Pension contributions	54,771	41,783
	726,153	763,866

The Group and Company has availed of the exemption provided in International Accounting Standard 24 "Related Party Disclosures" for wholly owned subsidiary undertakings from the requirements to give details of transactions with entities that are part of the Group or investees of the group qualifying as related parties.

22. PENSION COMMITMENTS

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge representing contributions payable by the Group to the schemes in 2021 amounted to £434,598 (2020: £397,356). Contributions payable to the fund at the year-end date amounted to £40,447 (2020: £32,743).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2021 (Continued)

23. PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The Company's immediate parent undertaking is Caplin Technologies Limited, a company registered in Ireland.

At 31 December 2021, the Company's ultimate parent entity undertaking 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 Group are consolidated is that headed by Lab49 Consulting Holdings Limited, a company registered in Ireland. Consolidated financial statements are available to the public and may be obtained from Companies Registration Office.

24. EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

There are no significant events since the statement of financial position date.

25. 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 2021 on 31st August 2022.