VYSIION LIMITED

Annual Report and Financial Statements

For the year ended 31 January 2022

Company Registration Number 03208975

Contents

Directors, Officers and Advisers

Directors:
Mr S Acott
Mr P Clapton
Mrs C A Griffin
Mr A G Morris
Mr L F Wade
Mrs V J Cook (resigned 18th April 2022)

Independent Auditor:
Grant Thornton UK LLP
Chartered Accountants & Senior Statutory Auditor
30 Finsbury Square
London
EC2A 1AG

Registered Office:
100 Leman Street
London
E1 8EU

Bankers
HSBC Bank plc
Unit 6, The Lock,
Canal Walk
Swindon
SN1 1LD

Solicitors
DAC Beachcroft LLP
100 Fetter Lane
London
EB4A 1BN

Company registration number:
03208975

Strategic Report

The directors are pleased to present the strategic report for the business, for the year ended 31st January 2022.

Business Review & FY 2021/22 Performance

As Vysiion completed its second year of trade since being acquired by Exponential-e Ltd, it is pleased to report YoY revenue growth of 22%, with a total turnover of £26.4m. This strong performance was underpinned by a strengthened contracted base of recurring Managed Service revenue, growing by 55% to £18.3m.

The principal activities of the business continue to be the provision of IT & Network solutions, products and services, predominantly into the Defence, Blue Light & Critical National Infrastructure verticals, along with a number of private sector clients.

A significant part of the Company's growth has come from increased engagement with an expanding client base within the Defence and Utilities verticals, with several key contract extensions, and net new project wins, contributing towards in-year revenue.

In February 2022, Vysiion was awarded a new, multi-million pound contract in the Defence sector. This is a strategic win, and will contribute additional service revenue and growth in FY 2022/23.

Like all businesses, Vysiion has had to navigate the economic stress and challenge of post Covid-19 lockdowns, the impact of BREXIT, and wider global issues. These factors have created recruitment challenges, inflationary pressures, and supply chain shortages.

Whilst Vysiion hasn't been immune to this turbulence, the Company has benefited from a sales strategy that aligns with the UK Government's National Infrastructure Strategy (NIS), and digital strategy for defence. This focus on the Public and CNI sectors has meant the impact from these external events has been somewhat diluted, and the business has been able to successfully deliver services and maintain growth throughout the year.

As the business has expanded, it has been able to take advantage of previous investment in structure and process and benefit from economies of scale. This has improved productivity and, combined with the growth in managed services revenue which utilises this investment, has resulted in improved margins and increased profitability, with Underlying EBITDA growing 81% to £8.0m.

At the end of FY 2021/22, in order to further augment the benefits of its acquisition by Exponential-e and to align more closely with Exponential-e's 5.0 strategy, a second phase of 'soft' integration between the two businesses was initiated, following the integration of back office functions such as Finance & HR in phase one. By more closely aligning processes, systems & key teams such as sales, service desk, and service delivery within the data centre, the business will be better placed to take advantage of opportunities in the market, as well as providing a more efficient, and effective, service to customers.

As the Exponential-e Group continues to mature, where the solutions being provided to customers are becomingly increasingly complex, and as a natural progression to support growth, a decision was taken to transition the preparation of the Group's financial statements from the framework of UK Generally Accepted Accounting Principles (UK GAAP), to International Financial Reporting Standards (IFRS). As such, these financial statements are presented under the FRS 101 Reduced Disclosure Framework, and upon first-time adoption of IFRS there is a restatement of FY 2020/21 figures. The impact on Vysiion's presentation of financial results is outlined in detail below on page 6 and in Note 25.

Vysiion Limited

Key Performance Indicators

	Year to 31 Jan 2022	Year to 31 Jan 2021
Sales - 1st year revenue[1]	£15,024,522	£15,252,981
Sales - Total Contract Value[2]	£17,866,173	£18,823,509
Revenue	£26,385,506	£21,574,151
Gross Profit	£16,545,719	£11,850,867
Gross Profit %[3]	62.7%	54.9%
Underlying EBITDA[4]	£8,032,524	£4,447,832
Profit Before Tax	£3,892,101	£650,318
Average Headcount[5]	152	145
Net Promoter Score (NPS)[6]	84	77

Definition of alternative performance measures:

[1] Sales - First Year Revenue is the value of new contracts won, measured as the expected revenue relating to the first year of the contract

[2] Sales - Total Contract Value is the total value of new contracts won

[3] Gross Profit % is defined as Gross Profit / Revenue expressed as a % (both as disclosed in the Consolidated Statement of Comprehensive Income)

[4] Underlying EBITDA is earnings before interest, tax, depreciation & amortisation excluding non-recurring gains / (expenses) & other operating income

[5] Average Headcount is the average number of persons employed by the Group during the year (as disclosed in note 5)

[6] Average Net Promoter Score is a customer satisfaction metric measured as the average of scores received from customers during the year

Whilst sales of new Vysiion contracts remained flat year-on-year in FY 2021/22, the efforts of the Vysiion sales and pre-sales teams contributed approx. £7m of 1st year revenue (£19m TCV) of Exponential-e contracts in addition to the figures shown above, including securing a high value contract in the Health sector. So, whilst not contributing to the Vysiion financial results, this enlarged sales performance benefits the Group and demonstrates the additional capability and value that has come from Exponential-e's acquisition of Vysiion.

With an increasing base of recurring revenue contracts, total revenue growth was 22% year-on-year.
As Vysiion continues to expand the value & services it provides to its customers, the types of products & services delivered in FY2021/22 has migrated towards a higher value-add service offering compared to prior years. This has resulted in an increased recurring revenue base, utilising investments made in the business to date, and when combined with the productivity improvements noted on page 4, this has resulted in a significantly improved Gross Profit %, Underlying EBITDA and PBT performance. The productivity gains were in part due to a relatively constrained headcount, with average headcount growth controlled at 5% year-on-year, compared to a 22% growth in revenue. Like all businesses in the technology sector, Vysiion has encountered challenges with recruitment in the post-Covid market, and whilst alert and attentive to the problem, this is recognised as a risk to the business as it looks to meet its FY 2022/23 growth target.

In FY 2020/21, Vysiion introduced a 'live' Net Promoter Score, mirroring that of its parent company Exponential-e. This allows the business to measure customer satisfaction in 'real time', to ensure the business continually maintains its focus on exceptional customer delivery. The NPS score will provide an invaluable measurement of performance as the business grows, as well as offering customers with a quickfire method of providing feedback.

Vysiion Limited

IFRS Transition

The date of transition to IFRS was 1 February 2020. Below are the key drivers of the movement from the previously reported UK GAAP (FRS 102) financials.

In terms of our balance sheet, the IFRS transition negatively impacted our Net Asset position, due to deferred recognition of revenues under IFRS 15, compared to UK GAAP. Cumulatively this has resulted in a £1,431,573 reduction in retained earnings at the point of transition.
Whilst Net Assets have reduced significantly versus UK GAAP, on the other hand this provides a stronger recurring contract base in FY 2021/22 and beyond, affording the Company improved visibility of revenue growth in the future.

Much of the movement in Profit Before Tax in FY 2020/21 & FY 2021/22, is driven by revenue. IFRS 16 has also had a significant impact on PPE & lease liabilities, as well as the application of IFRS 3 impacting Goodwill relating to the historic acquisition of IT Solutions 4 Business Ltd. Further details and the reconciliations between the previously reported UK GAAP (FRS 102) numbers to those presented under IFRS are given in note 25.

Net Assets Movement	**UK GAAP**	**IFRS**	**Movement**
Feb 20	(£1,383,222)	(£2,814,795)	(£1,431,573)
Jan 21	£1,380,357	(£916,428)	(£2,296,785)
Jan 22	£3,695,979	£2,308,889	(£1,387,090)

Revenue Movement	**UK GAAP**	**IFRS**	**Movement**
FY 2020/21	£23,535,665	£21,574,151	(£1,961,514)
FY 2021/22	£25,249,368	£26,385,506	£1,136,138

PBT Movement	**UK GAAP**	**IFRS**	**Movement**
FY 2020/21	£2,146,675	£650,318	(£1,496,357)
FY 2021/22	£2,857,057	£3,892,101	£1,035,044

Future Developments - Edge to Core & 5.0

Vysiion designs, delivers and supports end-to-end solutions and resilient infrastructure in support of critical applications and systems. The business offers a broad spectrum of services, ranging from the installation and management of edge devices, to the design and delivery of critical network infrastructure, cyber security, and IT systems.

With proven capability in delivering large scale Information & Operational Technology projects and services to customers, the directors consider Vysiion to be well positioned to respond to the growing demand for an increasingly connected and sustainable society, particularly where large-scale investment in technology continues in developing areas such as renewable energy, and the update of digital assets within the defence, utility, and transport sectors, smart cities, and manufacturing.

Vysiion's expertise, experience and accreditations in these areas provides a unique opportunity to secure future contracts and growth, and align our products and services to meet the current and emerging demands of an investing customer base.

Vysiion Limited

Vysiion will play a key role in the Exponential-e Group's 5.0 strategy, a 4-year transition programme, which sets out the roadmap for the introduction of an innovative next generation product and services portfolio, and transformation of internal processes, that will drive a stepped increase in growth.

Vysiion provides pathways into key market verticals, and can take these new "5.0" Group-derived products and services, into customers and industries within Defence, Blue Light, Central Government & CNI verticals, where there is appetite and demand for widescale 'digital transformation'.

Vysiion continues its focus on delivering services to key market verticals:

Critical National Infrastructure – the delivery of both IT and OT technology into the Utilities and Renewable Energy sectors, Central Government departments such as HMRC, Bank of England & Home Office, and local Government, in support of their digital aspirations, smart cities, and transport networks

Defence – the delivery of IT & Cyber services, including both direct engagement and delivery through established blue-chip tier 1 system integrators and EPC's

Blue Light – leveraging off an existing multi-million pound 24/7 support contract with the NHS Ambulance Service, Vysiion will focus on sales growth driven by further technology enhancements and ultimate ambitions of ESN

Private Sector – the delivery of various services, including Datacentre and IT Managed Services, to a wide variety of private sector clients

Principal Risks and Uncertainties

i. Macro-economic

In the past year, we have seen the geo-political climate changing dramatically with the Russian invasion of Ukraine. This is having clear adverse effects in the UK and European economies such as increasing inflation, particularly in the areas of energy/food security, supply chain movement of goods and services, and cybersecurity issues. Inevitably, the price of goods and services across the board is being impacted and we are starting to witness many of the large hardware and software vendors raising their prices by up to 20%.

Whilst it is impossible to avoid the impact of inflation and supply chain delays, Vysiion seeks to minimise the risk in these areas by reducing the length of quote-validity, to allow for a quicker response to volatile market prices, as well as keeping customers informed from an early stage of delays and potential price increases.

ii. Staff retention & recruitment

As the economy started to return to work following Covid-19 lockdowns, all UK companies have been impacted with what became known as 'the great resignation.' Many people have chosen to change employer or retire. Combined with the impact of many European workers returning to their home countries following BREXIT, every sector of the UK economy began to suffer from severe staff shortages in all areas of their businesses.

Competitors looked to head-hunters to entice staff away from companies like Vysiion and the market for technology-skilled workers saw salary inflation of 20-40%. Moving forward this is one of the biggest challenges to our growth prospects and indeed, to all companies in the UK. Staff recruitment and retention is giving rise to unprecedented salary inflation in the technology sector and weighing heavily against growth and productivity gains.

The impact of 'the great resignation' has also been impossible to avoid, and is likely to continue to impact the business in the short term. Vysiion seeks to mitigate this risk by providing continued development opportunities for talented and ambitious employees, both within Vysiion and the wider Exponential-e Group, along with a trainee programme that will allow us to recruit and develop new talent.

As part of the continued integration between Vysiion and its parent company, employment benefits will be harmonised between the two companies, resulting in an enhanced and more attractive benefits package to both existing staff and new recruits.

iii. Technology sector specific

The directors have experience operating in the fast-moving technology sector, where the pace of product and service obsolescence is high. To mitigate this risk, the management team continually review the market drivers that justify investment, assessing the size of current and emerging opportunities, to ensure they have the skills, products, and services, to meet demand.

This analysis considers three topical challenges faced by all private and public sector organisations, efficiency, sustainability, and regulatory, and how technology will help solve them. By understanding what is driving and justifying investment decisions, Vysiion can continually adapt and refine their propositions.

Smart and IoT technology, two topical subjects, cut across the core market verticals that Vysiion focus on. They have huge potential and create an increased need for connectivity, security of edge devices, and the ongoing demand for Software Defined Networking, Cloud Compute, Data Centre, and Support Services.

Cyber-security is an ever-present, and growing risk in all industries. Vysiion's pedigree has been built upon a backbone of Cyber excellence, delivering key services into highly secure and sensitive environments and industries, and the business continues to remain vigilant of any cyber-security developments, supported by its parent company's Cyber Security Operations Centre (CSOC).

iv. Financial

The Company uses financial instruments including items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the Company to a number of financial risks which are described in more detail below.

The main risks arising from the Company's financial instruments are price risk, currency risk, cash flow interest rate risk, liquidity risk, and credit risk. The directors review and agree policies for managing each of these risks and they are summarised as follows.

Price Risk

The directors manage risk on hardware sales by ensuring back to back quotation validity with our customers.

For service contracts, the price risk is managed by matching the prices of inputs to sales contracts where this is possible through the supply contracts.

Currency Risk

The Company continues to have limited exposure to foreign exchange risk, with a small number of USD creditor transactions up to $0.3m per annum and EURO creditor transactions up to €0.15m.

Cash Flow interest rate Risk

The Company finances its operations through a mixture of profits and bank financing. The bank finance is provided through an overdraft whereby the interest is fixed in advance of any usage.

Vysiion Limited

Liquidity Risk
The Company seeks to manage financial risk by regularly planning and monitoring payment obligations, to ensure sufficient liquidity is available to meet foreseeable needs. Short term flexibility is achieved by an overdraft facility of £0.75m and Parent Company borrowing.

Credit Risk
The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings. The principal credit risk arises, therefore, from its trade debtors.
Trade debtors are carefully managed by policies that govern the credit limits that are offered to customers and regular monitoring of the amounts due. As the company continues to grow, the distribution across customers continues to widen.

This report was approved by the Board and signed on its behalf.

Mr P Clapton
Director
Date: 11/10/2022

Vysiion Limited

Directors' Report

The directors present their annual report and financial statements for the year ended 31 January 2022.

Directors

The directors who served during the period and up to the date of signature of the financial statements were as follows:

Mr S Acott
Mr P Clapton
Mrs C A Griffin
Mr A G Morris
Mr L F Wade
Mrs V J Cook (resigned 18 April 2022)

Items covered in the Strategic Report

The business review includes a summary of recent financial performance, principal business activities and future developments on pages 4-7, and financial risk management disclosures are included within the Strategic Report on pages 8-9.

Going Concern

In considering the going concern assumption, the directors have reached their conclusion based on future trading forecasts as well as the balance sheet position at the date of signature of these financial statements. The financial statements report a net asset position of £2,308,889 (31 January 2021: -£916,428).
The 2022-23 forecast is for continued growth, supported by a strong pipeline of orders and deliveries, a strong base of ongoing long-term contracted revenue, and identification and targeting of new market segments and sales pipeline opportunities.

Vysiion provides a large number of services to 'Critical National Infrastructure' clients, including a number of public sector departments, where continued investment is required and therefore relatively unaffected by the economic volatility that predominantly affects the private sector. Vysiion has limited trade with the EU and therefore relatively little direct import & export exposure, and whilst the inflationary pressures in the economy are unavoidable, particularly impacting the cost of IT & Network hardware and power costs in Datacentres, Vysiion has a number of contracts that allow price increases to be passed through to customers, therefore providing insulation to the Company's margin profile. Whilst staff recruitment & retention remains a challenge in the current market, we are beginning to see early signs of this dissipating, and Vysiion seeks to mitigate this through a number of actions described in the strategic report.

The global shortage of microchips has had an impact on lead times of hardware delaying the delivery of elements of some projects. The business mitigates this risk by maintaining stockholdings of critical items, liaising closely with an expanded supplier base across the Exponential-e Group, and keeping customers informed of developments within the supply chain.

In spite of the risks above, Vysiion is comfortable that it has adequate facilities in place to meet its financial obligations as and when they fall due, with a cash balance of £3.3m as of 31 January 2022, no debt obligations, a £750k overdraft, and the support of its parent company Exponential-e Ltd. The Exponential-e Group has confirmed its intention to provide support to Vysiion should it be required in the going concern period.

A sensitivity analysis and stress test has been performed by Vysiion's parent company, Exponential-e, for both the Group and each individual entity, which assesses a range of outcomes of financial performance and cashflow for the 12 months following the date of signature of these financial statements.

The sensitivity analysis for Vysiion factors in two main drivers: new business sales measured as 'first year revenue', and the rate of customer cancellations. Having performed a reverse stress test it has been determined that the set of conditions required to result in the company not being able to operate as a going concern are extremely unlikely. As such the directors are confident that the assumptions underlying the Company's forecasts are reasonable and that the Company will be able to operate on a going concern basis.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

To the best of our knowledge:

- the group financial statements, prepared in accordance with UK Accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Directors' Indemnities

During the year there were no qualifying third-party indemnity provision policies or qualifying pension scheme indemnity provision policies in place.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that

Post balance sheet events

There have been no significant events affecting the company since the report date.

This report was approved by the Board and signed on its behalf.

Mr P Clapton
Director
Date: 11/10/2022

Company registration number: 03208975

Independent Auditor's Report to the members of Vysiion Limited

Opinion

We have audited the financial statements of Vysiion Limited (the 'company') for the year ended 31 January 2022, which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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 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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of 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 and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Vysiion Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and sector in which they operate. We determined that the following laws and regulations were most significant: Financial Reporting Standard 101 'Reduced Disclosure Framework in conformity with the requirements of the Companies Act 2006, and UK taxation laws.
- We understood how the Company is complying with those legal and regulatory frameworks by making inquiries of the finance team, including those responsible for compliance procedures, Human Resources and management. We corroborated our inquiries through our review of board minutes, walkthroughs performed with management and other supporting documentation.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - obtaining an understanding of the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - challenging assumptions and judgments made by management in its significant accounting estimates;
  - identifying and testing journal entries with our data interrogation software where each risk category was scoped with journals of large value, journals posted on or after 31st January 2022, journals with a blank description and journals by senior financial reporting personnel and material journals posted to cash being the key considerations;
  - testing the completeness of the company's related party transactions and testing that these transactions had a valid business purpose;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
  - held discussions with those outside the finance team including the group's in-house legal representatives.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations through the following:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation

- knowledge of the industry in which the client operates

- We enquired of management and the board, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. None were noted.

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

Paul Naylor

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 11/10/2022

Statement of Comprehensive Income

	Notes	2022	2021
		£	£
Revenue	2	26,385,506	21,574,151
Cost of sales		(9,839,787)	(9,723,284)
Gross profit		**16,545,719**	**11,850,867**
Other administrative expenses		(12,574,268)	(10,146,959)
Non-recurring gains / (expenses)	4	57,878	(790,241)
Total administrative expenses		(12,516,390)	(10,937,200)
Other operating income	3	15,763	91,069
EBITDA		8,106,165	3,748,660
Depreciation and amortisation		(4,061,073)	(2,743,924)
Operating profit	4	**4,045,092**	**1,004,736**
Interest income	6	14	21
Interest payable and similar charges	6	(153,005)	(354,439)
Profit before tax		**3,892,101**	**650,318**
Taxation	7	(666,784)	215,597
Profit / (loss) for the financial year		**3,225,317**	**865,915**

There were no other items of comprehensive income during the periods under review and hence the Group has not presented a separate statement of other comprehensive income.

Vysiion Limited

Statement of Financial Position

	Notes	At 31 January 2022 £	At 31 January 2021 £
Assets			
Non-current assets			
Goodwill	8	1,152,930	1,152,930
Intangible assets	9	491,882	310,194
Property, plant and equipment	10	1,919,623	2,033,035
Right of use assets	11	5,586,941	3,697,315
Deferred tax asset	7	314,565	714,686
		9,465,941	7,908,160
Current assets			
Inventories	12	676,135	269,130
Trade and other receivables	13	4,859,875	5,274,435
Cash and cash equivalents	14	3,273,894	1,072,700
		8,809,904	6,616,265
Current liabilities			
Trade and other payables	15	6,096,260	5,312,259
Lease liabilities	18	1,594,325	1,046,253
Current tax payable		130,118	-
Deferred income	16	2,810,822	2,954,003
		10,631,525	9,312,515
Non-current liabilities			
Provisions	17	25,743	706,399
Lease liabilities	18	4,087,572	2,674,108
Deferred income	16	1,222,116	2,747,831
Borrowings	19	-	-
		5,335,431	6,128,338
Net assets / (liabilities)		**2,308,889**	**(916,428)**
Equity			
Share capital	20	322,593	322,593
Share premium		986,731	986,731
Share based payment reserve	21	-	-
Capital redemption reserve		57,681	57,681
Retained earnings / (losses)		941,884	(2,283,433)
Shareholders' funds / (deficit)		**2,308,889**	**(916,428)**

The notes to these financial statements form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

Mr A G Morris
Director
Date: 11/10/2022

Vysiion Limited

Statement of Changes in Equity

	Share capital £	Share premium £	Share based payment reserve £	Capital redemption reserve £	Retained earnings / (losses) £	Total equity £
At 1 February 2020	147,121	940,025	2,286,072	57,681	(6,245,693)	(2,814,794)
Comprehensive income for the year						
Profit for the year	-	-	-	-	865,915	865,915
	-	-	-	-	283,018	283,018
Transactions with owners						
Issue of shares (note 20)	93,109	-	-	-	-	93,109
Conversion of debt to equity	82,363	46,706	-	-	-	129,069
Share based payments (note 21)	-	-	762,024	-	-	762,024
Deferred Tax adjustment	-	-	-	-	48,249	48,249
Unwind of SBP reserve	-	-	(3,048,096)	-	3,048,096	-
	175,472	46,706	(2,286,072)	-	3,096,345	1,032,451
At 31 January 2021	**322,593**	**986,731**	**-**	**57,681**	**(2,283,433)**	**(916,428)**
Comprehensive income for the year						
Profit for the year	-	-	-	-	3,225,317	3,225,317
	-	-	-	-	3,225,317	3,225,317
At 31 January 2022	**322,593**	**986,731**	**-**	**57,681**	**941,884**	**2,308,889**

Vysiion Limited

Notes to the financial statements

1. Principal Accounting Policies

1.1 Company information
Vysiion Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 100 Leman Street, London, E1 8EU.

1.2 Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention except for, where disclosed in the accounting policies, certain items which are carried at fair value.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

For the year ended 31 January 2022, The Company's financials have been included in the Group consolidation of Exponential-e Limited. The consolidated financial statements of Exponential-e Limited are prepared in accordance with IFRS and are available to the public and may be obtained from Companies House.

There were no material departures from the standards.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 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 paragraphs 17 and 18A 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;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

This is the Company's first set of financial statements prepared under FRS101. More information on the transition to FRS101 is presented in note 1.3 & note 25. The principal accounting policies set out below have been consistently applied to all periods presented.

The financial statements are presented in Sterling which is the functional currency of the Company and rounded to the nearest £.

The preparation of these financial statements requires management to make certain estimates and assumptions. Critical estimates and judgements are detailed in note 1.21 of these accounting policies.

The financial statements present the results of the Company for the 12 month periods ended 31 January 2021 and 31 January 2022.

1.3 FRS101 transition

The Company has adopted FRS101 for the first time in these financial statements. FRS102 was previously applied to all periods presented. The date of transition to FRS101 was 1 February 2020. The requirements of IFRS 1 'First-Time Adoption of International Financial Reporting Standards' have been applied.

IFRS 1 allows certain exemptions in the application of particular IFRS to prior periods in order to assist companies with the transition process. The exemptions applied are detailed in note 25. Comparative figures have been restated unless there is an exception to retrospective application required by IFRS 1 or the directors have taken advantage of any of the exemptions permitted by IFRS 1.

Further details and the reconciliations between the previously reported UK GAAP (FRS102) numbers to those presented under FRS101 are given in note 25.

1.4 Going Concern

In considering the going concern assumption, the directors have reached their conclusion based on future trading forecasts as well as the balance sheet position at the date of signature of these financial statements. The financial statements report a net asset position of £2,308,889 (31 January 2021: -£916,428).
The 2022-23 forecast is for continued growth, supported by a strong pipeline of orders and deliveries, a strong base of ongoing long-term contracted revenue, and identification and targeting of new market segments and sales pipeline opportunities.

Vysiion provides a large number of services to 'Critical National Infrastructure' clients, including a number of public sector departments, where continued investment is required and therefore relatively unaffected by the economic volatility that predominantly affects the private sector. Vysiion has limited trade with the EU and therefore relatively little direct import & export exposure, and whilst the inflationary pressures in the economy are unavoidable, particularly impacting the cost of IT & Network hardware and power costs in Datacentres, Vysiion has a number of contracts that allow price increases to be passed through to customers, therefore providing insulation to the Company's margin profile. Whilst staff recruitment & retention remains a challenge in the current market, we are beginning to see early signs of this dissipating, and Vysiion seeks to mitigate this through a number of actions described in the strategic report.

The global shortage of microchips has had an impact on lead times of hardware delaying the delivery of elements of some projects. The business mitigates this risk by maintaining stockholdings of critical items, liaising closely with an expanded supplier base across the Exponential-e Group, and keeping customers informed of developments within the supply chain.

In spite of the risks above, Vysiion is comfortable that it has adequate facilities in place to meet its financial obligations as and when they fall due, with a cash balance of £3.3m as of 31 January 2022, no debt obligations, a £750k overdraft, and the support of its parent company Exponential-e Ltd. The Exponential-e Group has confirmed its intention to provide support to Vysiion should it be required in the going concern period.

A sensitivity analysis and stress test has been performed by Vysiion's parent company, Exponential-e, for both the Group and each individual entity, which assesses a range of outcomes of financial performance and cashflow for the 12 months following the date of signature of these financial statements.

The sensitivity analysis for Vysiion factors in two main drivers: new business sales measured as 'first year revenue', and the rate of customer cancellations. Having performed a reverse stress test it has been determined that the set of conditions required to result in the company not being able to operate as a going concern are extremely unlikely. As such the directors are confident that the assumptions underlying the Company's forecasts are reasonable and that the Company will be able to operate on a going concern basis.

1.5 Revenue Recognition

Revenue represents the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

The Company applies the IFRS 15 principles-based, five step model to all contracts, as follows:

- Identify the contract with the customer
- Identify the distinct performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract, on a relative stand-alone selling price basis
- Recognise revenue when the entity satisfies its performance obligations

Managed Services

The majority of the Company's revenue is comprised of multi-period contracts for managed services. The Company provides customers with a variety of IT managed services, including network connectivity & monitoring services, provision of Cloud computing & Colocation, Cyber Security, and Helpdesk & Support services.

The Company enters into customer contracts to provide single or multiple service types, which are typically setup and commence at different points. Where contracts contain multiple service types, the Company considers each individual service to be a distinct performance obligation, which begins to be satisfied when the individual service goes live. This is on the basis the customer is able to benefit and use each service provided independently of the other services which have been promised in the contract.

The delivery of such services often comprises installation components such as the provision of professional services, consultancy and engineering services in order to setup and install the service. In such cases, the installation components are not deemed to constitute a distinct performance obligation because no distinct good or service is transferred to the customer, but instead are a necessary setup activity to enable the provision of the ongoing managed service. Therefore, amounts billed in respect of this part of the work are allocated to the service performance obligation to which they relate.

For such managed service contracts, the price allocated to each service line is based on its standalone selling price. Revenue is recognised on a straight-line basis over the contracted service period, as the customer benefits and consumes the service evenly over that time, and elements such as support are always available and utilised evenly over the contract term. Where facts and circumstances indicate that a price concession may be offered to a customer relating to a specific service, the price of that service is considered to be variable, and the value is estimated as being the amount of consideration to which the Company is likely to be entitled in exchange for the delivery of the service.

In its provision of managed services, the Company typically deploys hardware to either customer sites or its own sites, which is configured for use in providing the managed service.

Where such hardware is resold to the customer, and control passes to the customer, the sale of hardware is a distinct performance obligation and revenue is recognised as described in the 'Product Sales' section below.
In many cases, control of such hardware remains with the Company, and the Company may retrieve hardware at the end of a service contract and redeploy the hardware on subsequent contracts. The Company has made a judgement that the hardware it deploys is an integral part of the service delivery to the customer, and the deployment of such hardware is not considered to be a separate lease arrangement with the customer.

Some managed service contracts contain an element of usage-based charges, and customers may request additional services or changes in scope, both resulting in additional charges. Usage-based charges are typically billed in arrears, in the period subsequent to which the usage takes place, and revenue is therefore accrued in the month which usage takes place. For changes in scope or additional services, a new distinct contract is entered into, with revenue recognised as above.

Typically, installation activities are billed upon delivery of pre-agreed milestones, and ongoing managed service provision is billed monthly or quarterly in advance. Payment is generally due 30 days after invoice date. Where amounts billed to customers are in advance, a deferred income is recognised and released when the revenue is recognised. Where amounts billed to customers are in arrears, a contract asset is recognised and released when the revenue is billed.

Due to the homogenous nature of its lower-value managed service contracts, the Company has elected to apply the practical expedient in IFRS 15.4, and apply the Standard to a portfolio of contracts. To minimise the possibility of misstatement, the Company separately analyses a number of "bespoke" contracts deemed to be of a significant value or complexity and therefore having sufficiently different characteristics to be considered not part of the portfolio. For the remaining portfolio, whilst individual services within each contract may be installed and commence at different times, the Company uses an estimate of the commencement date for all services within the Portfolio, based on historic delivery data, in order to determine the date at which at which revenue recognition should begin. For further information regarding critical judgements in the consideration of performance obligations, identification of "bespoke" contracts, and the estimate of commencement date, see note 1.21.

When the initial term of a contract ends, if a customer does not terminate the original contract nor agree a renewal for a subsequent term, then the contract rolls beyond its initial term and ongoing billings continue at the same price and are recognised as earned. Where a contract is renewed for a subsequent term, a new commercial arrangement is agreed with the customer, often with new services or upgrades added or old services removed, and as such the contract renewal is a new contract comprising new performance obligations, with revenue recognised as outlined above. For the vast majority of contracts there are no material rights to account for at the outset of the initial contract.

Professional Services & Project Activities
The Company provides Professional Services activities, such as consultancy or engineering services, on a standalone basis and distinct from the provision of any managed service contract. In addition, the Company delivers project activities, often to install and configure IT or Networking infrastructure, but with no associated ongoing managed service provision. There is usually only one performance obligation, being the specified Professional Services or Project work.

In cases where there is a standalone Professional Services or Project engagement, with no ongoing service component, arrangements are assessed for whether control passes over the course of the work's performance or only when it is completed. If control passes as the work is performed, such that the customer receives and consumes benefits as work is performed or the Company has a right to payment for work completed to date, then this is reflected in revenue recognition over time; if control and benefits do not pass during delivery but only on completion then revenue is recognised on completion. Revenue recognised over time on Professional Services and Project activities is on an input basis, looking at the Company's costs incurred in providing the services as a percentage of anticipated total costs.

Professional Services and Project work are billed either in advance of the work being performed, or in arrears following completion of the project or pre-agreed delivery milestones. When revenue is billed in advance of the work being completed, a contract liability is recognised and released when the revenue is recognised. When revenue is billed in arrears, a contract asset is recognised and released when the revenue is billed. If revenue is billed following completion of a performance obligation, an unbilled receivable is recognised and released when the revenue is billed. Payment is generally due 30 days after invoice date.

Product Sales
The Company sells hardware & software licenses that is sourced from and delivered by multiple vendors and distributors. For such sales, there is a single performance obligation, being the delivery of the product as specified in the order.

Revenue is recognised at a point in time when control passes to the customer, that is, when the product is delivered to and received by the customer. Revenue is billed either in advance, or in arrears following delivery of the product, with payment generally due 30 days after invoice date.

Where the Company resells products to customers, an assessment is made as to whether the company is acting as principal or agent. This assessment is based on when control passes from the original supplier to the Company, and also takes into account other factors in IFRS 15 such as the Company's ability to set its own prices and its assumed responsibility for after sales support. There have been no situations identified, based on these assessments, where the directors have concluded that the Company is acting as agent rather than principal.

Costs to obtain and fulfil a contract

IFRS 15 requires incremental costs incurred to obtain a contract and costs to fulfil a contract not within the scope of another Standard, to be recognised as an asset and amortised over the period consistent with the transfer of services to the customer.

In obtaining contracts, the Company incurs commission costs payable to sales staff. These costs are capitalised as an asset and recognised as an expense only when the associated revenue is recognised. In fulfilling contracts, the Company incurs costs relating to the installation activities and setup of an ongoing managed service, such as 3rd party subcontracted works and professional services. These costs are capitalised as a contract asset and recognised as an expense only when the associated revenue is recognised.

1.6 Other Operating Income
Government grants received relating to the Covid-19 pandemic are included in other operating income in the same periods as the costs for which they are intended to compensate.

R&D tax claims made under the RDEC scheme are included in other operating income in the period in which the claim is made and received.

1.7 Non-recurring items
Non-recurring items are administrative expenses which, because of the nature and expected infrequency of events giving rise to them, merit separate presentation to allow stakeholders to

understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

1.8 Leases

The Company makes use of leasing arrangements for a variety of right-of-use assets, including Customer infrastructure and equipment, Datacentres rackspace, Office Buildings and Motor Vehicles, where the Company has a right to control the use of such identified assets for a period of time in exchange for consideration.

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is presented as a separate line in the statement of financial position, and is initially measured as the present value of the fixed & in-substance fixed lease payments not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are recognised in a separate category of Property, Plant and Equipment, and comprise the initial measurement of the corresponding lease liability, prepayments made on the lease at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

For Datacentre rackspace, Office Building and Motor Vehicles, the lease term used for calculating the future payments is based on the contractual period for which the Company can continue in the lease and would suffer penalties for terminating the lease earlier.

For Customer infrastructure and equipment, the Company typically enters into contracts with a rolling arrangement which allows ongoing use of a right-of-use asset beyond the initial contracted term. Due to the fact that Customer infrastructure and equipment is often utilised to deliver multiple services to multiple customers, and the Company has reasonable certainty that it will not exercise an option to terminate such leases at the end of the initial term, the Company estimates the lease term used for calculating the future payments of such leases.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with service charges at Office Buildings, and servicing and repair contracts in respect of motor vehicles. The Company has elected to utilise the practical expedient available in IFRS 16.15 to not separate its leases for Office Buildings & Motor Vehicles into lease and non-lease components and instead accounts for these contracts as a single lease component. For its other leases, the lease components are split into their lease and non-lease components based on their relative stand-alone selling prices.

Where variable lease payments occur, such as for power charges in the Company's Datacentres, these are recognised as expenses in the period in which they occur.

The lease liability is reassessed when there is a change in the lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset.

The Company has elected to apply the exemption available in IFRS 16 relating to leases of low-value assets on a lease-by-lease basis, and short-term leases for all classes of asset except Customer Infrastructure & Equipment and Motor Vehicles. This means that leases that meet these conditions would not give rise to lease liabilities or right of use assets and payments relating to these arrangements are recognised as expenses as they are incurred.

Interest rate for calculation of lease liabilities
In calculating the value of lease liabilities on transition to IFRS, it is necessary to use an appropriate rate to discount future lease payments. IFRS 16 requires that the calculation uses the interest rate implicit in the lease or, if this is cannot readily be determined, the lessee's incremental borrowing rate. The incremental borrowing rate has been estimated based on the cost to the Company of existing & proposed borrowings, adjusted to take into account the predicted cost of increasing the capital borrowed. As the majority of the Company's lease arrangements are for datacentre rackspace, the Company considers it reasonable to apply to the same incremental borrowing rate across all leases.

1.9 Pensions
The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense in the Statement of Comprehensive Income when employees have rendered service entitling them to the contributions. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.10 Share-based payments
The Company provides share-based payment arrangements to certain employees. Equity settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares that will vest. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period. The Company has no cash settled arrangements.

1.11 Taxation
1.11(a) Current taxation
Current taxation for the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date and includes adjustments to tax payable or recoverable in respect of previous periods.

1.11(b) Deferred taxation
Deferred taxation is calculated based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss, it is not recognised. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Current tax assets and liabilities and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.12 Goodwill

Goodwill is recorded as an intangible asset and is the surplus of the cost of acquisition over the fair value of identifiable net assets acquired. Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged to the Statement of Comprehensive Income.

In accordance with IFRS 3, goodwill is not amortised. In order to comply with IFRS 3, management are required to apply a true and fair override to paragraph 22 of schedule 1 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

1.13 Intangible assets

Intangible assets are capitalised at cost.

Intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years. The estimated useful lives range as follows:

Software development & licencing – 8 years
Support and maintenance agreements – straight line over the term of the associated customer contract

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the Statement of Comprehensive Income within other income or other expenses.

1.14 Property, plant and equipment

Items of property, plant and equipment under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is provided on the following basis:

Leasehold improvements - Straight line over life of the lease
Customer infrastructure and equipment – 4-8 years
Office equipment – 3-7 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.15 Impairment of non-financial assets
At each reporting date, the Directors review the carrying amounts of the Company's tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Goodwill is reviewed for impairment annually, and for other assets if any indication of impairment exists. For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Company at which management monitors goodwill.

In performing an impairment test, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows from each cash-generating unit are discounted to their present value using a suitable pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The data used for impairment testing procedures is directly linked to the Company's latest approved budget. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately, except for impairment losses on goodwill, which are not reversed.

Further information can be found in Note 8 of the financial statements.

1.16 Cash and cash equivalents
Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents include debit and credit card payments made by customers which are receivable from banks and clear the bank within three working days of the transaction date.

1.17 Provisions for liabilities
Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.18 Financial instruments
Recognition and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Except for trade receivables (which do not contain a significant financing component) that are initially measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable- this is not permitted for financial assets at fair value through profit or loss: instead, transaction costs are expensed as incurred).

Financial assets are classified into the following categories:
- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented, the Company does not have any financial assets categorised as FVOCI.

Subsequent measurement of financial assets
Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions:
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these financial assets are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, and trade and other receivables fall into this category of financial instruments.

Impairment of Financial Assets
In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model to be applied. The expected credit loss model requires the Company to account for expected credit losses ("ECL") and changes in the ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

IFRS 9 requires the Company to recognise a loss allowance for ECL on trade receivables.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL.

Trade receivables
The Company's trade receivables, which are measured at amortised cost, are grouped based on the ageing of the receivable and assessed for impairment based on the historical experience of recovery of aged balances for each ageing bucket to predict lifetime ECL, applying the simplified approach set out in IFRS 9. The segmentation used is reviewed periodically to ensure it is still appropriate. The percentage loss expectation to be applied to each bucket is revisited annually.

Classification and measurement of financial liabilities
The Company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income are included within finance costs or finance income.

Trade and other payables
Trade and other payables, like other liabilities at amortised cost, are initially measured at fair value, which is the transaction price.

Borrowings
Bank and other loans, and loan notes, are classified as financial liabilities at amortised cost and treated in line with the Company's policies for this type of liabilities.

Where borrowings are renegotiated, the present value of the expected cash flows under the revised arrangement is compared to the previous present value to determine whether the change is dealt with prospectively as a modification to the terms of the existing loan or as the cancellation of one arrangement and issue of another.

1.19 Equity

Equity comprises the following:

- "Share capital" represents amounts subscribed for shares at nominal value.
- "Share premium" represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- "Share-based payment reserve" represents the accumulated value of share-based payments.
- "Retained earnings / losses" represents the accumulated profits and losses attributable to equity shareholders.
- "Capital redemption reserve" represents shares repurchased by the Company.

1.20 International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Company. For the next reporting period, applicable International Financial Reporting Standards will be those endorsed by the UK Endorsement Board (UKEB).

Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, these financial statements, the following could potentially have a material impact on the Company's financial statements going forward:

New/Revised International Financial Reporting Standards		Effective Date: Annual periods beginning on or after:	UKEB adopted
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023	No
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023	No
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	No
Various	Amendments to • IFRS 3 Business Combinations; • IAS 16 Property, Plant and Equipment; • IAS 37 Provisions, Contingent Liabilities and Contingent Assets • Annual Improvements 2018-2020	1 January 2022	No
Various	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021	Yes

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

There are no other standards and interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets of the Company.

1.21 Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. These are continually evaluated and are based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances.

Under IFRS estimate or judgements are considered critical where they involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities from period to period. estimation methods or assumptions could reasonably have been used.

Critical Accounting Judgements

Revenue recognition
Identification of performance obligations
As described in the accounting policy note, contracts with customers have been analysed into their underlying performance obligations. The identification of distinct performance obligations is a matter of judgement, in particular the assessment of whether a whole combined contract should be analysed as a single performance obligation or an aggregation of many performance obligations. Whilst the Company's commitment is to provide all services contained within the combined contract, due to the fact that typically each individual service within a contract commences at different points in time and the customer is able to consume benefit from each individual service as it is delivered, management therefore determine that each individual service is a distinct performance obligation.

Identification of Bespoke Contracts vs Portfolio Contracts
As described in the accounting policy note, management have applied the practical expedient in IFRS15.4 to a portfolio of contracts.

Management have had to make a critical judgement over which contracts fall within the portfolio of 'standard' contracts and which have sufficiently different characteristics to be considered not part of this portfolio and requiring separate assessment. To make this assessment, Management assess the total contract value, the transaction price allocated to the installation activities, and the number of services promised within a contract.

Where bespoke contracts have been identified from applying judgements above these contracts are reviewed on an individual contract basis, to determine the performance obligations, allocate the installation revenue to the relevant services and recognise revenue as each performance obligation has been satisfied.

Critical Accounting Estimates

Estimate of commencement dates of services for portfolio contracts
As described in the accounting policy note, for a portfolio list of contracts, management have estimated the service commencement date of these services.

The weighted average period to setup a service (from contract signature to commencement date) has been calculated using historical data.

This weighted average period is applied from the contract signature date, to determine the date at which revenue recognition commences for the installation and setup fees charged to a customer at the outset of the contract.

Management have used this approach for the portfolio contracts as it would be impracticable to determine and apply the exact service commencement date of each service and allocate a specific element of the upfront fees to each individual performance obligation. For the majority portfolio contracts, the managed services will be live and being used by the customer by the end of the average implementation period. While individual services will go live at different dates, the timing difference has been determined not to have a material impact on revenue. As explained above, a more detailed approach is taken for bespoke contracts where the setup and range of services provided mean the setup time is over a longer period of time. The Company reviews the weighted average on an annual basis at each end of financial year period

Vysiion Limited

Notes to the financial statements

2. Revenue

There were no amounts at any reporting date of revenue that had been contractually agreed but not yet performed or cash received.

Revenue arose as follows:

	2022	2021
	£	£
UK	26,222,260	21,148,793
Rest of the world	163,246	425,358
	26,385,506	**21,574,151**

Revenue from customers is disaggregated between contract types as follows:

	2022	2021
	£	£
Point in time:		
Product sales	4,746,011	5,189,220
Over time – provision of services:		
Installation and project activities	3,355,630	4,554,971
Managed service arrangements	18,283,865	11,829,960
	26,385,506	**21,574,151**

Details of receivables arising from contracts with customers are set out in note 13.

3. Other operating income

	2022	2021
	£	£
R&D Tax credit	15,763	-
Government grants	-	91,069
	15,763	**91,069**

Government grants relate to claims made by the Company under the Coronavirus Job Retention Scheme during the Covid-19 pandemic.

Vysiion Limited

4. Operating Profit

	2022	2021
	£	£
Operating Profit is stated after charging / (crediting):		
Cost of sales:		
Cost of stock & services recognised as an expense	6,841,802	8,079,289
Variable lease payments	472,320	339,733
Right of use depreciation	329,994	226,807
Owned assets depreciation	1,184,368	484,775
Amortisation	1,011,303	592,680
Administrative expenses:		
Right of use assets depreciation	1,285,415	1,266,073
Owned assets depreciation	237,598	155,292
Amortisation	12,528	25,834
(Profit)/loss on disposal of right of use assets	-	(20)
(Profit)/loss on disposal of owned assets	(133)	(7,517)
Employment costs	8,024,211	6,854,200
Other administrative expenses	2,973,706	1,816,699
Foreign exchange (gains) / losses	(1,287)	(682)
Auditors remuneration:		
- Audit of the Company	42,230	37,080

Non-recurring gains / (expenses) arose as follows:

	2022	2021
	£	£
Severance Costs	-	(139,589)
Acquisition Related Costs	-	(40,861)
Provision for Onerous Contract	57,878	152,233
Share-based payment expense	-	(762,024)
	57,878	**(790,241)**

The non-recurring gains / (expenses) consist of the following:

- Severance costs are a one-off cost relating to the redundancy of senior staff following Vysiion's acquisition by Exponential-e
- Acquisition Related Costs are one-off costs incurred due to the process of selling the Company to Exponential-e
- Provision for Onerous Contract relates to the release of surplus provision relating to the cost of outsourced service delivery for a loss-making customer contract
- Share-based payment expense relates to the exercise of share options granted to employees which vested upon acquisition of the Company by Exponential-e

5. Directors and employees

The aggregate payroll costs of the employees, including management and the Executive Directors, were as follows:

	2022 £	2021 £
Wages and salaries	7,009,766	6,053,278
Share based payments	-	762,024
Social security	743,105	646,291
Cost of defined contribution scheme	271,340	242,041
	8,024,211	**7,703,634**

Average monthly number of persons employed by the Company during the year was as follows:

	2022 £	2021 £
Sales & sales administration	13	11
Service delivery & engineering	124	119
Management & administration	15	15
	152	**145**

	2022 £	2021 £
Remuneration of Directors		
Emoluments and fees for qualifying services	254,504	378,581
Services remunerated through parent	450,453	213,655
Contributions to defined contribution scheme	26,991	26,261
	731,948	**618,497**

Key management personnel are identified as the Company's Board of Directors.

During the year retirement benefits were accruing to 2 Directors (2021: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £149,749 (2021: £134,511) and the company paid pension contributions on his behalf of £26,991 (2021: £19,413).

6. Finance income and expense

Finance income

	2022 £	2021 £
Interest received on deposits	14	21
	14	**21**

Finance expense

	2022 £	2021 £
Other interest on financial liabilities	1,774	5,844
Loan interest	-	28,311
Interest on intercompany loan	-	217,194
Interest expense on lease liabilities	151,231	103,090
	153,005	**354,439**

7. Taxation

	2022 £	2021 £
Current tax:		
UK corporation tax based on the results for the year	140,569	-
UK corporation tax – prior year adjustments	(16,530)	-
Group relief payable / (receivable)	142,624	(30,581)
	266,663	**(30,581)**
Deferred tax:		
Origination and reversal of temporary differences	614,202	86,983
Adjustments in respect of prior periods	11,609	-
Deferred tax – effect of increased/decreased tax rate on opening balance	(225,690)	-
Recognition of previously unrecognised deferred tax assets	-	(271,999)
	400,121	**(185,016)**
Total tax expenses / (credit)	**666,784**	**(215,597)**

Vysiion Limited

Factors affecting the actual tax charge for the year and the standard rate of corporation tax applied to profits for the year are as follows:

	2022	2021
	£	£
Profit / (loss) before tax	**3,892,101**	**650,318**
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (all periods)	739,499	123,560
Effects of:		
Expenses not deductible for tax purposes	3,489	303,070
Income not taxable	-	-
Fixed asset differences	7,210	-
Adjustments to tax charge in respect of prior periods	(16,530)	581,245
Adjustments to tax charge in respect of prior periods – deferred tax	11,609	-
Other differences	-	(433,705)
Unrecognised deferred tax movement	-	(789,767)
Deferred tax (charged)/ credited to equity	-	-
Effect of change in tax rates	(78,493)	-
Total tax expense / (credit)	**666,784**	**(215,597)**

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised in equity:

	2022	2021
Share Options	£	£
Current tax (credit)	-	(48,249)

An increase in the UK corporation tax rate from 19% to 25%, effective 1 April 2023, was substantively enacted on 24 May 2021. A such, deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the year end of 25%.

Deferred tax asset

	Advanced capital allowances	Intangible assets	Other temporary differences	Leases	Tax Losses	Total
	£	£	£	£	£	£
At 31 January 2020	(31,925)	-	271,820	-	289,775	529,670
Credit / (charge) to the income statement	55,266	(14,222)	341,317	17,924	(215,269)	185,016
At 31 January 2021 (restated)	**23,341**	**(14,222)**	**613,137**	**17,924**	**74,506**	**714,686**
Adjustments to opening balance	-	-	-	-	-	-
Credit / (charge) to the income statement	197,952	12,670	(821,967)	(9,154)	(5,312)	(625,811)
Deferred tax – change in tax rate	7,371	(4,491)	193,622	5,660	23,528	225,690
Credit / (charge) to equity	-	-	-	-	-	-
At 31 January 2022	**228,664**	**(6,043)**	**(15,208)**	**14,430**	**92,722**	**314,565**

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balanced (after offset) for the financial reporting purposes:

Deferred tax asset	**At January 2022**	**At January 2021**
	£	**£**
Deferred tax asset	314,565	714,686
Deferred tax liability	-	-
Net deferred tax	**314,565**	**714,686**

The company does not have any unrecognized deferred tax assets or liabilities.

8. Goodwill

	Total
///	£000
Cost	
At 1 February 2020	1,155,861
Impairment of goodwill	(2,931)
At 31 January 2021	1,152,930
At 31 January 2022	1,152,930

The Goodwill intangible asset as at 1 February 2020 relates to the acquisitions of IT Solutions 4 Business Limited & J.A.D Integrated Services (Plymouth) Limited in 2015, prior to the transition to FRS101.

The impairment of goodwill during FY 2020/21 relates to the impairment of J.A.D Integrated Services (Plymouth) Limited.

Allocation of goodwill to cash generating units

For the purpose of annual impairment testing, goodwill is allocated to specific product streams measured and reported at a management accounts level, as this is the lowest level where relevant cash flows can be identified.

Vysiion has calculated the historic actuals and future forecasts relating to the area of the business & product streams contributed by the acquisitions, being the Managed Service and Datacentre capability of Vysiion.

The recoverable amounts of the product streams have been determined from value in use calculations based on cash flow projections from a formally approved 12 month forecast which has been extrapolated out over a 5 year period, which is considered by management to be an appropriate projection period for the impairment review of non-amortised assets.

Other major assumptions are as follows:

Impairment review date	**At 31 January 2022 %**	**At 31 January 2021 %**
Discount rate	15.2	13.6
Annual growth assumptions used to extrapolate 1 year budget forecast:		
- 2 – 5 years	2.0 – 12.0	2.0 – 12.0
- Beyond 5 years	2.0	2.0

The 12 month forecast data is based on the most recent annual financial statements uplifted for management's best estimates of reasonable growth targets for the subsequent 12 month period.

Management's key assumption includes revenue growth and stable profit margins based on past experience in the market.

Discount rates are based on management's assessment of specific risks related to the CGU. Growth rates beyond the first year to year 5 are based on economic data for the industry sector, along with historical experience and various other assumptions believed to be reasonable.

The Directors believe that any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount for any of the cash-generating units.

9. Intangible assets

	Software development & licensing £	Support and maintenance agreements £	Total £
Cost			
At 1 February 2020	63,999	506,221	570,220
Additions	16,575	658,910	675,485
At 31 January 2021	80,574	1,165,131	1,245,705
Additions	4,475	1,201,044	1,205,519
At 31 January 2022	85,049	2,366,175	2,451,224
Amortisation			
At 1 February 2020	40,138	279,790	319,928
Charge for the year	22,903	592,680	615,583
At 31 January 2021	63,041	872,470	935,511
Charge for the year	12,528	1,011,303	1,023,831
At 31 January 2022	75,569	1,883,773	1,959,342
Net book value			
At 1 February 2020	**23,861**	**226,431**	**250,292**
At 31 January 2021	**17,533**	**292,661**	**310,194**
At 31 January 2022	**9,480**	**482,402**	**491,882**

Amortisation is recognised within cost of sales in the income statement where the intangible assets are used in the delivery of revenue contracts, and otherwise are recognised within administrative expenses in the income statement.

10. Property, plant and equipment

	Leasehold property improvements £	Customer Infrastructure & Equipment £	Office equipment £	Total £
Cost				
At 1 February 2020	152,779	389,497	571,355	1,113,631
Additions	136,455	1,807,587	198,174	2,142,216
Disposals	-	-	-	-
At 31 January 2021	289,234	2,197,084	769,529	3,255,847
Additions	43,817	1,021,932	242,804	1,308,553
At 31 January 2022	333,051	3,219,016	1,012,333	4,564,400
Depreciation				
At 1 February 2020	68,006	111,269	403,471	582,746
Charge for the year	43,020	484,775	112,271	640,066
Disposals	-	-	-	-
At 31 January 2021	111,026	596,044	515,742	1,222,812
Charge for the year	95,917	1,184,368	141,680	1,421,965
At 31 January 2022	206,943	1,780,412	657,422	2,644,777
Net book value				
At 1 February 2020	**84,773**	**278,228**	**167,884**	**530,885**
At 31 January 2021	**178,208**	**1,601,040**	**253,787**	**2,033,035**
At 31 January 2022	**126,108**	**1,438,604**	**354,911**	**1,919,623**

Depreciation is recognised within cost of sales in the income statement where the assets are used in the delivery of revenue contracts, and otherwise are recognised within administrative expenses in the income statement.

In addition, the Exponential-e Group's bank borrowings are secured by a fixed and floating charge over all of Vysiion's assets, including property, plant and equipment.

11. Right of use assets

	Right of use lease assets (Offices) £	Right of use lease assets (Customer infrastructure & equipment) £	Right of use lease assets (Datacentres) £	Right of use lease assets (Motor vehicles) £	Total £
Cost					
At 1 February 2020	881,360	412,887	1,557,655	161,668	3,013,570
Additions	-	608,953	1,617,328	56,585	2,282,866
Disposals	-	-	-	(20,123)	(20,123)
At 31 January 2021	881,360	1,021,840	3,174,983	198,130	5,276,313
Additions	-	386,084	3,005,883	113,068	3,505,035
At 31 January 2022	881,360	1,407,924	6,180,866	311,198	8,781,348
Depreciation					
At 1 February 2020	-	97,681	-	-	97,681
Charge for the year	106,041	226,807	1,070,493	89,519	1,492,860
Disposals	-	-	-	(11,543)	(11,543)
At 31 January 2021	106,041	324,488	1,070,493	77,976	1,578,998
Charge for the year	106,041	329,994	1,078,631	100,743	1,615,409
At 31 January 2022	212,082	654,482	2,149,124	178,719	3,194,407
Net book value					
At 1 February 2020	**881,360**	**315,206**	**1,557,655**	**161,668**	**2,915,889**
At 31 January 2021	**775,319**	**697,352**	**2,104,490**	**120,154**	**3,697,315**
At 31 January 2022	**669,278**	**753,442**	**4,031,742**	**132,479**	**5,586,941**

Right of use assets as disclosed in the table above arise from lease agreements, as disclosed in note 18. These right of use assets are pledged as security for the corresponding lease liabilities.

12. Inventories

	At 31 January 2022 £	At 31 January 2021 £
Finished goods & goods for resale	22,966	15,328
Work in progress	653,169	253,802
	676,135	**269,130**

13. Trade and other receivables

	At 31 January 2022 £	At 31 January 2021 £
Trade and other receivables		
Trade receivables, gross	2,564,946	3,962,317
Allowance for credit losses	(5,744)	(18,937)
Trade receivables, net	2,559,202	3,943,380
Accrued Revenue	1,369,932	580,884
Intercompany receivables	115,346	87,644
Other receivables	74,025	19,315
Prepayments	741,370	643,212
	4,859,875	**5,274,435**

14. Cash and cash equivalents

	At 31 January 2022 £	At 31 January 2021 £
Cash at bank	**3,273,894**	**1,072,700**

At the reporting dates presented all significant cash and cash equivalents were deposited in the United Kingdom with large international banks.

15. Trade and other payables

	At 31 January 2022 £	At 31 January 2021 £
Current		
Trade payables	2,629,277	2,300,745
Other tax and social security	495,633	713,746
Other payables	74,836	63,832
Intercompany payables	994,315	1,046,971
Accruals	1,902,199	1,186,965
	6,096,260	**5,312,259**

16. Deferred Income

	At 31 January 2022	At 31 January 2021
Deferred income:	£	£
To be recognised within 12 months	2,810,822	2,954,003
To be recognised after 12 months	1,222,116	2,747,831
	4,032,938	**5,701,834**

17. Provisions

At 31 January 2022	**Renewal provision**	**Onerous contract provision**	**Total**
	£	**£**	**£**
Current			
Balance at 1 February 2021	203,899	502,500	706,399
Utilised during the year	(178,156)	(417,123)	(595,279)
Released during the year	-	(85,377)	(85,377)
At 31 January 2022	**25,743**	**-**	**25,743**

At 31 January 2021	**Renewal provision**	**Onerous contract provision**	**Total**
	£	**£**	**£**
Current			
Balance at 1 February 2020	344,817	1,081,040	1,425,857
Utilised during the year	(140,918)	(526,307)	(667,225)
Released during the year	-	(52,233)	(52,233)
At 31 January 2021	**203,899**	**502,500**	**706,399**

Renewal provision has been calculated based on historic renewal behaviour, to reflect back dated discounts provided upon renewal of customer contracts, and the expected timing of these outflows is expected in the next year.

18. Leases

Right of use assets

The Company used leasing arrangements with a maximum term of 10 years relating to buildings, vehicles, data centres and network equipment.

	At 31 January 2022 £	At 31 January 2021 £
Additions to right of use assets	3,505,035	2,282,866
Disposals from right of use assets	-	(8,580)
Depreciation charge – right of use assets	(1,615,409)	(1,492,860)
Carrying amount at the beginning of the year – right of use assets:	3,697,315	2,915,889
Carrying amount at the end of the year - right of use assets:	**5,586,941**	**3,697,315**

Depreciation charge for right of use assets by class can be found in Note 11.

	At 31 January 2022 £	At 31 January 2021 £
Interest expense on lease liabilities	151,231	103,090
Total cash outflow for leases	1,694,730	1,627,436

Lease liabilities	At 31 January 2022 £	At 31 January 2021 £
Current	1,594,325	1,046,253
Non-current	4,087,572	2,674,108
	5,681,897	**3,720,361**

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for some short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense related to payments not included in the measurement of the lease liability is as follows:

	2022 £	2021 £
Short-term leases	8,631	14,618
Leases of low-value assets	4,445	2,892
	13,076	**17,510**

19. Borrowings

Reconciliation of liabilities arising from financing activities

31 January 2021

	At 1 February 2020	New leases	Interest accrued	Interest paid	Disposed lease	Converted to equity	Transfer	Repaid in cash	At 31 January 2021
	£	£	£	£	£	£	£	£	£
Lease liabilities	2,970,436	2,282,866	103,090	(103,090)	(8,595)	-	-	(1,524,346)	3,720,361
Other loans	2,900,000	-	28,311	(28,311)	-	-	(2,900,000)	-	-
Intercompany loan	-	-	217,194	(217,194)	-	-	2,900,000	(2,900,000)	-
Preference shares	82,363	-	-	-	-	(82,363)	-	-	-
	5,952,799	**2,282,866**	**348,595**	**(348,595)**	**(8,595)**	**(82,363)**	**-**	**(4,424,346)**	**3,720,361**

31 January 2022

	At 1 February 2021	New leases	Interest accrued	Interest paid	Disposed lease	Repaid in cash	At 31 January 2022
	£	£	£	£	£	£	£
Lease liabilities	3,720,361	3,505,035	151,231	(151,231)	-	(1,543,499)	5,681,897
	3,720,361	**3,505,035**	**151,231**	**(151,231)**	**-**	**(1,543,499)**	**5,681,897**

20. Share capital

	At 31 January 2022 Number	At 31 January 2021 Number
Allotted, called up and fully paid		
Ordinary shares of £1	322,593	322,593
Total share capital	**322,593**	**322,593**

	At 31 January 2022 £	At 31 January 2021 £
Allotted, called up and fully paid		
Ordinary shares of £1	322,593	322,593
Total share capital	**322,593**	**322,593**

The following shares were issued in the periods presented:

Year ended 31 January 2022
No shares were issued during the year.

Year ended 31 January 2021
On 29 February 2020, 93,109 options over ordinary B Shares were exercised.

On 29 February 2020, following the acquisition of Vysiion Limited by Exponential-e Limited, 82,363 Ordinary A Preference Shares were converted from debt to equity.

On 23 March 2020, 8,000 Ordinary D Shares of 1p each were consolidated into 80 Ordinary D Shares of £1 each.

On 23 March 2020, the designation of Ordinary B, Ordinary C & Ordinary D shares was changed, resulting in a total of 322,593 Ordinary shares of £1 each.

21. Share based payments

The Company has made equity share-based payments as defined in IFRS2 during the historical period. This standard requires that a recognised valuation methodology be employed to determine the value fair of share options granted. The details of the relevant schemes, and the valuation methodologies adopted, has been included below.

Share options were previously granted to employees under an EMI share option scheme. The scheme granted the share option holder the right to acquire shares at an exercise price of £1 per share, to be equity settled.

The options could be exercised either upon an Exit (providing applicable hurdle value has been reached) or the 10th anniversary of the grant date, whichever is the earliest. The options would lapse on the 10th anniversary of the grant date, or if the applicable hurdle value had not been met upon an Exit. The option holders were required to remain employees in order for the options to be exercised.

The options vested as part of the acquisition by Exponential-e Limited during the prior year. A share-based payment charge of £762,024 was recognised during the prior year.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during each period presented are as follows:

31 January 2022	**Number of Options**	**WAEP £**
Outstanding at the beginning of the year	-	-
Outstanding at the year end	-	-
Number vested and exercisable at 31 January 2022	-	-
Weighted average remaining contractual life (years)	-	-

31 January 2021

	Number of Options	WAEP £
Outstanding at the beginning of the year	166,803	1.00
Exercised	(93,109)	1.00
Lapsed	(73,694)	1.00
Outstanding at the year end	-	-
Number vested and exercisable at 31 January 2021	-	-
Weighted average remaining contractual life (years)	-	-

22. Related party transactions and Ultimate controlling party

Key management personnel are identified as the Executive Directors, and their remuneration is disclosed in note 5.

The company has applied the exemption in section 8(k) of FRS 101, not to disclose related party transactions between two or more members of a group, where the subsidiary which is a party to the transaction is a wholly owned subsidiary.

There are no other related party transactions to be disclosed.

The immediate and ultimate parent company and controlling party is Exponential-e Ltd, a company registered in England and Wales. Registered office address is 100 Leman Street, London, E1 8EU.

23. Financial commitments

There were no significant financial commitments at any of the reporting dates presented.

24. Post balance sheet events

There are no post balance sheet events to be disclosed.

25. Transition to FRS101

This is the first time that the Company has presented financial information under FRS101, and the accounting policies set out herein have been applied in preparing the financial statements for the year ended 31 January 2022, the comparative information presented and in the preparation of an opening IFRS statement of financial position at 1 February 2020 (the Company's date of transition).

The previously published financial statements were prepared under FRS102 (UK GAAP).

The conversion to FRS101 has led to a number of changes in respect of the descriptions used and wording of accounting policies.

IFRS 1 First-Time Adoption of IFRS's

The Company has applied the following optional elections under IFRS 1 First-Time Adoption of IFRS

- Measuring the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRSs, and further measuring the right-of-use-asset at the transition date at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to IFRS.

FRS101 transition adjustments

The reconciliations in the following tables show the effect of the FRS101 adjustments applied to the financial statements at the date of transition (1 February 2020), and the comparative statement of financial position (February 2021) and income statements for the comparative year.

A number of adjustments have arisen during the transition; some of which are FRS102 restatement adjustments, in addition to FRS101 transition adjustments. These are separately identified in the following reconciliation tables, with further detail of the components of these adjustments shown in the FRS102 and FRS101 adjustment summaries presented beneath the respective reconciliation tables.

Vysiion Limited

Statement of Financial Position – Reconciliation to FRS 102 at transition – 1 February 2020

	FRS102	FRS102 adjustments	Restated FRS102	FRS101 adjustments	FRS101
	£	£	£	£	£
Assets					
Non-current assets					
Goodwill	1,155,861	-	1,155,861	-	1,155,861
Intangible assets	250,292	-	250,292	-	250,292
Property, plant and equipment	534,660	(15,755)	518,905	11,980	530,885
Right of use assets	-	15,755	15,755	2,900,134	2,915,889
Deferred tax asset	-	529,670	529,670	-	529,670
	1,940,813	529,670	2,470,483	2,912,114	5,382,597
Current assets					
Inventory	1,107,899	-	1,107,899	-	1,107,899
Trade and other receivables	4,162,025	(529,670)	3,632,355	259,749	3,892,104
Cash and cash equivalents	987,708	-	987,708	-	987,708
	6,257,632	(529,670)	5,727,962	259,749	5,987,711
Current liabilities					
Trade and other payables	4,482,720	2,628	4,485,348	(113,342)	4,372,006
Lease liabilities	14,246	-	14,246	1,133,792	1,148,038
Deferred income	673,853	-	673,853	550,628	1,224,481
Borrowings	825,000	-	825,000	-	825,000
	5,995,819	2,628	5,998,447	1,571,078	7,569,525
Non-current liabilities					
Provisions	1,425,857	-	1,425,857	-	1,425,857
Lease liabilities	-	-	-	1,822,398	1,822,398
Deferred income	-	-	-	1,209,960	1,209,960
Borrowings	2,157,363	-	2,157,363	-	2,157,363
	3,583,220	-	3,583,220	3,032,358	6,615,578
Net assets / (liabilities)	**(1,380,594)**	**(2,628)**	**(1,383,222)**	**(1,431,573)**	**(2,814,795)**
Equity					
Share capital	147,121	-	147,121	-	147,121
Share premium	940,025	-	940,025	-	940,025
Share based payment reserve	2,286,072	-	2,286,072	-	2,286,072
Capital redemption reserve	57,681	-	57,681	-	57,681
Retained earnings / (losses)	(4,811,493)	(2,628)	(4,814,121)	(1,431,573)	(6,245,694)
Shareholders' funds / (deficit)	**(1,380,594)**	**(2,628)**	**(1,383,222)**	**(1,431,573)**	**(2,814,795)**

FRS102 adjustments	Reclassify deferred tax asset	Accrued cost of sale	Reclassify RoU Asset	Total FRS102 adjustments
	A	B	C	
	£	£	£	£
Property, plant and equipment	-	-	(15,755)	(15,755)
Right of use assets	-	-	15,755	15,755
Deferred tax asset	529,670	-	-	529,670
Trade and other receivables	(529,670)	-	-	(529,670)
Trade and other payables	-	(2,628)	-	(2,628)
Retained (earnings) / losses	-	2,628	-	2,628
	-	-	-	-

A. Reclassify deferred tax asset

The previously recognised deferred tax asset has been reclassified from Trade and other receivables into a separate deferred tax asset item.

B. Accrued cost of sale

Accrual for costs of sale incurred in the period.

C. Reclassify RoU Asset

Assets purchased under a finance lease arrangement have been reclassified from Property, plant and equipment into Right of use assets.

FRS101 adjustments	IFRS 16 right of use lease recognition	IFRS 9 impairment of receivables	IFRS 15 revenue recognition	Total FRS101 adjustments
	1	2	3	
	£	£	£	£
Property, plant and equipment	-	-	11,980	11,980
Right of use assets	2,900,134	-	-	2,900,134
Trade and other receivables	(57,286)	188,944	128,091	259,749
Trade and other payables	113,342	-	-	113,342
Lease liabilities - current	(1,133,792)	-	-	(1,133,792)
Deferred income – current	-	-	(550,628)	(550,628)
Lease liabilities - non-current	(1,822,398)	-	-	(1,822,398)
Deferred income – non-current	-	-	(1,209,960)	(1,209,960)
Retained (earnings) / losses	-	(188,944)	1,620,517	1,431,573
	-	-	-	-

1. IFRS 16 right of use lease recognition

IFRS 16 has been implemented from the transition date, resulting in adjustments to property, plant and equipment to recognise the right of use lease assets, to prepayments to remove previously recognised prepayments, and to accruals to remove previously recognised accruals. Corresponding lease liabilities have also been recognised. The Company has taken the IFRS 1 exemption in relation to the adoption of IFRS 16, thereby measuring the opening lease liability at transition to IFRS at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRSs, and further measuring the right-of-use-asset at the transition date at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to IFRS.

2. **IFRS 9 Impairment of receivables**
The impairment of receivables has been reviewed under IFRS 9 and adjustments made accordingly.

3. **IFRS 15 revenue recognition**
IFRS 15 has been implemented from the transition date, resulting in adjustments to revenue, accrued and deferred income and associated adjustments to cost of sales and other administrative costs. In applying IFRS 15 for the first time, the Group has not restated contracts that were complete before the earliest period presented.

The outcome was that income is generally recognised later than it had been under UK GAAP because of delayed amounts relating to installation periods. In applying IFRS 15 to managed service contracts, it was determined the installation components are not deemed to constitute a distinct performance obligation because no distinct good or service is transferred to the customer, but instead are a necessary setup activity to enable the provision of the ongoing managed service. Therefore, amounts billed in respect of this part of the work are allocated to the service performance obligation to which they relate and recognised over the life of the managed service contract. The impact on transition resulted in recognition of a deferred income balance at the transition date in the statement of financial position and a reduction in retained earnings at this date to reflect the deferral of installation revenue which had been recognized under FRS 102. Furthermore, the 31 January 2021 comparative statement of financial position, and income statement have been restated to reflect the impact of the delayed revenue recognition for amounts previously recognized for installation services and components.

Vysiion Limited

Statement of Financial Position – Reconciliation to FRS 102 at 31 January 2021

	FRS102	FRS102 adjustments	Restated FRS102	FRS101 adjustments	FRS101
	£	£	£	£	£
Assets					
Non-current assets					
Goodwill	759,042	-	759,042	393,888	1,152,930
Intangible assets	310,194	-	310,194	-	310,194
Property, plant and equipment	1,807,043	-	1,807,043	225,992	2,033,035
Right of use assets	-	-	-	3,697,315	3,697,315
Deferred tax asset	-	83,540	83,540	631,146	714,686
	2,876,279	83,540	2,959,819	4,948,341	7,908,160
Current assets					
Inventory	269,130	-	269,130	-	269,130
Trade and other receivables	5,558,203	(83,540)	5,474,663	(200,228)	5,274,435
Cash and cash equivalents	1,072,700	-	1,072,700	-	1,072,700
	6,900,033	(83,540)	6,816,493	(200,228)	6,616,265
Current liabilities					
Trade and other payables	5,348,122	26,755	5,374,877	(62,618)	5,312,259
Lease liabilities	-	-	-	1,046,253	1,046,253
Deferred income	2,030,855	54,909	2,085,764	868,239	2,954,003
	7,378,977	81,664	7,460,641	1,851,874	9,312,515
Non-current liabilities					
Provisions	990,223	(227,990)	762,233	(55,834)	706,399
Lease liabilities	-	-	-	2,674,108	2,674,108
Deferred income	-	173,081	173,081	2,574,750	2,747,831
	990,223	(54,909)	935,314	5,193,024	6,128,338
Net assets / (liabilities)	**1,407,112**	**(26,755)**	**1,380,357**	**(2,296,785)**	**(916,428)**
Equity					
Share capital	322,593	-	322,593	-	322,593
Share premium	986,731	-	986,731	-	986,731
Capital redemption reserve	57,681	-	57,681	-	57,681
Retained earnings / (losses)	40,107	(26,755)	13,352	(2,296,785)	(2,283,433)
Shareholders' funds / (deficit)	**1,407,112**	**(26,755)**	**1,380,357**	**(2,296,785)**	**(916,428)**

FRS102 adjustments	**Reclassify warranty provision**	**Reclassify deferred tax asset**	***Accrued cost* of sale**	**Total FRS102 adjustments**
	A	**B**	**C**	
	£	**£**	**£**	**£**
Deferred tax asset	-	83,540	-	83,540
Trade and other receivables	-	(83,540)	-	(83,540)
Trade and other payables	-	-	(26,755)	(26,755)
Deferred income – current	(54,909)	-	-	(54,909)
Provisions	227,990	-	-	227,990
Deferred income – non-current	(173,081)	-	-	(173,081)
Retained earnings / (losses)	-	-	26,755	26,755
	-	-	-	-

A. Reclassification of warranty provision

The previously recognised warranty provision has been reclassified to Deferred Income as it represents a deferral of revenue rather than a provision of cost.

B. Reclassification of deferred tax asset

The previously recognised deferred tax asset has been reclassified from Trade and other receivables into a separate deferred tax asset item.

C. Accrued cost of sale

Accrual for costs of sale incurred in the period.

FRS 101 adjustments	IFRS 3 Reverse amortisation of goodwill	IFRS 16 right of use lease recognition	IFRS 9 Impairment of receivables	IFRS 15 revenue recognition	Tax Adjustment	Total FRS101 adjustments
	1	2	3	4	5	
	£	£	£	£	£	£
Goodwill	393,888	-	-	-	-	393,888
Property, plant and equipment	-	-	-	225,992	-	225,992
Right of use assets	-	3,697,315	-	-	-	3,697,315
Deferred tax asset	-	-	-	-	631,146	631,146
Trade and other receivables	-	(189,743)	150,427	(160,912)	-	(200,228)
Trade and other payables	-	62,618	-	-	-	62,618
Lease liabilities - current	-	(1,046,253)	-	-	-	(1,046,253)
Deferred income – current	-	-	-	(868,239)	-	(868,239)
Lease liabilities - non-current	-	(2,674,108)	-	-	-	(2,674,108)
Deferred income – non-current	-	-	-	(2,574,750)	-	(2,574,750)
Provisions	-	55,834	-	-	-	55,834
Retained earnings / (losses)	(393,888)	94,337	(150,427)	3,377,909	(631,146)	2,296,785
	-	-	-	-	-	-

1. **IFRS 3 Goodwill amortisation**

   IFRS does not allow for the amortisation of goodwill, therefore any goodwill amortisation recognised since the transition date under FRS102 has been reversed.

2. **IFRS 16 right of use lease recognition**

   IFRS 16 has been implemented from the transition date, resulting in adjustments to property, plant and equipment to recognise the right of use lease, to prepayments to remove previously recognised prepayments, and to accruals to remove previously recognised accruals. Corresponding lease liabilities have also been recognised. Corresponding lease liabilities have also been recognised along with tax adjustments arising. The Company has taken the IFRS 1 exemption in relation to the adoption of IFRS 16, thereby measuring the opening lease liability at transition to IFRS at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRSs, and further measuring the right-of-use-asset at the transition date at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to IFRS.

3. **IFRS 9 Impairment of receivables**
   The impairment of receivables has been reviewed under IFRS 9 and adjustments made accordingly.

4. **IFRS 15 revenue recognition**
   The reason for the change is consistent with the reasons for the change relating to the FY 2019/20 statement of financial position described above.

5. **Tax adjustment**
   Following the adjustments above, tax for the year has been recalculated, resulting in the recognition of an increased deferred tax asset.

Vysiion Limited

Statement of Comprehensive Income – Reconciliation to FRS 102 for the year ended 31 January 2021

	FRS102	FRS102 adjustments	Restated FRS102	FRS101 adjustments	FRS101
	£	£	£	£	£
Revenue	23,535,665	-	23,535,665	(1,961,514)	21,574,151
Cost of sales	(10,075,592)	(973,746)	(11,049,338)	1,326,054	(9,723,284)
Gross profit	13,460,073	(973,746)	12,486,327	(635,460)	11,850,867
Other operating income	91,069	-	91,069	-	91,069
Other administrative expenses	(10,338,771)	949,619	(9,389,152)	(757,807)	(10,146,959)
Non-recurring gains / (losses)	(790,241)	-	(790,241)	-	(790,241)
Total administrative expenses	(11,129,012)	949,619	(10,179,393)	(757,807)	(10,937,200)
EBITDA	3,939,246	(973,746)	2,965,500	783,160	3,748,660
Depreciation and amortisation	(1,517,116)	949,619	(567,497)	(2,176,427)	(2,743,924)
Operating profit	**2,422,130**	**(24,127)**	**2,398,003**	**(1,393,267)**	**1,004,736**
Interest income	21	-	21	-	21
Interest payable and similar charges	(251,349)	-	(251,349)	(103,090)	(354,439)
Profit before tax	**2,170,802**	**(24,127)**	**2,146,675**	**(1,496,357)**	**650,318**
Taxation	(367,299)	-	(367,299)	582,896	215,597
Profit for the financial year	**1,803,503**	**(24,127)**	**1,779,376**	**(913,461)**	**865,915**

FRS 102 adjustments	**Accrued cost of sale**	**Reclassification of amortisation and depreciation**	**Total FRS 102 adjustments**
	A	**B**	
	£'000	**£'000**	**£'000**
Cost of sales	(24,127)	(949,619)	(973,746)
Other administrative expenses		949,619	949,619
	(24,127)	**-**	**(24,127)**

A. Accrued cost of sale
Accrual for costs of sale incurred in the period.

B. Reclassification of amortisation and depreciation
This adjustment relates to depreciation of assets used directly in supplying services to customers: previously all depreciation expense was included within administrative expenses.

FRS 101 adjustments	IFRS 3 Reverse amortisation of goodwill	IFRS 16 right of use lease recognition	IFRS 9 Impairment of receivables	IFRS 15 revenue recognition	Tax adjustment	Total FRS 101 adjustments
	1	2	3	4	5	
	£	£	£	£	£	£
Revenue	-	-	-	(1,961,514)	-	(1,961,514)
Cost of sales	-	1,128,852	-	197,202	-	1,326,054
Other administrative expenses	393,888	(1,120,097)	(38,516)	6,918	-	(757,807)
Interest payable and similar charges	-	(103,090)	-	-	-	(103,090)
Taxation	-	-	-	-	582,896	582,896
	393,888	**(94,335)**	**(38,516)**	**(1,757,394)**	**582,896**	**(913,461)**

1. **IFRS 3 Goodwill amortisation**
   IFRS does not allow for the amortisation of goodwill, therefore any goodwill amortisation recognised since the transition date under FRS102 has been reversed.

2. **IFRS 16 right of use lease recognition**
   IFRS 16 has been implemented from the transition date, resulting in adjustments to property, plant and equipment to recognise the right of use lease, to prepayments to remove previously recognised prepayments, and to accruals to remove previously recognised accruals. Corresponding lease liabilities have also been recognised. Corresponding lease liabilities have also been recognised along with tax adjustments arising.
   In the statement of comprehensive income, where costs had previously been expensed as operating leases within other administrative expenses, under IFRS 16 the cost of the right of use lease is depreciated within cost of sales where the asset relates to the delivery of revenue contracts or otherwise within other administrative expenses. A corresponding interest charge, representing the financing component of the lease, is recognised in interest payable.

3. **IFRS 9 Impairment of receivables**
   The impairment of receivables has been reviewed under IFRS 9 and adjustments made accordingly.

4. **IFRS 15 revenue recognition**
   The reason for the change is consistent with the reasons for the change relating to the FY 2019/20 statement of financial position described above.

5. **Tax adjustment**
   Following the adjustments above, tax for the year has been recalculated, resulting in a reduction in tax charge for the year