

Registered number: 03224870

VERMEG MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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VERMEG MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	Mousser Jerbi Kawther Zouari
Registered number	03224870
Registered office	17 Bevis Marks 3rd Floor London EC3A 7LN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

VERMEG MANAGEMENT LIMITED

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VERMEG MANAGEMENT LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

PRINCIPAL ACTIVITIES

The principal activity of the Company is a holding company performing management and administrative tasks for its subsidiaries.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company is a holding company. Its revenues are generated by recharging management and administrative costs to its subsidiaries. No payment of dividend is foreseen for the next couple of years but given the subsidiaries are expected to be beneficiary again at short term, this situation might change within a few years.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £258,346 (2020: loss £4,126,423).

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the Company's strategy are subject to a number of risks. The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all business risks. Where possible, processes are in place to monitor and mitigate such risks.

The impact of Covid-19 has been considered in the Directors' report.

This report was approved by the board on 28 July 2022 and signed on its behalf.

DocuSigned by:
Kawther Zouari
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Kawther Zouari
Director

VERMEG MANAGEMENT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is a holding company performing management and administrative tasks for its subsidiaries.

Results and dividends

The loss for the year, after taxation, amounted to £258,346 (2020: £4,126,423).

The directors do not recommend the payment of dividend (2020: £Nil).

Directors

The directors who served during the year were:

Mousser Jerbi
Kawther Zouari

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

VERMEG MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern

In considering the appropriate basis on which to prepare the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future. At 31 December 2021 the Company had net assets of £35.4m (2020: £35.7m) with cash of £0.1m (2020: £0.1m). The Company has received confirmation from its ultimate parent undertaking, Vermeg B.V., of its intention to continue to provide financial and other support to the extent necessary to enable the Company to continue to pay its liabilities as and when they become due for a period not less than one year from the date of approval of these financial statements. The directors have therefore prepared the accounts on a going concern basis.

Impact of Brexit

We provide services to customers in the UK and abroad. So far our business has not been affected by Brexit. There might be some restriction on the movements of people to the UK but this will not have a significant impact. We continue to monitor developments.

Qualifying third party indemnity provisions

All provisions deemed necessary have been recognized.

Subsequent events

We are exposed to risks related to the Coronavirus and the political situation in Europe.

We are monitoring closely the development of these events and anticipating all actions to ensure the business continuity and mitigate the risks on our operations. In the meantime, we also focus on the safety and the wellbeing of our people. All employees have been working from home for more than two years and this has proven to be very efficient.

We have no customer nor provider in Russia or its surrounding countries.

No other events have occurred since balance sheet date, which would change the financial position of the group and which would require adjustment of or disclosure in the financial statements now presented.

Disclosure of information to auditor

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.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 July 2022 and signed on its behalf.

Kawther Zouari
Director

DocuSigned by:

Kawther Zouari

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERMEG MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Vermeg Management Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, the 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 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 such as Brexit and Covid-19, 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERMEG MANAGEMENT LIMITED
(CONTINUED)**

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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERMEG MANAGEMENT LIMITED (CONTINUED)

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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERMEG MANAGEMENT LIMITED
(CONTINUED)**

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 understood how the Company is complying with legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries throughout our audit work.
- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by meeting with management from relevant parts of the business to understand where management considered there was a susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts.
- Audit procedures performed by the engagement team included:
 - evaluation of the programmes established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - identifying and testing related party transactions.
- 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;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - 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; and
 - understanding of the legal and regulatory requirements specific to the entity/regulator entity including:
 - the provisions of the applicable legislation;
 - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules; and
 - the applicable statutory provisions.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERMEG MANAGEMENT LIMITED
(CONTINUED)**

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.

Grant Thornton UK LLP

Anthony Thomas FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

28 July 2022

VERMEG MANAGEMENT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	5,863,193	5,401,323
Cost of sales		(1,863,203)	(1,824,484)
Gross profit		3,999,990	3,576,839
Administrative expenses		(4,041,701)	(7,600,765)
Other operating income	5	-	30,940
Operating loss	6	(41,711)	(3,992,986)
Interest receivable and similar income	9	63,063	73,150
Interest payable and similar expenses	10	(281,028)	(206,587)
Loss before tax		(259,676)	(4,126,423)
Tax on loss	11	1,330	-
Loss for the financial year		(258,346)	(4,126,423)
Other comprehensive income:			
Total comprehensive income for the year		(258,346)	(4,126,423)

The notes on pages 13 to 27 form part of these financial statements.

VERMEG MANAGEMENT LIMITED
REGISTERED NUMBER: 03224870

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	31 December 2021 £	30 December 2020 £
Fixed assets			
Intangible assets	12	9	1,962
Tangible assets	13	401,363	561,569
Investments	14	17,232,074	17,232,074
		<u>17,633,446</u>	<u>17,795,605</u>
Current assets			
Debtors: amounts falling due within one year	15	29,952,294	33,647,157
Cash at bank and in hand	16	94,765	123,056
		<u>30,047,059</u>	<u>33,770,213</u>
Creditors: amounts falling due within one year	17	(11,887,754)	(14,779,770)
		<u>18,159,305</u>	<u>18,990,443</u>
Net current assets		<u>18,159,305</u>	<u>18,990,443</u>
Total assets less current liabilities		<u>35,792,751</u>	<u>36,786,048</u>
Creditors: amounts falling due after more than one year	18	(352,392)	(1,087,343)
		<u>35,440,359</u>	<u>35,698,705</u>
Net assets		<u><u>35,440,359</u></u>	<u><u>35,698,705</u></u>
Capital and reserves			
Called up share capital	20	2,452,006	2,452,006
Share premium account	21	21,037,381	21,037,381
Other reserves	21	7,545,419	7,545,419
Profit and loss account	21	4,405,553	4,663,899
		<u>35,440,359</u>	<u>35,698,705</u>

VERMEG MANAGEMENT LIMITED
REGISTERED NUMBER:03224870

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 July 2022.

DocuSigned by:

Kawther Zouari

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Kawther Zouari
Director

The notes on pages 13 to 27 form part of these financial statements.

VERMEG MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2020	2,452,000	21,037,381	7,546,000	8,786,480	39,821,861
Comprehensive income for the year					
Loss for the year	-	-	-	(4,126,423)	(4,126,423)
Total comprehensive income for the year	-	-	-	(4,126,423)	(4,126,423)
Shares issued during the year	6	-	-	-	6
Reserves difference	-	-	(581)	3,842	3,261
Total transactions with owners	6	-	(581)	3,842	3,267
At 31 December 2020	2,452,006	21,037,381	7,545,419	4,663,899	35,698,705
Comprehensive income for the year					
Loss for the year	-	-	-	(258,346)	(258,346)
Total transactions with owners	-	-	-	(258,346)	(258,346)
At 31 December 2021	2,452,006	21,037,381	7,545,419	4,405,553	35,440,359

The notes on pages 13 to 27 form part of these financial statements.

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

Vermeg Management Limited 'the Company' is a private Company limited by shares, registered, incorporated and domiciled in England and Wales, and incorporated in England. The Company's registered office is 17 Bevis Marks, 3rd Floor, London, EC3A 7LN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Vermeg B.V.

The results of Vermeg Management Limited are available from The Company Secretary, 17 Bevis Marks, 3rd Floor, London, EC3A 7LN.

Management have considered the potential impact of Covid-19 and do not consider it to affect the Company's ability to continue as a going concern.

The following principal accounting policies have been applied:

2.2 Going concern

In considering the appropriate basis on which to prepare the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future. At 31 December 2021 the Company had net assets of £35.4m (2020: £35.7m) with cash of £0.1m (2020: £0.1m). The Company has received confirmation from its ultimate parent undertaking, Vermeg B.V., of its intention to continue to provide financial and other support to the extent necessary to enable the Company to continue to pay its liabilities as and when they become due for a period not less than one year from the date of approval of these financial statements. The directors have therefore prepared the accounts on a going concern basis.

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.3 Financial reporting standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 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;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.4 Revenue

Revenue comprises fee recognised and invoiced to group companies in the period, net of value added tax and recognised when services are rendered.

2.5 Foreign exchange

Transactions in foreign currencies are translated into the functional currency of the individual entity at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Statement of comprehensive income in the period in which they arise.

2.6 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.7 Current and deferred taxation**

Current tax is the tax currently payable based on taxable profit for the year using rates and laws enacted/substantively enacted at the reporting date.

Deferred taxes are calculated using the liability method on temporary differences using rates and laws enacted/substantively enacted at the reporting date. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. In addition, tax losses available to be carried forward are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

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

2.8 Leased assets

The Company does not hold any finance leases.

All leases referred to are regarded as operating leases and the payments made under them are charged to the Statement of comprehensive income on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

2.9 Tangible and intangible fixed assets

Depreciation is provided using the following rates and based so as to write off the cost or valuation and intangible fixed assets over their useful lives in the Company's business:

Computer software	50% to 100% straight line
Computer hardware	50% straightline
Fixtures, fittings and equipment	25% straightline

2.10 Government grants

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Balance sheet and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

2.11 Investments in subsidiaries

Investments in subsidiaries are recorded at cost less any provision for permanent diminution in value.

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.12 Financial instruments**

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provision of the instrument. The Company's financial instruments comprise cash, amounts receivable from group companies and trade and other payable.

Loans and receivables

Loans and receivables are initially stated at their fair value plus transactions costs, then subsequently at amortised cost using the effective interest method, if applicable, less impairment losses.

Provisions against intra-group receivables are made when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write down is determined as the difference between the assets' carrying amount and the present value of the estimated future cash flows.

Cash and cash equivalents

The Company manages short-term liquidity through the holding of cash and highly liquid interest bearing deposits. Only deposits that are readily convertible into cash with maturities of three months or less from inception, with no penalty of lost interest, are shown as cash or cash equivalents.

Trade payables

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded at amortised cost using the effective interest method, with interest related charges recognised as an expense in the Statement of comprehensive income.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

2.13 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.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Company's management makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimate and assumptions that have a reasonable risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investments in subsidiaries

Investments in subsidiaries are recorded at cost less any provision for permanent diminution in value.

Deferred tax assets

The assessment of the probability of future taxable income on which deferred tax assets can be utilised is based on the Company's latest approved budget forecasts, which is adjusted for significant non-taxable income and expense. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in respect of the period for which future profits can be confidently foreseen. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

4. Turnover

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	4,477,291	4,152,585
Rest of the world	1,385,902	1,248,738
	<u>5,863,193</u>	<u>5,401,323</u>

5. Other operating income

	2021 £	2020 £
Government grants receivable	-	30,940
	<u>-</u>	<u>30,940</u>

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	365,729	443,665
Amortisation of intangible assets, including goodwill	1,953	6,457
Foreign exchange gains/(losses)	106,359	(796,967)
Defined contribution pension cost	43,672	53,473
Government grants	-	(30,940)
	<u>365,729</u>	<u>443,665</u>

7. Auditor's remuneration

	2021 £	2020 £
Audit fee	62,410	63,000
Accounts production	7,000	7,500
Tax compliance	13,500	20,000
	<u>82,910</u>	<u>90,500</u>

8. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	2,413,996	2,328,325
Social security costs	253,794	257,987
Cost of defined contribution scheme	43,672	53,473
	<u>2,711,462</u>	<u>2,639,785</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
	<u>24</u>	<u>26</u>

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Interest receivable

	2021	2020
	£	£
Other interest receivable	63,063	73,150

10. Interest payable and similar expenses

	2021	2020
	£	£
Other loan interest payable	281,028	206,587

11. Taxation

	2021	2020
	£	£
Total current tax	-	-
Deferred tax		
Adjustments in respect of prior periods	(1,330)	-
Total deferred tax	(1,330)	-
Taxation on (loss)/profit on ordinary activities	(1,330)	-

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is different than (2020: *different than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(259,676)	(4,126,423)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(49,338)	(784,020)
Effects of:		
Fixed asset timing differences	(7)	2,917
Expenses not deductible for tax purposes	6,744	11,065
Group relief claim	-	(2,863)
Deferred tax not recognised	42,601	(17,055)
Intercompany waivers not deductible	-	651,546
Loss on disposal of subsidiary	-	138,410
Adjustments to tax charge in respect of previous periods - deferred tax	(1,330)	-
Total tax charge for the year	(1,330)	-

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Intangible assets

	Computer Software £
Cost	
At 31 December 2020	125,252
At 31 December 2021	125,252
Amortisation	
At 31 December 2020	123,290
Charge for the year on owned assets	1,953
At 31 December 2021	125,243
Net book value	
At 31 December 2021	9
At 30 December 2020	1,962

Amortisation on intangible assets is charged to administrative expenses.

VERMEG MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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13. Tangible fixed assets

	Computer equipment £	Fixtures, fittings and equipment £	Right of use asset £	Total £
Cost or valuation				
At 31 December 2020	671,000	450,432	1,044,162	2,165,594
Additions	19,770	-	-	19,770
Lease liability revaluation	-	-	185,753	185,753
Charge for the year on right of use asset	-	-	(542,980)	(542,980)
At 31 December 2021	690,770	450,432	686,935	1,828,137
Depreciation				
At 31 December 2020	640,222	408,890	554,913	1,604,025
Charge for the year on owned assets	24,172	23,761	317,796	365,729
Charge for the year on right of use asset	-	-	(542,980)	(542,980)
At 31 December 2021	664,394	432,651	329,729	1,426,774
Net book value				
At 31 December 2021	26,376	17,781	357,206	401,363
At 30 December 2020	30,778	41,542	489,249	561,569

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 31 December 2020	17,232,074
At 31 December 2021	17,232,074
Net book value	
At 31 December 2021	17,232,074
At 30 December 2020	17,232,074

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Vermeg Systems Limited	3rd Floor, 17 Bevis Marks, London, EC3A 7LN, United Kingdom	Software	Ordinary	100%
Vermeg Compliance Limited	3rd Floor, 17 Bevis Marks, London, EC3A 7LN, United Kingdom	Software	Ordinary	100%
Vermeg Systems Inc	14th Floor, 205 Lexington Avenue, New York, NY10016, US	Software	Ordinary	100%
Vermeg International (USA) Inc	14th Floor, 205 Lexington Avenue, New York, NY10016, US	Software	Ordinary	100%
Vermeg International (Hong Kong) Limited	Hong Kong	Software	Ordinary	100%
Vermeg International (Singapore) Limited	112 Robinson Road #11-03, SG068902, Singapore	Software	Ordinary	100%
Lombard Risk Consultants Limited	UK	Software	Ordinary	100%
Lombard Risk Systems (Asia Pacific) Limited	Unit 901, 9th Floor, Harcourt House, 39 Gloucester Road, Wan Chai, CN518000, Hong Kong	Dormant	Ordinary	100%

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

Name	Registered office	Principal activity	Class of shares	Holding
Lombard Risk Compliance Policies Limited	3rd Floor, 17 Bevis Marks, London, EC3A 7LN, United Kingdom	Software	Ordinary	100%
Vermeg Australia Pty Ltd	Suite 2 Level 8, 210 George Street NSW2000 Sydney.	Software	Ordinary	100%
MagikForms Inc	14th Floor, 205 Lexington Avenue, New York, NY10016, US	Software	Ordinary	100%
Lombard Risk Systems (Pty) Limited	Suite 2 Level 8, 210 George Street NSW2000 Sydney.	Dormant	Ordinary	100%

15. Debtors

	2021 £	2020 £
Trade debtors	-	18,727
Amounts owed by group undertakings	29,815,080	33,333,000
Other debtors	63,302	208,571
Prepayments and accrued income	69,215	83,492
Deferred taxation	4,697	3,367
	<u>29,952,294</u>	<u>33,647,157</u>

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>94,765</u>	<u>123,056</u>

VERMEG MANAGEMENT LIMITED

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17. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	187,967	86,587
Amounts owed to group undertakings	11,042,918	13,838,726
Lease liabilities	10,626	312,905
Other creditors	80,371	78,447
Accruals and deferred income	565,872	463,105
	<u>11,887,754</u>	<u>14,779,770</u>

Amounts owed to group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18. Creditors: Amounts falling due after more than one year

	2021	2020
	£	£
Lease liabilities	352,392	188,277
Amounts owed to group undertakings	-	899,066
	<u>352,392</u>	<u>1,087,343</u>

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Deferred taxation

	2021 £	2020 £
At beginning of year	3,367	-
Charged to profit or loss	1,330	3,367
At end of year	4,697	3,367

The deferred tax asset is made up as follows:

	31 December 2021 £	30 December 2020 £
Fixed asset timing differences	4,697	3,367

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
404,434,819 (2020: 404,434,819) Ordinary shares of £0.005 each	2,022,000	2,022,000
429,829,575 (2020: 429,829,575) Deferred shares of £0.001 each	430,006	430,006
	2,452,006	2,452,006

The Deferred shares carry no rights to receive dividends or to participate in any profits of the Company. The shareholders are not entitled to attend any meetings of the Company or have any rights to participate in any return of capital (except on a winding up). The deferred shares are not transferable other than with the consent of all the directors of the Company.

21. Reserves

Share premium and other reserves

Other reserves relate to negative goodwill arising on the acquisition of a subsidiary undertaking prior to 1 April 1997, merger reserve and share option reserve.

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. Related party transactions

As permitted by FRS 101 related party transactions with wholly owned members of the Vermeg Management Limited group have not been disclosed. There were no other related party transactions.

23. Controlling party

As at 31 December 2021 the entire share capital of the Company was owned by Vermeg Group B.V., whose registered office is Strawinskylaan 411 WTC, Toer A, 4th Floor, Amsterdam, 1077, Netherlands.

24. Subsequent events

We are exposed to risks related to the Coronavirus and the political situation in Europe.

We are monitoring closely the development of these events and anticipating all actions to ensure the business continuity and mitigate the risks on our operations. In the meantime, we also focus on the safety and the wellbeing of our people. All employees have been working from home for more than two years and this has proven to be very efficient.

We have no customer nor provider in Russia or its surrounding countries.

No other events have occurred since balance sheet date, which would change the financial position of the group and which would require adjustment of or disclosure in the financial statements now presented.