

Company registration number 03525651 (England and Wales)

PENTA CONSULTING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

PENTA CONSULTING LIMITED

COMPANY INFORMATION

Directors	Mr F Searle Mr P Clark Mr A Patel Mr K England-Smith	(Appointed 6 May 2021)
Secretary	Mr J Brookes	
Company number	03525651	
Registered office	Crosspoint House 28 Stafford Road Wallington Surrey SM6 9AA	
Auditor	CBW Audit Limited 66 Prescott Street London E1 8NN	

PENTA CONSULTING LIMITED

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PENTA CONSULTING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

Overview

The Company is a global provider of technology services. The main focus remains delivering professional services to businesses operating in Europe, Middle East and Africa regions ("EMEA") and Managed Services globally.

Our customers are principally IT & Telecom vendors, system integrators and enterprise customers that utilise our vertical areas of specialisation.

Penta group operates throughout the world and has offices in the UK, France, Poland, Germany, Dubai, Abu Dhabi, South Africa, Indonesia and Saudi Arabia. Our services are provided via our local operating companies or long term partners.

Strategy

The Company continues to invest in growth strategies, with the specific aim of building a sustainable business with a diverse set of clients in the EMEA.

The sales strategy comprises four elements;

1. Maintain and grow our long term relationships with existing key clients, by continuing to provide consistent levels of exceptional service
2. Identify and work with new clients, where we can deliver value through our candidate network utilising our vertical areas of specialisation.
3. Grow the Managed Service business globally, which provides legacy support to telecoms network operators.
4. Evolving our complimentary service offerings to ensure it aligns with the developing needs of our clients.

Operating and Financial Review

Turnover in the year decreased by 6% to £32.8m (2021: £35.0m). Trading in the first quarter to June 2021 was particularly difficult and followed on from a challenging end to FY2021. The UK lockdown in December 2020 had a significant adverse impact on the business, particularly in sales activity. It was not until the second quarter ended 31 December 2021 that revenue and gross profit recovered to levels comparable with FY2021.

Turnover to international customers in the year ended 31 March 2022 (FY2022) amounted to 82% (FY2021: 79%). The benefit of focussing on the EMEA region is access to growth markets and economies. The high level of international activity maintains the exposure to currency fluctuations, mainly in Euro and US\$, the effects of which are mitigated where possible with appropriate hedging structures.

Gross profit reduced by £1.0m to £6.6 m (2021: £7.6m) and gross margins decreased to 20.2% (2021: 21.8%).

Administrative expenses in FY2022 were £6.6m (FY 2021 £6.6m), an increase of £0.05m (1%).

The exceptional item in FY 2022 relates to a £0.4m increase in the amount recoverable from HMRC in respect of overpaid tax and an impairment charge of £1.2m relating to the Company's investment in Penta Technology Limited.

Interest payable and similar expenses in the year was £0.1m, compared with £0.1m in 2021.

EBITDA in FY2022 was £0.4m compared with £1.4m in FY2021. The loss before tax was in the year was £0.9m, compared with a profit of £1.3m in FY2021.

The tax charge for the year was £0.1m, a decrease of £0.2m, compared with FY2021. The higher effective tax rate is due to irrecoverable overseas corporate and withholding taxes which reflect the high percentage of overseas sales.

The weakening of sterling versus the US dollar, from \$1.37/£1 at March 2021 to \$1.31/£1 at March 2022, has had a small positive impact on earnings. During the same period, sterling slightly strengthened against the Euro with the exchange rate increasing from €1.17/£1 at March 2021 to €1.18/£1 at March 2022.

Net cashflow from operating activities was an outflow of £1m, compared with a cash inflow of £2m in 2021. Net borrowings increased from £2.8m to £4.1m as at 31 March 2022. At the year-end cash and cash equivalents amounted to £0.1m (FY2021: £0.2m) and the amount drawn down on invoicing discounting facility was to £3.8m (FY2021: £3.0m). CBIL repayments during the year amounted to £0.1m leaving a loan balance of £0.4m at March 2022.

PENTA CONSULTING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Impact of Covid 19

As the lockdown restrictions eased during the year, particularly in UK, our staff have been returning to office working with strict COVID 19 safeguards in place. The company has introduced a hybrid working model for its staff.

Going Concern

The Directors have assessed the Group's and Company's ability to adopt a going concern basis of accounting. In coming to their conclusion, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of these financial statements.

The Company has facilities available for the management and maintenance of monthly liquidity levels, which include:

- An invoice discounting facility available to the Group to draw down on the majority of its UK-based debtors; and
- An overdraft facility amounting to £1.2m which is on an uncommitted basis and subject to a minimum annual review (October 2023 being the next review date).

Neither of the above facilities are governed by the requirement to prepare or submit financial covenants and therefore compliance with such measures has not needed to be factored into the Directors' going concern assessment.

As such, the Directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing these financial statements.

Principal risks and uncertainties

Foreign currency risk

The Directors are aware of the foreign currency risks associated with transactions in a number of currencies around the world. These risks are monitored on a regular basis and the Group looks to put in place natural hedges where ever possible and tries to ensure that sales and cost of sales are contracted in the matching currencies to minimise currency exposure risk. The finance facilities are held in Sterling, Euros and US Dollars.

Liquidity risk

The invoice discounting facility and the multi currency overdraft facility provide a flexible source of finance to manage fluctuations in cash flow. The Directors monitor the liquidity and cash flow risk on-going basis to ensure the Group has sufficient liquid resources available to meet the operating requirements of the business and appropriate action would be taken where additional funds are required, for example the invoice discounting facility was recently increased to provide additional working capital to fund the continued growth in turnover.

Credit risk

The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. The Group also has credit Insurance to minimise this risk. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The Group has interest bearing assets and liabilities. Interest bearing assets include cash balances that only earn interest at a floating rate. Interest bearing liabilities include, bank overdrafts, and invoice discounting facility arrangements. The company has implemented policies to ensure that interest can be paid by the company when it falls due.

Outlook

The trading outlook is strong and the Company is experiencing significant growth in revenue and gross profit, which is expected to continue well into the next financial year. The Group has no exposure to the Russian and Ukraine markets. The COVID-19 crisis has clearly demonstrated the need for investment in digital technology and Penta is ideally positioned to benefit from increasing demand for technology based services.

The Company is looking forward to celebrating its 25th birthday on March 11th 2023 and after 20 years in Wallington, Surrey, is moving its Head office to Epsom, Surrey in January 2023.

PENTA CONSULTING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

On behalf of the board

Mr F Searle
Director

23 December 2022

PENTA CONSULTING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

Principal activities

The principal activity of the company and group continued to be a global provider of specialist telecoms and IT resources and outsourcing services, mainly to the financial services, IT and mobile network infrastructure markets.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J R Foley	(Resigned 1 April 2021)
Mr F Searle	
Mr P Clark	
Mr R Wilson	(Resigned 1 April 2021)
Mr R Harverson	(Resigned 1 April 2021)
Mr A Patel	
Mr P Braham	(Appointed 6 May 2021 and resigned 16 August 2022)
Mr K England-Smith	(Appointed 6 May 2021)

Auditor

In accordance with the company's articles, a resolution proposing that CBW Audit Limited be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PENTA CONSULTING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr F Searle

Director

23 December 2022

PENTA CONSULTING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PENTA CONSULTING LIMITED

Opinion

We have audited the financial statements of Penta Consulting Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 and of the group's 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 group and parent 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

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent 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.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our 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.

PENTA CONSULTING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PENTA CONSULTING LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

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 parent 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 parent 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.

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

We ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations. The laws and regulations applicable to the company were identified through discussions with directors and other management, and from our commercial knowledge and experience of outsourcing services and IT resources industry. Of these laws and regulations, we focused on those that we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, anti-bribery, anti-money-laundering, employment, environmental and health and safety legislation. The extent of compliance with these laws and regulations identified above was assessed through making enquiries of management and inspecting legal correspondence. The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

PENTA CONSULTING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PENTA CONSULTING LIMITED

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

**Daniel Rose (Senior Statutory Auditor)
For and on behalf of CBW Audit Limited**

23 December 2022

**Chartered Accountants
Statutory Auditor**

66 Prescott Street
London
E1 8NN

PENTA CONSULTING LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	32,802,723	35,059,239
Cost of sales		(26,183,403)	(27,409,183)
Gross profit		6,619,320	7,650,056
Administrative expenses		(6,645,434)	(6,587,182)
Other operating income		-	150,948
Exceptional item	4	(830,305)	101,985
Operating (loss)/profit	5	(856,419)	1,315,807
Interest payable and similar expenses	9	(68,410)	(69,597)
(Loss)/profit before taxation		(924,829)	1,246,210
Tax on (loss)/profit	10	(53,933)	(339,019)
(Loss)/profit for the financial year	22	(978,762)	907,191
(Loss)/profit for the financial year is attributable to:			
- Owners of the parent company		(983,343)	835,002
- Non-controlling interests		4,581	72,189
		(978,762)	907,191

PENTA CONSULTING LIMITED

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	2022	2021
	£	£
(Loss)/profit for the year	(978,762)	907,191
Other comprehensive income		
Currency translation (loss)/gain taken to retained earnings	(132,512)	105,759
Total comprehensive income for the year	<u>(1,111,274)</u>	<u>1,012,950</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	(1,127,115)	921,775
- Non-controlling interests	15,841	91,175
	<u>(1,111,274)</u>	<u>1,012,950</u>

PENTA CONSULTING LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	12		85,527		140,859
Tangible assets	13		29,345		43,601
			<u>114,872</u>		<u>184,460</u>
Current assets					
Debtors	16	18,733,903		18,092,834	
Cash at bank and in hand		1,203,746		460,923	
		<u>19,937,649</u>		<u>18,553,757</u>	
Creditors: amounts falling due within one year	17	(8,766,762)		(6,112,021)	
Net current assets			<u>11,170,887</u>		<u>12,441,736</u>
Total assets less current liabilities			<u>11,285,759</u>		<u>12,626,196</u>
Creditors: amounts falling due after more than one year	18		(145,837)		(375,000)
Net assets			<u><u>11,139,922</u></u>		<u><u>12,251,196</u></u>
Capital and reserves					
Called up share capital	21		17,210		17,210
Share premium account	22		119,263		119,263
Capital redemption reserve	22		5,930		5,930
Other reserves	22		24,546		24,546
Profit and loss reserves	22		10,680,834		11,807,949
Equity attributable to owners of the parent company			<u>10,847,783</u>		<u>11,974,898</u>
Non-controlling interests			<u>292,139</u>		<u>276,298</u>
			<u><u>11,139,922</u></u>		<u><u>12,251,196</u></u>

The financial statements were approved by the board of directors and authorised for issue on 23 December 2022 and are signed on its behalf by:

Mr F Searle
Director

Company registration number 03525651 (England and Wales)

PENTA CONSULTING LIMITED**COMPANY BALANCE SHEET****AS AT 31 MARCH 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	12		85,527		140,859
Tangible assets	13		18,451		35,118
Investments	14		109,006		108,998
			<u>212,984</u>		<u>284,975</u>
Current assets					
Debtors	16	16,876,828		16,872,515	
Cash at bank and in hand		483,724		79,878	
		<u>17,360,552</u>		<u>16,952,393</u>	
Creditors: amounts falling due within one year	17	(8,681,584)		(6,917,050)	
Net current assets			<u>8,678,968</u>		<u>10,035,343</u>
Total assets less current liabilities			8,891,952		10,320,318
Creditors: amounts falling due after more than one year	18		(145,837)		(375,000)
Net assets			<u>8,746,115</u>		<u>9,945,318</u>
Capital and reserves					
Called up share capital	21		17,210		17,210
Share premium account	22		119,263		119,263
Capital redemption reserve	22		5,930		5,930
Profit and loss reserves	22		8,603,712		9,802,915
Total equity			<u>8,746,115</u>		<u>9,945,318</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £1,187,069 (2021 - £1,151,449 profit).

The financial statements were approved by the board of directors and authorised for issue on 23 December 2022 and are signed on its behalf by:

Mr F Searle
Director

Company registration number 03525651 (England and Wales)

PENTA CONSULTING LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss reserves	Total non-controlling interest	Total
	£	£	£	£	£	£	£
Balance at 1 April 2020	17,210	119,263	5,930	24,546	10,886,174	11,053,123	185,123
Year ended 31 March 2021:							
Profit for the year	-	-	-	-	835,002	835,002	72,189
Other comprehensive income:							
Currency translation differences	-	-	-	-	105,759	105,759	-
Amounts attributable to non-controlling interests	-	-	-	-	(18,986)	(18,986)	18,986
Total comprehensive income for the year	-	-	-	-	921,775	921,775	91,175
Balance at 31 March 2021	17,210	119,263	5,930	24,546	11,807,949	11,974,898	276,298
Year ended 31 March 2022:							
Loss for the year	-	-	-	-	(983,343)	(983,343)	4,581
Other comprehensive income:							
Currency translation differences	-	-	-	-	(132,512)	(132,512)	-
Amounts attributable to non-controlling interests	-	-	-	-	(11,260)	(11,260)	11,260
Total comprehensive income for the year	-	-	-	-	(1,127,115)	(1,127,115)	15,841
Balance at 31 March 2022	17,210	119,263	5,930	24,546	10,680,834	10,847,783	292,139
							11,139,922

PENTA CONSULTING LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 April 2020	17,210	119,263	5,930	8,683,308	8,825,711
Year ended 31 March 2021:					
Profit for the year	-	-	-	1,151,449	1,151,449
Other comprehensive income:					
Currency translation differences	-	-	-	(31,842)	(31,842)
Total comprehensive income for the year	-	-	-	1,119,607	1,119,607
Balance at 31 March 2021	17,210	119,263	5,930	9,802,915	9,945,318
Year ended 31 March 2022:					
Loss for the year	-	-	-	(1,187,069)	(1,187,069)
Other comprehensive income:					
Currency translation differences	-	-	-	(12,134)	(12,134)
Total comprehensive income for the year	-	-	-	(1,199,203)	(1,199,203)
Balance at 31 March 2022	17,210	119,263	5,930	8,603,712	8,746,115

PENTA CONSULTING LIMITED

**GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	27		(972,454)		2,029,856
Interest paid			(68,410)		(69,597)
Income taxes paid			(202,189)		(307,285)
Net cash (outflow)/inflow from operating activities			(1,243,053)		1,652,974
Investing activities					
Purchase of business		508		-	
Purchase of intangible assets		(8)		(13,515)	
Purchase of tangible fixed assets		(2,875)		(4,723)	
Net cash used in investing activities			(2,375)		(18,238)
Financing activities					
Proceeds from borrowings		1,254,180		-	
Repayment of borrowings		-		(1,399,068)	
Proceeds from new bank loans		-		500,000	
Repayment of bank loans		(104,167)		-	
Net cash generated from/(used in) financing activities			1,150,013		(899,068)
Net (decrease)/increase in cash and cash equivalents			(95,415)		735,668
Cash and cash equivalents at beginning of year			243,408		(593,581)
Effect of foreign exchange rates			(108,645)		101,321
Cash and cash equivalents at end of year			39,348		243,408
Relating to:					
Cash at bank and in hand			1,203,746		460,923
Bank overdrafts included in creditors payable within one year			(1,164,398)		(217,515)

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Penta Consulting Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Crosspoint House, 28 Stafford Road, Wallington, Surrey, SM6 9AA.

The group consists of Penta Consulting Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies. The principal accounting policies adopted are set out below.

The consolidated group financial statements consist of the financial statements of the parent company Penta Consulting Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Penta Consulting Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Income from temporary placements is recognised evenly over the period of the placement. Income from permanent placements is recognised at the commencement of the placement when the Group's contractual obligations have been fulfilled.

The Group provides Managed Services to a number of customers – revenue is recognised in line with the performance of contractual obligations.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, 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 on the basis of the carrying amount of each asset in the unit.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	25% straight line
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1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% straight line
Plant and machinery	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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 are discounted to their present value using a 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.

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. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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 years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.19 Foreign exchange

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

The results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Indicators of impairment of company's receivables

In determining whether there are indicators of impairment of the company's receivable balances the factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the customer/group company.

Goodwill impairment

The group makes judgements in respect of the required impairment of the goodwill recognised on acquisition of the subsidiaries. In doing so, the company assesses the position of the entity and the potential of the business combination - in arriving at a conclusion if the impairment is required.

Residual values and estimated useful life of assets

The group exercises judgement to determine the useful lives and residual values of tangible fixed assets. Assets are then depreciated to their residual values over their useful economic lives. Management may from time to time revise the useful economic lives of certain assets based on past performance or a change in circumstances.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Sale of services	32,802,723	35,059,239
	<u>32,802,723</u>	<u>35,059,239</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	5,918,861	7,342,288
Europe	13,587,338	14,479,873
Rest of the world	13,296,524	13,237,078
	<u>32,802,723</u>	<u>35,059,239</u>
	2022 £	2021 £
Other revenue		
Grants received	-	150,948
	<u>-</u>	<u>150,948</u>

4 Exceptional item

	2022 £	2021 £
Expenditure		
Exceptional items	830,305	(101,985)
	<u>830,305</u>	<u>(101,985)</u>

The Group incurred exceptional costs/gains related to:

- Gains/losses on termination of Middle East contracts: "nil", (2021: cost £44,863),
- Legal cases settlements gains: "nil", (2021: gain £250,202),
- Increase in recoverable amount in respect of overpaid tax, net of costs: gain £365,500, (2021: gain £99,178)
- Group restructuring costs: "nil" (2021: cost £202,535)
- Goodwill write off on acquisition of subsidiary: cost £1,195,805 (2021: "nil")

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

5 Operating (loss)/profit

	2022 £	2021 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	222,294	547,494
Government grants	-	(150,948)
Depreciation of owned tangible fixed assets	22,486	21,821
Amortisation of intangible assets	55,332	55,332
Impairment of intangible assets	1,195,805	-
Operating lease charges	316,482	181,269
	<u>316,482</u>	<u>181,269</u>

6 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	62,500	59,250
Audit of the financial statements of the company's subsidiaries	12,100	9,600
	<u>74,600</u>	<u>68,850</u>
For other services		
Taxation compliance services	-	2,500
	<u>-</u>	<u>2,500</u>

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Office and management	32	28	22	24
Selling	33	31	18	26
Total	<u>65</u>	<u>59</u>	<u>40</u>	<u>50</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	3,606,845	3,713,056	2,356,727	3,141,049
Social security costs	337,609	298,176	262,444	298,176
Pension costs	54,214	48,685	54,214	48,685
	<u>3,998,668</u>	<u>4,059,917</u>	<u>2,673,385</u>	<u>3,487,910</u>

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

8 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	306,676	432,347
Company pension contributions to defined contribution schemes	11,600	8,526
Sums paid to third parties for directors' services	-	545,133
	<u>318,276</u>	<u>986,006</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 3).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022	2021
	£	£
Remuneration for qualifying services	186,676	176,110
Company pension contributions to defined contribution schemes	8,000	5,227
	<u>194,676</u>	<u>181,337</u>

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	68,410	69,597
	<u>68,410</u>	<u>69,597</u>

10 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	53,933	339,019
	<u>53,933</u>	<u>339,019</u>

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
(Loss)/profit before taxation	(924,829)	1,246,210
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(175,718)	236,780
Tax effect of expenses that are not deductible in determining taxable profit	-	114,258
Tax effect of utilisation of tax losses not previously recognised	-	(231,090)
Unutilised tax losses carried forward	175,718	10,821
Withholding tax irrecoverable	91,479	185,718
Other differences	(37,546)	22,532
Taxation charge	53,933	339,019

The Group has not recognised a deferred tax asset of £99,839 (2021: £94,232) due to the directors' assessment of the Group's ability to utilise the asset being remote, based on the historic loss position incurred. This will be reviewed on an ongoing basis.

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022 £	2021 £
Goodwill	12	1,195,805	-
Recognised in:			
Exceptional items		1,195,805	-

The impairment losses in respect of financial assets are recognised as exceptional items in the profit and loss account.

The company made a decision to impair the total goodwill arising on its acquisition of Penta Technology Limited - as , based on the information available to the management at the time of preparation of the financial statements, there are no additional benefits expected to flow to the entity as a result of that business combination.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

12 Intangible fixed assets

Group	Goodwill £	Software £	Total £
Cost			
At 1 April 2021	86,358	221,328	307,686
Additions - business combinations	1,195,805	-	1,195,805
	<u>1,282,163</u>	<u>221,328</u>	<u>1,503,491</u>
At 31 March 2022	1,282,163	221,328	1,503,491
Amortisation and impairment			
At 1 April 2021	86,358	80,469	166,827
Amortisation charged for the year	-	55,332	55,332
Impairment losses	1,195,805	-	1,195,805
	<u>1,282,163</u>	<u>135,801</u>	<u>1,417,964</u>
At 31 March 2022	1,282,163	135,801	1,417,964
Carrying amount			
At 31 March 2022	-	85,527	85,527
	<u>-</u>	<u>85,527</u>	<u>85,527</u>
At 31 March 2021	-	140,859	140,859
	<u>-</u>	<u>140,859</u>	<u>140,859</u>
Company	Goodwill £	Software £	Total £
Cost			
At 1 April 2021 and 31 March 2022	86,358	221,328	307,686
	<u>86,358</u>	<u>221,328</u>	<u>307,686</u>
Amortisation and impairment			
At 1 April 2021	86,358	80,469	166,827
Amortisation charged for the year	-	55,332	55,332
	<u>-</u>	<u>55,332</u>	<u>55,332</u>
At 31 March 2022	86,358	135,801	222,159
	<u>86,358</u>	<u>135,801</u>	<u>222,159</u>
Carrying amount			
At 31 March 2022	-	85,527	85,527
	<u>-</u>	<u>85,527</u>	<u>85,527</u>
At 31 March 2021	-	140,859	140,859
	<u>-</u>	<u>140,859</u>	<u>140,859</u>

More information on impairment movements in the year is given in note 11.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

13 Tangible fixed assets

Group	Fixtures and fittings £	Plant and machinery £	Total £
Cost			
At 1 April 2021	89,362	256,946	346,308
Additions	-	8,230	8,230
At 31 March 2022	89,362	265,176	354,538
Depreciation and impairment			
At 1 April 2021	85,762	216,945	302,707
Depreciation charged in the year	811	21,675	22,486
At 31 March 2022	86,573	238,620	325,193
Carrying amount			
At 31 March 2022	2,789	26,556	29,345
At 31 March 2021	3,600	40,001	43,601
Company	Fixtures and fittings £	Plant and machinery £	Total £
Cost			
At 1 April 2021	35,104	244,222	279,326
Additions	-	1,863	1,863
At 31 March 2022	35,104	246,085	281,189
Depreciation and impairment			
At 1 April 2021	31,504	212,704	244,208
Depreciation charged in the year	811	17,719	18,530
At 31 March 2022	32,315	230,423	262,738
Carrying amount			
At 31 March 2022	2,789	15,662	18,451
At 31 March 2021	3,600	31,518	35,118

14 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	15	-	-	109,006	108,998

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

14 Fixed asset investments (Continued)

Movements in fixed asset investments	Shares in subsidiaries
Company	£
Cost or valuation	
At 1 April 2021	147,331
Additions	8
At 31 March 2022	147,339
Impairment	
At 1 April 2021 and 31 March 2022	38,333
Carrying amount	
At 31 March 2022	109,006
At 31 March 2021	108,998

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Address	Class of shares held	% Held	
			Direct	Indirect
Penta Consulting Middle East Limited	10	Ordinary	100.00	-
PCSA Holdings Pty Ltd	1	Ordinary	100.00	-
Penta Consulting FZ LLC	4	Ordinary	100.00	-
Penta Consulting SAL	6	Ordinary	80.00	-
Penta Facilities Management Services LLC	3	Ordinary	49.00	-
PT Putera Indo Konsultan	5	Ordinary	70.00	-
Penta Consulting France SARL	2	Ordinary	100.00	-
PCSA Consulting Pty Ltd*	1	Ordinary	0	69.40
Penta Consulting GmbH	8	Ordinary	100.00	-
Penta Consulting Poland SP Z O.O.	9	Ordinary	100.00	-
Penta Payroll Limited	10	Ordinary	100.00	-
Penta Services Limited	10	Ordinary	100.00	-
Penta Consulting Saudi Arabia LLC	7	Ordinary	0	100.00
Penta Technology Limited	10	Ordinary	100.00	-

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15 Subsidiaries

(Continued)

Registered office addresses (all UK unless otherwise indicated):

- 1 Mazars House, Rialto Road, Grand Moorings Precinct, Century City, 7441, South Africa
- 2 55 Avenue des Champs-Élysées, 75008, Paris, France
- 3 Office 208, IBN Battuta Gate, Jebel Ali, Dubai, UAE
- 4 5th Floor, IBQ Bank Building, International Academic City, Dubai, UAE
- 5 Wisma Aldiron, Ground Floor, Suite 008P, Jl. Gatot Subroto Kav.72, Pancoran, Jakarta Selatan 12780, Indonesia
- 6 Office A1, Broumana Main Street, Pine Twins Building, Beirut, Lebanon
- 7 PO Box 8730, 12214 Riyadh, Kingdom of Saudi Arabia
- 8 Darmstaedter Landstrasse 116, 60598 Frankfurt Am Main, Germany
- 9 Ul. Kamienna 21 lok. 204, Krakow, 30-001, Poland
- 10 28 Stafford Road, Wallington, United Kingdom, SM6 9AA

Penta Facilities Management Services LLC is treated as subsidiary as Penta Consulting Limited have control over the company. Penta Consulting Limited control the day to day operations and also dictate the strategic direction of the companies. The shareholders in Dubai have passive roles in the management of the company.

The following subsidiary is exempt from the requirements of the Act relating to the audit of individual accounts by the virtue of s479A:

- Penta Consulting Middle East Limited (Company number 11905794)

The company provided guarantees to the above subsidiary for all outstanding liabilities to which the subsidiary is subject at the end of the financial year, until they are satisfied in full. The total amount guaranteed was £169,192 (2021:nil) and related entirely to inter-company debt within the Group.

16 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	8,828,722	6,846,746	6,019,259	5,615,401
Unpaid share capital	20,994	20,992	20,992	20,992
Corporation tax recoverable	73,231	-	-	-
Amounts owed by group undertakings	8,048,790	7,660,167	9,697,591	8,174,275
Amounts owed by undertakings in which the company has a participating interest	-	1,037,995	-	1,037,995
Other debtors	957,713	1,877,171	723,596	1,539,383
Prepayments and accrued income	804,453	649,763	415,390	484,469
	<u>18,733,903</u>	<u>18,092,834</u>	<u>16,876,828</u>	<u>16,872,515</u>

Amounts owed by group undertakings are interest-free, repayable on demand and unsecured.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

17 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	1,414,394	342,515	1,414,394	342,513
Invoice discounting facility	19	3,780,383	2,526,203	3,780,383	2,526,203
Trade creditors		1,654,003	1,115,051	1,160,200	1,008,046
Amounts owed to group undertakings		-	-	1,780,586	1,955,151
Corporation tax payable		-	75,025	-	-
Other taxation and social security		273,878	118,484	130,891	76,574
Other creditors		292,065	156,791	98,783	129,197
Accruals and deferred income		1,352,039	1,777,952	316,347	879,366
		<u>8,766,762</u>	<u>6,112,021</u>	<u>8,681,584</u>	<u>6,917,050</u>

The bank overdraft and invoice discounting facility are secured by way of a fixed and floating charge over the Group's present and future assets, including a cross guarantee with the immediate parent company, Penta Consulting Group Limited.

Amounts owed to group undertakings are interest-free, repayable on demand and unsecured.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	19	145,837	375,000	145,837	375,000
		<u>145,837</u>	<u>375,000</u>	<u>145,837</u>	<u>375,000</u>

19 Loans and overdrafts

		Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans		395,833	500,000	395,833	500,000
Bank overdrafts		1,164,398	217,515	1,164,398	217,513
Other loans		3,780,383	2,526,203	3,780,383	2,526,203
		<u>5,340,614</u>	<u>3,243,718</u>	<u>5,340,614</u>	<u>3,243,716</u>
Payable within one year		5,194,777	2,868,718	5,194,777	2,868,716
Payable after one year		145,837	375,000	145,837	375,000
		<u>5,340,614</u>	<u>3,243,718</u>	<u>5,340,614</u>	<u>3,243,716</u>

The bank overdraft and invoice discounting facility (included within Other loans) are secured by way of a fixed and floating charge over the Group's present and future assets.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

20 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	54,214	48,685

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and not fully paid				
Ordinary shares of 10p each	172,099	98,220	17,210	9,822
Ordinary A shares of 10p each	-	30,394	-	3,039
Ordinary B shares of 10p each	-	15,197	-	1,520
Ordinary C shares of 10p each	-	17,523	-	1,752
Ordinary D shares of 10p each	-	10,765	-	1,077
	<u>172,099</u>	<u>172,099</u>	<u>17,210</u>	<u>17,210</u>

During the year the company passed a resolution to reclassify the shares categorized as A / B / C and D to ordinary shares.

22 Reserves

Share premium

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Other reserves

In line with Commercial Companies Law in Dubai, the local entities in the jurisdiction must maintain a minimum legal reserve equivalent to 150,000 AED. The other reserve represents the translation of this required reserve at historical exchange rates at this point of inception.

Profit and loss reserves

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

23 Acquisition of a business

On 24 March 2022 the group acquired 100 percent of the issued capital of Penta Technology Limited.

	Book Value £	Adjustments £	Fair Value £
Net assets acquired			
Property, plant and equipment	5,355	-	5,355
Trade and other receivables	15,160	-	15,160
Cash and cash equivalents	516	-	516
Trade and other payables	(1,216,828)	-	(1,216,828)
Total identifiable net assets	(1,195,797)	-	(1,195,797)
Goodwill			1,195,805
Total consideration			8
The consideration was satisfied by:			£
Cash			8
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			£
Turnover			-
Profit after tax			-

The goodwill arising on the acquisition of the business is attributable to the anticipated profitability of the distribution of the company's products in new markets and the future operating synergies from the combination.

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	231,296	249,782	214,015	233,636
Between two and five years	350,000	564,015	350,000	564,015
	581,296	813,797	564,015	797,651

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

25 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales 2022 £	Sales 2021 £	Purchases 2022 £	Purchases 2021 £
Group				
Entities over which the group has control, joint control or significant influence	477,353	1,072,023	36,649	486,436
	<u>477,353</u>	<u>1,072,023</u>	<u>36,649</u>	<u>486,436</u>
Company				
Entities over which the company has control, joint control or significant influence	477,353	1,072,023	36,649	486,436
	<u>477,353</u>	<u>1,072,023</u>	<u>36,649</u>	<u>486,436</u>
	Funds transferred 2022 £	Funds transferred 2021 £	Balances written off 2022 £	Balances written off 2021 £
Group				
Entities over which the entity has control, joint control or significant influence	925,526	1,021,009	561	80,467
	<u>925,526</u>	<u>1,021,009</u>	<u>561</u>	<u>80,467</u>
Company				
Entities over which the entity has control, joint control or significant influence	925,526	1,021,009	561	80,467
	<u>925,526</u>	<u>1,021,009</u>	<u>561</u>	<u>80,467</u>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022 £	2021 £
Group		
Entities over which the group has control, joint control or significant influence	-	271,403
	<u>-</u>	<u>271,403</u>
Company		
Entities over which the company has control, joint control or significant influence	-	271,403
	<u>-</u>	<u>271,403</u>

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2022 Balance £	2021 Balance £
Group		
Entities over which the group has control, joint control or significant influence	227,046	13,067
	<u>227,046</u>	<u>13,067</u>

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

25 Related party transactions (Continued)

Company

Entities over which the company has control, joint control or significant influence

227,046	13,067
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26 Controlling party

The immediate and ultimate parent company is Penta Consulting Group Limited, a company registered in the United Kingdom, whose registered office is Crosspoint House, 28 Stafford Road, Wallington, SM6 9AA, United Kingdom and the ultimate controlling party is Paul Clark, by virtue of his shareholding in Penta Consulting Group Limited

The smallest group for which consolidated accounts are prepared is that headed by the entity, Penta Consulting Limited. The largest group for which consolidated accounts are prepared is that headed by the ultimate parent company Penta Consulting Group Limited.

Copies of consolidated financial statements can be obtained from Companies House.

27 Cash (absorbed by)/generated from group operations

	2022 £	2021 £
(Loss)/profit for the year after tax	(978,762)	907,191
Adjustments for:		
Taxation charged	53,933	339,019
Finance costs	68,410	69,597
Amortisation and impairment of intangible assets	1,251,137	55,332
Depreciation and impairment of tangible fixed assets	22,486	24,040
Movements in working capital:		
(Increase)/decrease in debtors	(576,537)	1,331,506
Decrease in creditors	(813,121)	(696,829)
Cash (absorbed by)/generated from operations	(972,454)	2,029,856

PENTA CONSULTING LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

28 Analysis of changes in net debt - group

	2022
	£
Opening net funds/(debt)	
Cash and cash equivalents	243,408
Loans	(3,026,203)
	<u>(2,782,795)</u>
Changes in net debt arising from:	
Cash flows of the entity	(1,245,428)
Changes in market value and exchange rates	(108,645)
	<u>(1,354,073)</u>
Closing net funds/(debt) as analysed below	<u><u>(4,136,868)</u></u>
Closing net funds/(debt)	
Cash and cash equivalents	39,348
Loans	(4,176,216)
	<u><u>(4,136,868)</u></u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.