GetBusy UK Limited

Company number 03574066

Report and Financial Statements

31 December 2022

GetBusy UK Limited
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31 December 2022

Company Information

Directors
CA Rabie
B Oliver
DA Rabie
JPC Haworth

Secretary
Oakwood Corporate Secretary Limited

Auditor
RSM UK Audit LLP
Suite A, 7th Floor
East West Building
2 Tollhouse Hill
Nottingham
NG1 5FS

Registered Office
Suite 8, The Works
20 West Street
Unity Campus
Pampisford
Cambridgeshire
CB22 3FT

Company number
03574066

Strategic report

Business review and key performance indicators

GetBusy UK Limited is the principal UK trading company for the GetBusy group. GetBusy's specialist productivity software solutions enable growing businesses to work securely and efficiently with their customers, suppliers and teams anytime, anywhere. Our solutions can be delivered flexibly across cloud, mobile, hosted and on-premise platforms, whilst integrating seamlessly with a wide variety of other class-leading core business systems.

With over 75,000 paying users across multiple market sectors and jurisdictions, GetBusy is an established and fast-growing SaaS business delivering sustained double-digit growth in high-quality recurring subscription revenue over the long term.

2022 turnover comprised £7,295k (2021: £6,806k) from the sale of software licences, subscriptions, consulting and support contracts and £1,567k (2021: £1,501k) from services provided to other GetBusy group companies. 93% (2021: 90%) of non-group turnover in 2022 was recurring in nature, that is to say from software subscriptions and support contracts. It is the Company's objective to continue to increase the proportion of recurring revenue.

2022 revenue growth was derived from a combination of higher services provided to other Group companies together with higher subscription revenue, principally from the Company's Virtual Cabinet and SmartVault businesses. The decrease in operating costs arises from opposing factors. The major drive for decrease is a doubling of the costs capitalised due to their nature as development costs. This decrease is mitigated by higher charges from other Group companies, higher staff costs due to an expansion of the team, and higher performance bonus accruals arising from the strong performance of the Group for the financial year. The loss before tax for the year of £926k compares to a loss before tax of £2,764k in 2021.

A tax credit of £1,012k was recorded in 2022 (2021: credit of £997k). This relates largely to research and development tax credit claims made for 2022, and the expected tax credit, which will be received in cash. The increase is due to more significant investments in the development of the Group's products over the course of the year.

On the balance sheet, the increase in intangible assets is the combined result of higher capitalised development expenditure for the long-established products, capitalised expenditure on Workiro and acquisitions of third-party software, including both enhanced functionality for the Company's products and software for internal use. The amortisation period for the capitalised development cost has also increased from 3 to 5 years, resulting in lower amortisation than previously charged. The reduction in the lease asset and liability reflects a year's use of the Company's UK office. The increase in debtors is a result of higher recharges to other Group companies and a higher research and development tax credit receivable and the higher trade receivables correlating with an increase in revenue during the year. The increase in creditors arises mainly from higher amounts owed to other Group companies for services received together with higher accruals for performance incentives.

The Company forms part of a Group with shared cash resources, and so cash is managed on a Group-wide basis. The Group finished 2022 with £3.0m of cash, up 11% on 31 December 2021, and this was underpinned by an additional £2.0m available via the Group's credit facility, which has remained completely undrawn during the year and subsequently.

More information about the wider Group's performance and activities can be found in the annual report of GetBusy plc, available at www.getbusyplc.com.

Principal risks and uncertainties

- The Group's portfolio includes a number of new products that are early stage and unproven. They may fail to generate independent revenue streams of sufficient value.
- The core architecture of Virtual Cabinet is on-premise rather than cloud-based, although cloud-hosted environments are made available to customers. If the market begins to favour cloud-based solutions, Virtual Cabinet may become uncompetitive.
- Our software handles large volumes of sensitive client data. A significant loss of data, a compliance breach, or malicious actions from an internal or external party, may have serious and wide-reaching implications.
- A significant technology failure within our products or in technologies on which our products rely, including cloud computing providers, may severely impede customer access to our services and their data.
- The successful execution of our strategy is, to some extent, reliant on our ability to recruit, motivate and retain certain key people.
- The wider Group is currently loss making on a pre-tax basis, although it has been cash-generative over the last 2 years. The Group may in the future need to raise additional funds to implement its strategy. There can be no guarantee that the required funding will be available at an acceptable price or at all. Failure to raise any required funds may prevent the Group from executing its strategy.

Future prospects

The Directors are confident that the Company will see continued recurring revenue growth in 2023 and beyond from its suite of productivity applications, through a combination of new business, expansion and monetisation. The Company will continue to invest in its existing products, new products and sales and marketing channels.

By order of the Board:

JPC Haworth
Director

06/03/23

Directors' report

Principal activities

GetBusy UK Limited is the principal UK trading company for the GetBusy group. GetBusy's specialist productivity software solutions enable growing businesses to work securely and efficiently with their customers, suppliers and teams anytime, anywhere. Our solutions can be delivered flexibly across cloud, mobile, hosted and on-premise platforms, whilst integrating seamlessly with a wide variety of other class-leading core business systems.

Disclosure of information in the strategic report

In accordance with Section 414C of the Companies Act 2006 a review of the company's business and a description of the principal risks and uncertainties facing the company is included in the Strategic Report.

Going concern

In their assessment of the appropriateness of the going concern basis, the Directors have considered base case forecasts for the Group as a whole, since the Company trades as part of a Group for which there is central management of cash and treasury. Cash is regularly moved between the Group's subsidiaries and so modelling for liquidity and going concern purposes is carried out on this consolidated basis.

The Group is expected to be loss-making in the medium term as continued investment is made for future growth. The global economy has been significantly impacted by major unforeseeable events. As a result, the Directors have applied a number of assumptions to the base case forecast, which includes revenue, profit, cashflow and covenant compliance projections, to reflect a reasonable worst-case scenario for cashflow for the period to 30 June 2024. Those assumptions include:

- A significant reduction in new business revenue generated from new business;
- A significant increase in churn from existing customers, either by downgrading their plans or ceasing to use the Group's products entirely; and
- A marked increase in cash tied up in working capital as customers take longer to pay or default on payments.

Tiers of potential mitigating actions have been identified, with increasing cost and complexity of implementation, as follows:

- A reduction in certain variable, performance-based costs such as sales commissions and performance bonuses;
- A reduction in the recruitment of planned new staff;
- A reduction in certain discretionary costs, such as marketing, training and outsourced design work;
- A reduction in workforce that would have an initial cash outlay but would reduce ongoing overhead expenditure.

Based on these forecasts, the Directors are of the opinion that the Company is able to meet its liabilities as they fall due for a period of not less than 12 months from the date of this report. For this reason, the going concern basis is considered appropriate for the preparation of these financial statements.

Subsequent events

There have been no significant events subsequent to the balance sheet date.

Dividends

No dividends were paid in 2022 and the directors recommend no final dividend (2021: no dividend).

Directors

The directors, who served from 1 January 2022 to the date of this report, unless stated otherwise, were:

CA Rabie
B Oliver
DA Rabie
JPC Haworth

Auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are 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.

RSM UK Audit LLP will be proposed for reappointment by the board in the absence of an Annual General Meeting.

By order of the Board:

JPC Haworth
Director

Registered No. 03574066

06/03/23

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable UK 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 company and of the 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 estimates that are reasonable and prudent; and
- 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.

Independent auditor's report to the members of GetBusy UK Limited

Opinion

We have audited the financial statements of GetBusy UK Limited (the 'company') for the year ended 31 December 2022 which comprise the income statement, statement of financial position, statement of changes in equity 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 FRS 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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 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.

Independent auditor's report to the members of GetBusy UK Limited (continued)

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.

Matters on which we are required to report by exception

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.

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

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

Independent auditor's report to the members of GetBusy UK Limited (continued)

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 101, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and reviewing the tax provisions prepared by management.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to GDPR. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations.

The audit engagement team identified revenue recognition and the risk of management override of controls as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- testing manual journal entries and other adjustments;
- evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business;
- cut-off testing and substantive testing procedures to validate revenue recognition throughout the year.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://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.

Neil Stephenson

NEIL STEPHENSON (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A, 7th Floor
East West Building, 2 Tollhouse Hill
Nottingham NG1 5FS

06/03/23

Income statement

for the year ended 31 December 2022

	Notes	2022 £000	*Restated 2021 £000
Turnover	2	8,862	8,307
Cost of sales		(265)	(212)
Gross profit		8,597	8,095
Other operating income	3	1,828	1,297
Administrative expenses		(11,328)	(12,134)
Operating loss	3	(903)	(2,742)
Net interest payable	6	(23)	(22)
Loss on ordinary activities before taxation		(926)	(2,764)
Tax	7	1,012	997
Profit / (loss) for the financial year		86	(1,767)

*The income statement has been restated to reflect the move of royalties received of £1,828,000 (2021: £1,297,000) from other income beneath operating loss to other operating income. This is considered to more appropriately reflect the nature of this income. See note 16 for further details.

Statement of financial position

at 31 December 2022

	Notes	2022 £000	*Restated 2021 £000
Fixed assets			
Intangible assets	8	2,352	1,044
Right of use assets - leases	15	312	463
Tangible assets	9	221	263
		2,885	1,770
Current assets			
Debtors	10	4,820	2,665
Cash at bank and in hand		513	183
		5,333	2,848
Current liabilities			
Creditors: amounts falling due within one year	11	(9,651)	(6,290)
Lease liabilities	15	(193)	(171)
		(9,844)	(6,461)
Net current liabilities		(4,511)	(3,613)
Non-current liabilities			
Creditors: amounts falling due after more one year	12	-	(4)
Lease liabilities	15	(210)	(404)
		(210)	(408)
Net liabilities		(1,836)	(2,251)
Capital and reserves			
Called up share capital	13	100	100
Capital contribution reserve		1,724	1,395
Profit and loss account		(3,660)	(3,746)
Total equity		(1,836)	(2,251)

*See page 12.

The financial statements of GetBusy UK Limited (registered number 03574066) were approved by the board of directors and authorised for issue on 28 February 2023. They were signed on its behalf by:

JPC Haworth
Director

06/03/23

Statement of changes in equity

for the year ended 31 December 2022

	Called-up share capital	*Profit and loss account*	*Capital contribution reserve*	*Total*
	£000	*£000*	*£000*	*£000*
Balance as at 1 January 2021 (restated)*	100	(1,979)	1,002	(877)
Loss for the year	-	(1,767)	-	(1,767)
Transactions with owners - Share based payments	-	-	393	393
Balance as at 31 December 2021 (restated)*	100	(3,746)	1,395	(2,251)
Profit for the year	-	86	-	86
Transactions with owners - Share based payments	-	-	329	329
Balance as at 31 December 2022	100	(3,660)	1,724	(1,836)

Profit and loss account – cumulative profit and loss net of distributions to owners.

Capital contribution reserve – cumulative impact of the charge for the grant of share options by the parent, GetBusy plc, to employees of the Company, for which no reimbursement is made.

*The 2021 balance sheet has been restated to separate out the capital contribution reserve from the profit and loss account reserve.

Notes to the financial statements

for the year ended 31 December 2022

1. Accounting policies

Authorisation of financial statements and statement of compliance with FRS 101.

GetBusy UK Limited is the principal UK trading company for the GetBusy group. GetBusy's specialist productivity software solutions enable growing businesses to work securely and efficiently with their customers, suppliers and teams anytime, anywhere. Our solutions can be delivered flexibly across cloud, mobile, hosted and on-premise platforms, whilst integrating seamlessly with a wide variety of other class-leading core business systems. The company's registered office is disclosed the company information on page 1.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and under the historical cost convention. The company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

In preparing these financial statements, the company applies the recognition and measurement requirements of UK-adopted International Accounting Standards and in accordance with the requirements of the Companies Act 2006.

The principal accounting policies adopted by the company are set out below.

Basis of preparation

The accounting policies that follow set out the policies which apply in preparing the financial statements for the year ended 31 December 2022.

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

(a) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:

(i) paragraph 79(a) (iv) of IAS 1;

(ii) paragraph 73(e) of IAS16 *Property, plant and equipment;*

(iii) paragraph 118(e) of IAS38 *Intangible assets;*

(iv) paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of assets;*

(b) the requirements of IAS 7 *Statement of Cash Flows*;

(c) 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 party to the transaction is wholly owned by such a member and the compensation of key management personnel.

Where required, equivalent disclosures are given in the group accounts of GctBusy plc. The group accounts of GetBusy plc are available to the public and can be obtained at www.getbusyplc.com

Going concern

As further described in the Directors' Report, in their assessment of the appropriateness of the going concern basis, the Directors have considered base case forecasts for the Group as a whole, since the Company trades as part of a Group for which there is central management of cash and treasury. Cash is regularly moved between the Group's subsidiaries and so modelling for liquidity and going concern purposes is carried out on this consolidated basis.

On the basis of these forecasts, the directors are satisfied that the Company is expected to have sufficient resources to continue as a going concern for a period of not less than 12 months from the date of these financial statements.

Consequently, the going concern basis has been used.

Notes to the financial statements

for the year ended 31 December 2022

Revenue recognition

The Company generates most of its income from customers in the following ways:

Subscriptions and support contracts (93% of total revenue). A customer pays a regular fixed amount (usually monthly or annually) in exchange for a right to access our software, updates to the software and the technical support that we provide.

Consulting and services (5% of total revenue). To get the most from some of our software products, certain customers prefer us to manage the implementation project or provide training and onboarding. This is usually invoiced at the point of completion – "go-live". Other ad-hoc consulting assignments, for example to assist with the migration of data between systems or training new groups of users, are usually invoiced on completion of the assignment.

License (2% of total revenue). A customer pays a one-off amount for the right to use a particular version of our software for as long as they like, without the access to future updates or technical support. The license is sold alongside a contract for support for a period of time (usually three years).

Revenue is recognised as follows:

- Subscription revenue and support revenue is recognised on a straight-line basis over the duration of the contract.
- Consulting and services revenue related to a software implementation is recognised on a straight-line basis over the duration of the minimum term of the related subscription contract (usually 3 years). All other consulting revenue, including training and onboarding, is recognised on completion of the consulting engagement.
- License revenue is recognised on a straight-line basis over the duration of the adjoined support contract.

In most cases, we invoice and receive payment from customers in advance of revenue being recognised in the income statement. Deferred revenue is the difference between amounts invoiced to customers and revenue recognised under the policy described above.

Development costs

The accounting standard IAS38 Intangible Assets sets out criteria under which development costs should be capitalised. The key criteria for capitalisation are (1) technical feasibility; (2) intention to complete and then use or sell; (3) commercial viability and (4) ability to measure the expenditure reliably.

We are constantly developing our products, both existing and new. These developments range from minor enhancements and bug fixes, to integrations with new or updated third party software, to major new features and completely new products.

We use agile development techniques. Our development is based on a series of iterative steps each designed to provide value to the customer and which can each be trialled and validated. Unlike traditional waterfall methods, this technique doesn't lend itself to the recording of development costs in a fashion that suits IAS38. Consequently, we apply judgement and estimates in determining the proportion of our total development spend that meets the above criteria.

To make these judgements, we examine in detail the development activities over a period of time for each product. We make an estimate of the proportion of that time in which the development tasks that are being carried out meet the IAS38 criteria. We then apply that proportion to the entire development spend for the period to determine the amount to be capitalised.

Capitalised costs are amortised over their useful economic life, which is estimated to be 5 years from 1 January 2022 and was previously estimated to be 3 years. The change in amortisation periods has been applied prospectively.

Notes to the financial statements

for the year ended 31 December 2022

Leases

For each lease, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Social security on long-term incentives

Under the terms of the Group's long-term incentive schemes, including share option schemes, the Group is liable to pay certain employment taxes, which may be at the point at which the incentives vest or are exercised. In the case of share option schemes, the ultimate value of that liability is linked to the parent company's share price at the date of exercise.

The parent company's period-end share price is used to estimate the value of the liability on such long-term incentives. The ultimate liability may vary materially from that estimate if the share price is materially higher or lower at the date that the liability crystallises.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those relating to revenue recognition, described above) have had the most significant effect on amounts recognised in the financial statements:

Development costs

Based on the methodology described in the accounting policies above, a proportion of development expenditure on existing products has been capitalised. In 2022, certain costs for the development of the core functionality within the Group's Workiro technology were capitalised. In previous years, all development expenditure on Workiro had been expensed, principally as it was not possible to demonstrate commercial viability with sufficient certainty. The Board's judgement is that the commercial prospects for the Workiro technology within the Group's existing customer base and within the ERP market have now been demonstrated with sufficient certainty, as evidenced by a combination of sales traction and commercial discussions with resale and integration partners. Development expenditure on certain new products has been expensed as incurred as it is not possible to demonstrate commercial viability with enough certainty.

Expected credit losses

The Company has material trade receivables. Judgement is required in determining the extent of any provision for expected credit losses. The specific circumstances of individual customers, and historical trends, are used in the calculation of this provision.

Notes to the financial statements

for the year ended 31 December 2022

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, and is wholly attributable to the company's continuing principal activity and is all derived from the United Kingdom.

3. Operating loss

This is stated after charging/(crediting):

	2022	*Restated* 2021*
	£000	*£000*
Audit of the financial statements	11	15
Depreciation of owned assets	93	87
Depreciation of right of use assets	151	155
Amortisation of intangibles	369	544
Exchange rate loss	94	43
Royalties received	(1,828)	(1,297)
Share based payment charge	329	393
Social security on share option costs	(120)	267

The fee for the audit of the financial statements was recharged by the parent company, GetBusy plc.

*See note 16

4. Directors' remuneration

Directors remuneration in the year was £1,101,000 (2021: £1,211,000). Contributions of £83,358 (2021: £48,589) were paid into money purchase schemes in respect of 3 directors (2021: 3).

Remuneration for the highest paid director was £477,000 (2021: £557,000).

Notes to the financial statements

for the year ended 31 December 2022

5. Staff costs

	2022 £000	2021 £000
Wages and salaries	5,792	5,693
Social security costs	776	742
Other pension costs	206	173
Social security costs on share-based payments	(120)	267
Share based payment	329	393
	6,983	7,268

The details of the share-based payments are given in the accounts of GetBusy plc.

The average monthly number of employees during the year was made up as follows:

	No.	No.
Support	12	15
Development	25	24
Delivery and operations	10	10
Sales	12	15
Administration	20	16
	79	80

6. Net interest payable

Net interest (payable) / receivable	2022 £000	2021 £000
Interest on intercompany loans	(10)	4
Interest on lease liabilities	(20)	(26)
Other interest receivable	7	-
	(23)	(22)

Notes to the financial statements

for the year ended 31 December 2022

7. Tax

(a) Tax charged in the income statement

	2022 £000	2021 £000
Current tax:		
UK corporation tax at 19% (2021: 19%)	(1,040)	(1,021)
Adjustments in respect of prior years	28	24
Total current tax (note 7(b))	(1,012)	(997)
Total current tax charge	(1,012)	(997)
Deferred tax:		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior years	-	-
Total deferred tax (note 7(c))	-	-
Tax credit in the income statement	(1,012)	(997)

(b) Reconciliation of the total tax charge for the year

The tax expense in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	2022 £000	2021 £000
Loss on ordinary activities before tax	(926)	(2,764)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(176)	(525)
Effects of:		
Expenses not deductible for tax purposes	42	77
Deferred tax not recognised	(258)	(58)
Adjustments in respect of prior years	28	24
Additional deduction for qualifying R&D expenditure	(971)	(831)
Current period losses surrendered for R&D tax credit	1,362	1,337
R&D tax credit	(1,039)	(1,021)
Total tax credit reported in the income statement (note 7(a))	(1,012)	(997)

(c) Factors affecting future tax

The standard rate of corporation tax in the United Kingdom for the year is 19% (2021: 19%). The main rate of corporation tax will rise to 25% with effect from 1 April 2023. Deferred tax has therefore been measured, where applicable at 25%, the rate that is expected to apply when the deferred tax is unwound.

At 31 December 2022 deferred tax assets totalling £258k (2021: £310k) have not been recognised due to uncertainty over the timing of recoverability of unrelieved tax losses. The tax losses have no expiry date.

Notes to the financial statements

for the year ended 31 December 2022

8. Intangible fixed assets

	Development costs £000	*Intellectual property £000*	*Computer software £000*	*Total £000*
Cost:				
At 1 January 2022	2,324	2,398	176	4,898
Additions for the year	1,438	-	239	1,677
At 31 December 2022	3,762	2,398	415	6,575
Amortisation:				
At 1 January 2022	1,452	2,398	4	3,854
Charge for the year	355	-	14	369
At 31 December 2022	1,807	2,398	18	4,223
Net book value:				
At 31 December 2022	1,955	-	397	2,352
At 31 December 2021	872	-	172	1,044

9. Tangible fixed assets

	Leasehold Improvements £000	*Equipment £000*	*Total £000*
Cost:			
At 1 January 2022	18	401	419
Additions for the year	-	52	52
Disposals for the year	-	(5)	(5)
At 31 December 2022	18	448	466
Depreciation:			
At 1 January 2022	6	150	156
Charge for the year	4	90	94
Disposals for the year	-	(5)	(5)
At 31 December 2022	10	235	245
Net book value:			
At 31 December 2022	8	213	221
At 1 January 2022	12	251	263

Notes to the financial statements

for the year ended 31 December 2022

10. Debtors

	2022 *£000*	*2021* *£000*
Trade debtors	450	309
Amounts due from fellow group undertakings	2,990	1,050
Other debtors	128	145
Corporation tax – R&D	909	890
Prepayments and accrued income	343	271
	4,820	2,665

Amounts owed by group undertakings are repayable on demand, and bear interest at a rate of 8% per annum. The Group manages cash centrally and distributes liquidity as required amongst the group, and given the cash surplus of the Group, the trading forecasts for the Group and its cash-generative status, the amounts due from fellow group undertakings do not exhibit signs of potential credit loss and any impairment is immaterial.

Trade receivables are presented net of allowances for doubtful debts of £28k (2021 £17k). Trade receivables are considered for impairment based on their aging profile and any other information that is pertinent to their collectability and that is known at the time.

Trade receivables are classified as financial assets and there is no difference between their carrying value and their fair value. Whilst trade receivables represent the most significant credit risk to the Group, there is no significant concentration of risk. Credit risk is limited by our credit checking processes and the fact that our software is often mission-critical for our customers. The ageing of trade receivables that are past due but not impaired is as follows:

	2022 *£000*	*2021* *£000*
Past due 1-30 days	46	61
Past due 31-60 days	51	8
Past due 61+ days	12	14

11. Creditors: amounts falling due within one year

	2022 *£000*	*2021* *£000*
Trade creditors	286	116
Amounts due to fellow group undertakings	5,378	2,292
Other taxation and social security costs	449	395
Accruals and deferred income	3,522	3,394
Other creditors	16	93
	9,651	6,290

Amounts owed to group undertakings are repayable on demand, and bear interest at a rate of 8% per annum.

Notes to the financial statements

for the year ended 31 December 2022

12. Creditors: amounts falling due after one year

	2022 £000	2021 £000
Deferred income	-	4
	-	4

13. Issued share capital

Allotted, called up and fully paid	No.	2022 £	No.	2021 £
Ordinary shares of £1 each	100,000	100,000	100,000	100,000

The company's ordinary shares, which carry no right to fixed income, each carry a right to one vote at general meetings of the company.

14. Capital commitments

There were no capital commitments at 31 December 2022 (2021: £nil).

15. Leases

On 17 January 2020, the Company completed a lease for new office premises in the UK leading to the addition of a right of use asset and corresponding lease liability of £763k. The interest rate used to discount lease liabilities was 4%.

Interest on lease liabilities of £20k was recorded in net interest payable during the year (2021: £26k). The cash outflow for the Company's property lease was £191k (2021: £186k).

A reconciliation of the IFRS16 right of use asset is shown below.

	Right of use asset 2022 £000
At 1 January 2022	463
Depreciation	(151)
	312

The Company's lease liabilities mature as follows:

Lease liabilities	
Within one year	193
Within 1 to 5 years	210
More than 5 years	-
	403

Notes to the financial statements

for the year ended 31 December 2022

16. Prior period restatement

In preparing the financial statements, management have identified an error in the classification of royalty income. Historically royalty income has been disclosed in other income beneath operating loss when it should have been disclosed within operating loss as generated from operating activities.

The income statement has been restated to reflect the move of royalties received of £1,828,000 (2021: £1,297,000) from other income beneath operating loss to other operating income. The impact on the comparatives is as follows:

Changes to the income statement for the year ended 31 December 2021

	As previously reported 2021 £000	*Adjustment £000*	*Restated 2021 £000*
Turnover	8,307	-	8,307
Cost of sales	(212)	-	(212)
Gross profit	8,095	-	8,095
Other operating income	-	1,297	1,297
Administrative expenses	(12,134)	-	(12,134)
Operating loss	(4,039)	1,297	(2,742)
Other income	1,297	(1,297)	-
Net interest payable	(22)	-	(22)
Loss on ordinary activities before taxation	(2,764)	-	(2,764)

17. Related party transactions

The directors have taken advantage of the exemption under paragraph 8(k) of FRS 101 and have not disclosed related party transactions with parent and fellow subsidiary undertakings.

18. Ultimate parent undertaking controlling company

The immediate and ultimate parent undertaking is GetBusy plc, which is registered in England and Wales.

Group financial statements, incorporating GetBusy UK Limited, for year ended 31 December 2022 were drawn up by GetBusy plc, a company incorporated in the UK. The consolidated financial statements of GetBusy plc are available at www.getbusyplc.com.