

Registered number:
03857864

EXPLEO TECHNOLOGY UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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EXPLEO TECHNOLOGY UK LIMITED

COMPANY INFORMATION

Directors	P J Codd R F Gillessen S M Magennis J L Hoyle
Company secretary	D L Futcher
Registered number	03857864
Registered office	12 Moorgate London EC2R 6DA
Independent Auditor	Constantin Chartered Accountants & Statutory Auditor 25 Hosier Lane London EC1A 9LQ
Bankers	Lloyds TSB 34 Moorgate London EC2R 6PL
Solicitors	Morgan, Lewis & Bockius UK LLP Condor House 5-10 St Paul's Churchyard London EC4M 8AL

EXPLEO TECHNOLOGY UK LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

Business review

The Expleo Group's mission is to help businesses harness technological change to successfully deliver innovation. We help our clients gain a competitive advantage and improve lives around the globe. As part of the group, Expleo Technology UK Limited provides sector-specific expertise and best practice across consultancy and business agility, product design, production and in-service support, as well as continuous quality for digital transformation.

During 2020, with the challenging conditions of COVID-19, Expleo Technology UK Limited's turnover decreased by 4% due to some clients in challenged market sectors pausing or ceasing technology programme work due to their cost saving and budget constraints. Progress was made in the increase of the Company's gross profit margin to 20% and the reduction in 2020 operating loss to £1.2m for the year end 2020 from £6.7m for the year end 2019. We also transitioned the Company to working from home in early March and subsequently moved our office location mid-year to reduce our ongoing overheads and increase operating profitability.

With the addition of new services in 2020 such as business agility, product design, data analysis, increased quality engineering and development, the management team believe that the Company is now well placed to focus on growth in 2021 by delivering innovative services and solutions to our existing and prospective new clients in new market segments that we do not currently serve.

During the year an impairment review of the investment in Expleo South Africa Holdings (PTY) Limited was carried out, which led to an impairment of £518k. Refer to note 13 for more information.

Financial key performance indicators

The directors consider the Company's key performance indicators are year on year percentage increase in sales, gross profit margins and operating profit.

The Company's overall turnover decreased by 4% to £33.6m for the year ended 31 December 2020 (2019: £35.1m).

The Company's gross profit margin increased to 20% for the year ended 31 December 2020 (2019: 3.8%).

The operating loss was (£1.2m) for the year ended 31 December 2020 (2019 operating loss £6.7m).

Future developments for the business/future outlook

Looking ahead to 2021, the management team is focussed on building on the progress made in 2020 in the introduction of new services and addition of new clients to our portfolio across our key market segments of Financial Services, Energy & Utilities, Enterprise Markets and Industry. We will also develop an emerging market in the Government & Public Sector.

Our 2021 strategy is to deliver, expand and grow. This includes delivering for our core client accounts, expanding our strategic client accounts and growing the business through the addition of new clients where we deliver our service solutions. We will continue to develop and delivering innovative services and solutions in the areas of business agility, product design, data analysis, quality engineering and development.

To support this business focus, we have hired a new Head of Professional Service for 2021 to manage the consulting and delivery service lines for our clients and we will continue to invest in these new service areas to ensure we position ourselves as the industry leader and an innovation enabler for our clients. We have also invested in an increased sales operations team to support our sales growth.

The outlook for 2021 is positive for Expleo as we continue to build on the progress made in 2021 in reshaping the Company for the future to meet our client and market needs. We will look to scale the business through larger clients, services and framework contracts.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Future developments for the business/future outlook (continued)

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of the risks identified below. Where possible, processes are in place to monitor and mitigate such risks, both in the overall business and at individual client engagements.

Variable nature of revenues

The pace of change in technology has increased with the move from traditional Waterfall based project delivery to the more fast paced Agile Delivery. This has resulted in clients having less long-term projects and more short-term incremental projects delivering on a larger business goal. To enable revenue stability with this change, Expleo Technology UK Limited is working with clients to put in place overarching multi-year framework agreements with clients which projects are then drawn down from to provide sustainability in revenue budgeting, forecasting and recognition.

Management closely monitors overheads against budget on a monthly basis and forecasts expected revenues. During 2020, approximately 15% of the Company's professional services staff were engaged on a contract basis rather than as employees. With the introduction of IR35 in April 2021, Expleo Technology UK Limited is ensuring we are fully compliant with this by both converting existing contractors to permanent employees and ensuring all remaining contractors are employed on a fixed term basis and fully compliant inside IR35. The costs of such staff are only incurred when they generate revenue. We are also seeing some additional revenue generation from the clients move from independent IT contractors to IT consulting companies due to IR35.

Competitive Market

Expleo Technology UK Ltd operates in a highly competitive market with both domestic and global innovative new entrants. In the market sectors and industries we service, there is an increased demand for fast paced new service innovation. The Company strives to change in line with market and customer needs. This includes an increased market demand in the areas of business agility, product design, data analysis, quality engineering and development to maintain Expleo Technology UK Limited as a differentiated leading edge consultancy. In addition, the Expleo Group brand has strengthened globally assisting in differentiating Expleo Technology UK Ltd from competitors in the UK.

Principal risks and uncertainties

Business Risk

While the Company provides consultancy services to a portfolio of clients across several industry sectors which reduces risk, some of our industry sectors such as travel, transport, automotive, retail and leisure are adversely affected by COVID-19. Thus, the turnover of the Company is sensitive to the climate of these markets in which our customers operate, and we continue to diversify our customer base across market segments to mitigate this risk. The Company is closely monitoring the potential ongoing effects of COVID-19 on the organisation.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

COVID-19 Risk

During COVID-19, the priorities of Expleo Technology UK Limited was to ensure the health and safety of our employees while continuing to service the needs of our clients in a safe way. We worked with our office-based employees and our client-based employees to transition the Company to working from home in early March and have continued with this into 2021. The Company formed a COVID 19 Crisis Management Team including directors and senior management which meets weekly to ensure active management of COVID-19 risks and the implementation of all actions and procedures to ensure appropriate health and safety requirements and compliance with government guidance.

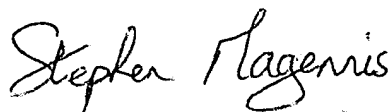
In addition, the external client COVID-19 risks, means the turnover of the Company is sensitive to some of our industry sectors such as travel, transport, automotive, retail and leisure which are adversely affected by COVID-19 and we continue to diversify our customer base across market segments to mitigate this risk. The Company continues to closely monitor and manage the potential ongoing effects of COVID-19 on the organisation.

Section 172(1) statement

The directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders and other stakeholders; including the following key matters:

- Strategic decisions are made in close conjunction with Expleo Group SAS board members to ensure they fully support the interests of shareholders, employees and clients
- Ensuring a high degree of integrity in dealings with employees, customers and suppliers. This is closely monitored against internal procedures and is reflected in both the long service of a number of senior staff and through long-standing relationships with clients
- Working closely with its employees through its employee engagement groups to ensure employee views and opinions are considered in developing key strategies and decisions
- Through its corporate activities and using its employee engagement groups the Company seeks to maximise its contribution to its local communities and environment
- A key objective of the Company being to assist customers harness technological change to successfully deliver innovation which supports fostering long term relationships, improved products for the global economy and increased opportunity for staff.

This report was approved by the board on 09/042021 and signed on its behalf.



S M Magennis
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £10.5m (2019 - loss £7.3m). The directors did not propose the payment of a final dividend (2019 – None).

Directors

The directors who served during the year were:

P J Codd
R F Gillessen
S M Magennis
J L Hoyle

Future developments

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 4.

Research and development activities

Net book value of development costs at 31 December 2020 was £370k (2019: £550k).

Political donations

There were no political donations in either the current or prior year.

Financial risk management objectives and policies

The directors have reviewed the financial risk management objectives and policies of the Company. Where there is a significant exposure to financial risk, the group policy laid down by the parent Company is followed. The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Interest rate risk

The Company is part of a group pooling arrangement with other group Companies whereby excess funds are lent to or deficits borrowed from other group companies. Rates of interest are set with reference to the market rates ruling in the lender's country. At 31 December 2020, the Company is exposed to changes in market interest rates through its borrowing from and lending to group Companies. As there are no external bank loans or overdrafts, the Company's exposure to interest rate risk is considered to be low.

Liquidity and cash flow risk

The Company's business activities, together with the factors likely to affect its future development and position, are set out above and the Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the Expleo group's centralised treasury management arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Company manages its liquidity needs by carefully monitoring payments for long-term financial liabilities as well as cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. The Company works in conjunction with the group treasury department to maintain its cash to meet its liquidity requirements.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial risk management objectives and policies (continued)

The directors, having assessed the responses of the directors of the Company's parent company to their enquiries, have no reason to believe that a material uncertainty exists that may cause significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company minimises the risk of exchange rate fluctuations by operating a currency bank account.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. In respect of trade and other receivables, the Company is not exposed to any significant credit risk with any single counterparty or any group of counterparties having similar characteristics. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's management considers that the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including Financial Reporting Standard 101 "Reduced Disclosure Framework"). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Balance Sheet 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Directors' responsibilities statement (continued)

- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Engagement with employees

The Company has continued its practice of holding both formal and informal staff update briefings to keep employees informed of matters affecting them as employees and the financial and economic factors influencing the performance of the Company. In addition, employee communications at both Company and group level are produced regularly to keep employees informed on corporate developments.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that their employment with Company may continue. It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

Equal opportunities

The Company is committed to providing equal opportunities in employment irrespective of background, age, sexual orientation, religion, gender, nationality, marital status or disability. It is our aim to attract the best people in the industry and we believe in maximising every employee's potential. The Company does not tolerate any harassment or discrimination.

Engagement with suppliers, customers and others

Stakeholder Engagement

Our ability to respond to stakeholders' expectations is a measure of our credibility and sustainability.

The Company has a transparent and regular dialogue with its stakeholders including shareholders, suppliers, and customers, in order to provide reliable and factual information, to pursue a constructive dialogue, develop partnerships and succeed in meeting the Company's objectives.

Suppliers

The Company works in close collaboration with a wide range of suppliers whose services and goods are critical to the performance of the Company and quality of its products. As part of our compliance programme, we operate a risk-based approach to interactions with third party suppliers. This includes due diligence, background checks and investigations into adverse media. Where risk is identified we look further into the supplier to establish what compliance practices they have adopted including their code of ethics, how they deal with concerns that are raised and human rights and labour laws. Due diligence also identifies sanctions against individuals associated with the supplier.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Engagement with suppliers, customers and others (continued)

Furthermore, the board regularly reviews the Company's modern slavery statement to ensure responsible and ethical recruitment and sourcing throughout our Company.

Appropriate trade terms are negotiated with suppliers and customers and management reviews these terms and the relationship with suppliers and customers and manages any exposure on normal trade terms. The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

Customers

Expleo Technology UK Ltd prides itself on offering excellent service to its customers, resolving issues promptly and taking a customer-centred approach to business. We engage with our customers at each stage of the sales process, from understanding their needs to ensuring that the end customer is satisfied with the service received. We have strong working relationships with our main customers, led by our sales and delivery teams and supported by the board of directors.

Shareholders

The board of directors understand the importance of continued relationship with shareholders, it is important to us that our shareholders understand that our strategy and objectives are aligned with the Expleo global group (the "Group") and there is a consistent and ongoing dialogue between the Company and the Group. The aim of the board of directors of the Company is to ensure a good dialogue with its shareholders as well as other members of the Group to ensure continued financial performance and commercial success.

The board ensures appropriate governance is in place with our shareholders through regular functional business reviews, annual budget reviews and board approvals for significant capital expenditure. We also implement appropriate controls to delegate authority from Group to Company management for contractual and financial matters.

Environment

The Company recognises its environmental responsibilities and monitors its environmental performance. The Company seeks to employ environmental best practice and continually reviews opportunities to improve recycling and disposal of manufacturing waste, energy consumption and carbon emissions.

Existence of branches outside the United Kingdom

There are no branches outside of the United Kingdom.

Energy and carbon reporting

The Company is exempt from reporting on GHG emissions and energy usage under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended as the Company's energy consumption was less than 40,000kWh during the financial year.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditors (continued)

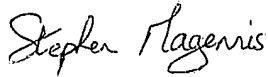
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

The auditor, Constantin, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on _09/04/2021_ and signed on its behalf.



S M Magennis
Director

EXPLEO TECHNOLOGY UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPLEO TECHNOLOGY UK LIMITED

Opinion

In our opinion the financial statements of Expleo Technology UK Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and,
- the related notes 1 to 26 (which include a statement of accounting policies).

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EXPLEO TECHNOLOGY UK LIMITED (CONTINUED)**

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.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EXPLEO TECHNOLOGY UK LIMITED (CONTINUED)**

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

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006, tax legislation, pensions legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF EXPLEO TECHNOLOGY UK LIMITED (CONTINUED)

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

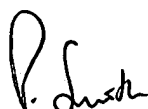
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

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.



9 April 2021

Peter Smith FCA (Senior Statutory Auditor)
For and on behalf of
Constantin
Chartered Accountants and Statutory Auditor
25 Hosier Lane
London
EC1A 9LQ

EXPLEO TECHNOLOGY UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

		2020	2019
	Note	£000	£000
Continuing operations			
Turnover	4	33,603	35,164
Cost of sales		(26,889)	(33,837)
Gross profit		6,714	1,327
Administrative expenses		(7,915)	(8,017)
Operating loss	5	(1,201)	(6,690)
Profit on Sale of Branch	6	-	1,859
Exceptional items	13	(503)	(1,085)
Interest receivable and similar income	10	54	66
Income from shares in group undertakings	14	13,418	-
Interest payable and similar expenses	11	(1,187)	(1,217)
Profit/(Loss) before tax		10,581	(7,067)
Tax on profit/(loss)	12	(44)	(205)
Profit/(Loss) for the financial year		10,537	(7,272)

There was no other comprehensive income for 2020: £NIL (2019: £NIL).

The notes on pages 19 to 41 form an integral part of these financial statements.

EXPLEO TECHNOLOGY UK LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000 Restated
Fixed assets					
Intangible assets	15		608		906
Tangible assets	16		88		104
Right of use assets	17		418		326
Investments	18		<u>36,707</u>		<u>22,926</u>
			37,821		24,262
Current assets					
Debtors: amounts falling due within one year	19	14,601		23,379	
Cash at bank and in hand	20	<u>560</u>		<u>2,237</u>	
		15,161		25,616	
Creditors: amounts falling due within one year	21	<u>(46,089)</u>		<u>(53,486)</u>	
Net current liabilities			<u>(30,928)</u>		<u>(27,870)</u>
Total assets less current liabilities			<u>6,893</u>		<u>(3,608)</u>
Creditors: amounts falling due more than one year	22		(59)		(95)
Net assets/(liabilities)			<u>6,834</u>		<u>(3,703)</u>
Capital and reserves					
Called up share capital	24		173		173
Share premium account	25		373		373
Capital redemption reserve	25		205		205
Profit and loss account	25		<u>6,083</u>		<u>(4,454)</u>
			6,834		(3,703)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on... 09/042021....

Stephen Magennis

S M Magennis

Director

Company registration number: 03857864.

The notes on pages 19 to 41 form an integral part of these financial statements.

EXPLEO TECHNOLOGY UK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2019	173	373	205	2,818	3,569
Comprehensive income for the year					
Loss for the year	-	-	-	(7,272)	(7,272)
At 1 January 2020	173	373	205	(4,454)	(3,703)
Comprehensive income for the year					
Profit for the year	-	-	-	10,537	10,537
At 31 December 2020	173	373	205	6,083	6,834

The notes on pages 19 to 41 form an integral part of these financial statements.

EXPLEO TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Expleo Technology UK Limited is a private Company limited by shares and incorporated in England and Wales. Its registered head office is located at 12 Moorgate, London, EC2R 6DA.

The principal activity of the group in the year under review was that of computer software consultancy and related services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework ("FRS 101"). The amendments in FRS101 (2016/15 Cycle) issued in July 2017 and effective immediately have been applied. This was a change from the previous period where the financial statements were prepared under FRS102. The Financial Reporting Standard applicable in the UK and the Republic of Ireland. This was changed, from 1/1/2019, to better align with the group IFRS reporting and there has been no material impact to the financial statements as a result of this change.

The functional and presentational currency of the Company is GBP Sterling (£) and these financial statements are rounded to the nearest thousand pounds.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

The Company has taken advantage of the exemption from preparing group accounts as an intermediate holding Company. The parent company, Expleo Technology Germany AG, prepares consolidated financial statements, therefore these financial statements are for the Company and not its group.

In the financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures;

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management; and,
- The effects of new but not yet effective IFRSs.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.2 Going concern

The directors have considered the Company's ability to operate as a going concern for a period of at least 12 months from the date of approval of these financial statements. This assessment includes a review of the Company's forecasts that cover this period. In addition, the directors have obtained confirmation from Expleo Group SAS that they will provide ongoing financial support to the Company for a period of at least 12 months from the date that the financial statements have been approved so that the Company is able to settle its liabilities as they fall due. On this basis, the directors have adopted the going concern basis of accounting in preparing these financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Turnover is recognised as the work is carried out for customers. This includes consultancy on a time and material basis, managed service consultancy, third party software sales and training revenue.

2.4 Tangible assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties measured at fair value annually, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Short term leasehold property – 5 years
Computer and office equipment – 3 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Research and development

The Company has adopted a policy of capitalising time associated with research and development. Expenditure on development cost is capitalised where it is considered that an asset has been created with a useful economic life in excess of one year, otherwise expenditure is written off as it is incurred. The Company amortised these intangible fixed assets over the useful life of the course which is currently estimated at three or five years.

Computer software

Software costs are capitalised as incurred to the extent that they create an asset with a life in excess of one year and are written off over three or seven years from the date of purchase. Externally acquired or developed software is capitalised at the cost of bringing the software into use within the business. Computer software is only capitalised when it is separately identifiable and is not bundled with any computer hardware.

2.6 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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 the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Interest income and similar income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.15 Interest payable and similar expense

Interest payable and similar charges include interest payable, finance charges and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest payable is recognised in the statement of comprehensive income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.16 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.18 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project (see 2.4).

Deferred development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Statement of comprehensive income.

2.19 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.20 Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

**NOTES TO THE FINANCIAL STATEMENTS
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2.20 Leases (continued)

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the tangible fixed assets line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the *administrative expenses* line item.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.20 Leases (continued)

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

All accounting estimates used in preparing the financial statements are consistent with internal budgets and forecasts. Judgements are based on information available at each balance sheet date. Although these estimates are based on the best information available to management, actual results may ultimately differ from those estimates.

3.1 Critical accounting estimates and assumptions

a. Taxation

The Company estimates tax liabilities for undetermined years. Any differences arising between the final tax liability and the amounts recorded in the financial statements will impact on the tax charge in the year in which the determination is made.

b. Useful economic lives of intangible fixed assets

The annual depreciation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives are re-assessed annual. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the patent protection or data exclusivity from which the assets benefit. As indicated in note 2.5, the estimated useful life of intangible fixed assets is between 1 – 7 years. However, the actual useful life might be shorter or longer depending on technological innovations and other factors. The carrying amount of the relevant intangible assets as at 31 December 2020 was £608k (2019: £906k). Impairment reviews performed during the year indicated that the carrying value of the Company's intangible assets was considered supportable.

3.2 Critical judgements in applying the Company's accounting policies

a. Impairment of intangible fixed assets

Intangible assets are regularly reviewed for impairment and whenever there is an indication that an impairment might exist. To assess if there is any impairment or any reversal of impairment required, estimates are made of the future cash flows expected to result from the use of these assets and their eventual disposal. These estimated cash flows are then adjusted to the present value using an appropriate discount rate that reflects the risks and uncertainties associated with the forecasted cash flows. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as the entrance or absence of competition, technical obsolescence or lower than expected rights could result in shortened useful lives and impairments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3.2 Critical judgements in applying the Company's accounting policies (continued)

b. Investments and impairment

The value of investments comprises the price paid for the equity plus the associated fees of acquisition. Management have conducted an impairment review of investments and have made judgements as to the likelihood of them generating a value in use, in excess of the carrying value of each investment, according to the valuation methods used as detailed in note 2.7 to these Financial statements.

c. Research and development

Management have reviewed the Company's research and development activities and have made estimates and judgements on the amount of development expenditure it is appropriate to capitalise.

d. Taxation

The Company estimates tax liabilities for undetermined years. Any differences arising between the final tax liability and the amounts recorded in the financial statements will impact on the tax charge in the year in which the determination is made.

4. Turnover

	2020 £000	2019 £000
An analysis of the Company's turnover by geographical market is set out below:		
United Kingdom	31,520	30,568
Rest of Europe	1,545	3,861
Rest of the world	538	735
	<u>33,603</u>	<u>35,164</u>

In the opinion of the directors, the disclosure of turnover by type would be seriously prejudicial to the interests of the Company.

EXPLEO TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	82	694
Amortisation of intangible assets	323	169
Loss on disposal of tangible fixed assets	-	1,085
Impairment of fixed asset investment	518	-
Foreign exchange loss	215	71

6. Profit on Sale of branch

On 6th December 2019, the board resolved to transfer the business, including the assets and liabilities, of the Company's South Africa branch to Expleo South Africa (Pty) Limited and Expleo South Africa International (Pty) Limited with a completion date of 1st January 2019. The buyers and sellers are all ultimate subsidiaries of Expleo Group SAS. The sale gave rise to a profit on the sale of the branch of £1,859k.

7. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	38	38
	<u>38</u>	<u>38</u>

EXPLEO TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020	2019
	£000	£000
Wages and salaries	15,944	17,400
Social security costs	2,076	2,002
Cost of defined contribution scheme	1,640	1,774
	<u>19,660</u>	<u>21,176</u>

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

	2020 No.	2019 No.
Directors	4	4
Other staff	262	281
	<u>266</u>	<u>285</u>

9. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	188	372
Company contributions to defined contribution pension schemes	15	14
	<u>203</u>	<u>386</u>

During the year retirement benefits were accruing to no directors (2019 - nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £188,000 (2019 - £286,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,000 (2019 - £9,000).

EXPLEO TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Interest receivable and similar income

	2020 £000	2019 £000
Interest receivable from group companies	54	56
Other interest receivable	-	10
	<u>54</u>	<u>66</u>

11. Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable	7	117
Interest on loans from group undertakings	1,180	1,100
	<u>1,187</u>	<u>1,217</u>

12. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on loss for the year	-	-
Adjustments in respect of prior periods	-	357
	-	357
Foreign taxation	29	16
Adjustments in respect of prior periods	15	(168)
Total current tax	<u>44</u>	<u>205</u>

EXPLEO TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Taxation (continued)	2020 £000	2019 £000
Deferred tax		
Origination and reversal of timing differences	34	(28)
Adjustment in respect of previous periods	(34)	28
Total deferred tax	-	-
Taxation on loss on ordinary activities	44	205

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit/(Loss) on ordinary activities before tax	10,581	(7,067)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	2,010	(1,343)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	112	26
Income not taxable for tax purposes	(11)	-
Other permanent differences	(6)	(2)
Adjustments to brought forward values	(8)	-
Group Relief Surrendered	-	1,046
Group Income	(2,549)	-
Foreign tax deduction	-	6
Adjustments to tax charge in respect of prior periods	15	187
Adjustments to tax charge in respect of prior periods - deferred tax	(34)	29
Temporary differences not recognised in the computation	-	27
Adjust closing deferred tax rate	-	60
Adjust opening deferred tax rate	-	(35)

EXPLEO TECHNOLOGY UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Taxation (continued)	2020 £000	2019 £000
Fixed asset differences	1	5
Foreign tax credits	29	12
Remeasurement of deferred tax for changes in tax rates	(64)	-
Deferred tax not recognised	549	187
Total tax charge for the year	44	205

13. Exceptional items

	2020 £000	2019 £000
Profit on disposal of asset	15	-
Loss on impairment of assets	(518)	(1,085)
Total Exceptional items	(503)	(1,085)

14. Income shares from group undertakings

	2020 £000	2019 £000
Income from subsidiaries	13,418	-

EXPLEO TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Intangible assets

	Computer Software £000	Training Research & Development £000	Total £000
Cost			
At 1 January 2020	1,690	555	2,245
Additions	26		26
At 31 December 2020	1,716	555	2,271
Amortisation			
At 1 January 2020	1,340	-	1,340
Charge for the year	138	185	323
At 31 December 2020	1,478	185	1,663
Net book value			
At 31 December 2020	238	370	608
At 31 December 2019	350	555	906

EXPLEO TECHNOLOGY UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Tangible fixed assets

	Short term leasehold property £000	Computer and office equipment £000	Total £000 Restated
Cost			
At 1 January 2020	562	2,415	2,976
Additions	-	66	66
Disposals	(562)	(15)	(577)
At 31 December 2020	<u>-</u>	<u>2,466</u>	<u>2,466</u>
Depreciation			
At 1 January 2020	547	2,326	2,873
Charge for the year	15	67	82
Disposals	(562)	(15)	(577)
At 31 December 2020	<u>-</u>	<u>2,378</u>	<u>2,378</u>
Net book value			
At 31 December 2020	<u>-</u>	<u>88</u>	<u>88</u>
At 31 December 2019	<u>15</u>	<u>89</u>	<u>104</u>

The note has been restated in 2020 to present the right of use asset arising from the implementation of IFRS 16 within a separate note (Note 17) and on the face of the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

17. Leases

The Company has lease contract for various buildings. The amounts recognised in the financial statements in relation to the leases are as follows:

	Buildings £000	Total £000
Right of Use Asset		
At 1 January 2020	326	326
Increase / (Decrease)	393	393
Depreciation	(301)	(301)
At 31 December 2020	418	418
	2020 £000	2019 £000
Lease liabilities		
Current	377	344
Non-current	59	95
	436	438

EXPLEO TECHNOLOGY UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Fixed asset investments

	Investments in subsidiary companies £000
Cost and NBV	
At 1 January 2020	22,926
Additions	14,299
Impairment provision in year	(518)
At 31 December 2020	<u>36,707</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name of directly held investments	Class of shares	Holding
Expleo Technology Ireland Limited	Ordinary	100 %
Moorhouse Holdings Limited	Ordinary	100 %
Expleo South Africa Holdings (PTY) Limited	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Expleo Technology Ireland Limited	€ 5,818,506	€ 2,298,843
Expleo South Africa Holdings (PTY) Limited	Rand 46,851,120	Rand 4,126,451

EXPLEO TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 March 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Moorhouse Holdings Limited	2,221,576	122,106
Name of indirectly held investments	Class of shares	Holding
Moorhouse Consulting Limited	Ordinary	100 %
Expleo South Africa (PTY) Limited	Ordinary	100 %
Expleo South Africa International (PTY) Limited	Ordinary	100 %

The impairment provision of £518k is against Expleo South Africa Holdings (PTY) Limited. The impairment review was based on an external market valuation performed as of 30 November 2020, the directors considered that the key assumptions remained materially consistent at year end.

19. Debtors

	2020 £000	2019 £000
Trade debtors	4,800	4,501
Amounts owed by group undertakings	6,661	15,999
Other debtors	83	46
Prepayments	202	263
Accrued income	2,855	2,570
	14,601	23,379

All debtors' balances are due within one year. The bad debt expense for financial year ended 31 December 2020 was £37k (2019: £9k).

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. All of the trade and other receivables have been reviewed for indicators of impairment. Trade debtors are shown net of impairment losses amounting to £83 (2019: £46).

EXPLEO TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

20. Cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	560	2,237

The Company benefits from cash pooling as it is part of the Expleo group, this facility is available on demand, interest-bearing and highly liquid. Cash pooling balances with group are classified within intercompany balances as the cash pooling scheme is operated for the purpose of allowing the group to manage the treasury risk of its subsidiaries and it is ultimately controlled by the group treasury function in light of this purpose.

21. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	211	338
Amounts owed by group undertakings	39,619	49,361
Lease Liabilities	377	344
Corporation tax	365	365
Other taxation and social security	2,703	1,080
Other creditors	288	132
Accruals and deferred income	2,526	1,866
	<u>46,089</u>	<u>53,486</u>

Amounts owed by group undertakings are due within one year. The interest rate charged on balances owed by group undertakings is 4.7%.

EXPLEO TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22. Creditors: Amounts falling due more than one year

	2020 £000	2019 £000
Lease Liabilities	59	95

The full amount of £59,201 is repayable between one and two years.

23. Analysis of borrowings

(a) Analysis of borrowings and lease liabilities

	2020 £000	2019 £000
Amount due for settlement:		
Between one and five years	59	95
	<u>59</u>	<u>95</u>
On demand or within one year	39,996	51,593
	<u>40,056</u>	<u>51,689</u>

b) Analysis of borrowings

	2020 £000
Unsecured borrowing	
Amounts owed to group undertakings	<u>39,619</u>
Total borrowings	<u>39,619</u>

(c) Analysis of lease liabilities

	2020 £000	2019 £000
Amount due for settlement:		
Between one and five years	29	95
On demand or within one year	<u>377</u>	<u>344</u>
	<u>436</u>	<u>439</u>

EXPLEO TECHNOLOGY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

24. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
34,648,261 (2019: 34,648,261) Ordinary shares of £0.005 each	173	173

25. Reserves

Share premium account

Includes any premium received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

This is a non-distributable reserve and represents paid up share capital.

Profit and loss account

Includes all current and prior period retained profits and losses.

26. Controlling party

The immediate parent company is Expleo Technology Germany AG which has a 100% holding in the Company. The ultimate parent undertaking and controlling party is Expleo Group SAS a company registered in France. Copies of the consolidated accounts of Expleo Group SAS which is largest group for which group accounts are prepared and of which Expleo Technology UK Limited is a member, are available from Expleo Technology UK Limited, 12 Moorgate, London, EC2R 6DA.