

Company No: 04230389 (England and Wales)

**Report of the Directors and
Financial Statements
for the Year
1 October 2021 to 30 September 2022
for
Aptean MLM Solutions UK Limited**



Aptean MLM Solutions UK Limited

Company Information

for the Year 1 October 2021 to 30 September 2022

DIRECTORS:

S Towe (Appointed 2 October 2017; Resigned 31 December 2021)
D Bertolino (Appointed 31 December 2021; Resigned 31 October 2022)
N Marrison (Appointed 31 October 2022)
H Stein (Appointed 31 October 2022)

REGISTERED OFFICE:

Lincoln House Wellington Crescent
Fradley Park, Litchfield
United Kingdom
WS13 8RZ

REGISTERED NUMBER:

04230389 (England and Wales)

Aptean MLM Solutions UK Limited

Report of the Directors

The directors present their report with the financial statements of the company for the period 1 October 2021 to 30 September 2022.

PRINCIPAL ACTIVITY

The principal activity of the Company in the period under review was that of the sale of supply chain and related fields of software products. The directors consider that this will remain unchanged for the foreseeable future.

REVIEW OF BUSINESS

The directors consider that the results for the period and the financial position at the end of the period were satisfactory. The Company has generated a pre-tax income of £61 thousand (2021: pre-tax income of £122 thousand) and had net assets of £2,349 thousand (2021: £2,699 thousand).

On 31 October 2022 the Company was acquired by Aptean Limited, part of the Aptean Group. Aptean is one of the world's leading providers of purpose-built, industry-specific software that helps manufacturers and distributors effectively run and grow their businesses, offering both cloud and on-premise deployment options.

DIVIDENDS

No dividends will be distributed for the period ended 30 September 2022 (2021: £nil).

FUTURE DEVELOPMENTS

The directors do not anticipate any significant future changes or developments.

DIRECTORS

The directors who held office during the period were as follows:

S. Towe (Resigned 31 December 2021)

D. Bertolino (Resigned 31 October 2022)

N. Marrison (Appointed 31 October 2022)

H. Stein (Appointed 31 October 2022)

GOING CONCERN

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

DocuSigned by:

Nicola Marrison

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Nicola Marrison - Director

Date: 11 September 2023

Aptean MLM Solutions UK Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Aptean MLM Solutions UK Limited

Statement of Comprehensive Income (unaudited)

		For the year ended 30 September	
		2022	2021
		£'000	£'000
Turnover		1,991	2,057
Cost of sales		(251)	(452)
Gross margin		1,740	1,605
Administrative costs		1,690	1,651
Operating profit/(loss)	5	50	(46)
Interest receivable and other income/(expenses)		11	168
Profit/(Loss) on ordinary activities before taxation		61	122
Income tax (expense)/benefit	6	(411)	68
Profit/(Loss) for the year		(350)	190

Aptean MLM Solutions UK Limited

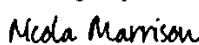
Statement of Financial Position (unaudited)

		As of 30 September 2022	As of 30 September 2021
	Notes	£'000	£'000
ASSETS			
<i>Non-current assets</i>			
Intangible assets	7	722	722
Tangible assets	8	4	4
Other assets	6	365	742
		<u>1,091</u>	<u>1,468</u>
<i>Current assets</i>			
Trade debtors	9	3,279	7,554
Cash at bank and in hand		685	175
		<u>3,964</u>	<u>7,729</u>
Creditors: amounts falling due within one year	10	<u>2,706</u>	<u>6,498</u>
<i>Net current assets (liabilities)</i>		1,258	1,231
<i>Total assets less current liabilities</i>		2,349	2,699
Net assets		<u>2,349</u>	<u>2,699</u>
<i>Capital and reserves</i>			
Called up share capital	12	2,966	2,966
Retained earnings	13	(617)	(267)
<i>Total equity</i>		<u>2,349</u>	<u>2,699</u>

For the year ending 30 September 2022 the Company was entitled to exemption from audit under section 479a of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of Aptean MLM Solutions UK Limited (registered number 04230389) were approved and authorised for issue by the Board of directors on 11 September 2023 and were signed on its behalf by N. Marrison.

DocuSigned by:

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 N. Marrison - Director

Aptean MLM Solutions UK Limited

Notes to the Financial Statements

1. STATUTORY INFORMATION

Aptean MLM Solutions UK Limited is a private Company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£), which is the functional currency of the Company and rounded to the nearest thousand pounds (£000).

The financial statements have been prepared for the year 1 October 2021 to 30 September 2022.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. ACCOUNTING POLICIES

General information and basis of accounting

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Related party exemption

The Company has taken advantage of exemption, under the terms of FRS 102.33.1A not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover represents fees (excluding value added tax) derived from the provision of software, installation, maintenance and support of these software products and consultancy services.

Revenue recognition

For service contracts that are recognized over time based on the percentage-of-completion, the Group sets up an initial budget at contract inception and tracks the progress to completion based on time and costs incurred by the employees directly working on each project. Management reviews the progress and performance of open contracts in order to determine the best estimate of estimated costs at completion on a quarterly basis and updates the revenue recognized as necessary.

We recognize revenues for our software and cloud subscriptions rateably over the contract term primarily commencing with the date the services are made available. Most of our software and cloud subscriptions customer base is on annual or multi-year terms. We typically bill for these services quarterly or monthly, and on occasion, annually.

Revenue for sales of software licenses begin to be recognized on the date that the Group's services are made available to the customer.

Support fees, including managed services for customers hosted at data centre facilities, are typically paid in advance and are recognized on a straight-line basis over the term of the contract. Most of our software support is on annual renewal terms. Hardware maintenance contracts are entered into at the customer's option and are recognized rateably over the contractual term of the arrangements. Most of our hardware maintenance contracts are on annual renewal terms.

Professional services are sold on a fixed fee or on a time-and-materials basis. Consulting engagements can last anywhere from one day to several months or over a year or longer and are based strictly on the customer's requirements and complexities. We also enter into fixed or "not to exceed" fee arrangements. In these types of arrangements, revenues are recognized as services are proportionally performed as measured by hours incurred to date, as compared to total estimated hours to be incurred to complete the work.

Revenues for the sales of hardware equipment are recognised upon delivery of the equipment. Hardware maintenance contracts are entered into at the customer's option and are recognised on a straight-line basis over the contractual term of the arrangements.

Revenue related to future periods is deferred on the balance sheet and recognised over the duration of related contracts.

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Goodwill

Under IFRS 3 Business Combinations, goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act.

Tangible fixed assets

Tangible fixed assets are measured at cost less depreciation.

Depreciation is provided at the following annual rates to write off cost less the estimated residual values of each asset over its estimated useful life.

Leasehold improvements	Over 3 years
Fixtures and fittings	Over 3 years
Computer equipment	Over 3 years

Taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured, on an undiscounted basis, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are recognised in the income statement.

Leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Pension costs and other post-retirement benefits

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to profit or loss in the period to which they relate.

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Accounting judgements and key sources of estimation uncertainty

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

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

Key source of estimation uncertainty - impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate present value. The carrying amount of goodwill at the balance sheet date was £722,000 (2021: £722,000). Any losses arising from impairment are recognised in the income statement in other administrative expenses.

Debtors and creditors receivable/ payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

Provisions

Provisions are recognised when the Company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 13 (2021: 16).

4. DIRECTORS' EMOLUMENTS

The Directors of the Company are remunerated by other entities within the group. No management fee (2021: £nil) in respect of administration costs has been made by Aptos Solutions UK Limited, the Company's parent company during the year ended 30 September 2022.

Aptean MLM Solutions UK Limited**5. COST OF SALES AND OPERATING COSTS**

The operating loss is stated after charging:

	2022	2021
	£'000	£'000
Cost of recurring revenue	92	174
Cost of software license	2	2
Cost of professional services	157	276
Product development	491	546
Sales and marketing	295	197
General and administrative	890	974
Depreciation and amortization	4	5
Acquisition-related costs	-	6
Restructuring costs	10	(77)

6. TAXATION**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the loss for the year was as follows:

	2022	2021
	£'000	£'000
Current tax	-	-
Deferred tax	411	(68)
Tax expense on profit	411	(68)

The effective tax rate for the year is higher (2022: higher) than the standard rate of corporation tax in the UK for the year ended 30 September 2021 of 19% (2022: 25%).

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£'000	£'000
Profit for the year - continuing operation	61	122
Tax on profit at standard UK tax rate of 25% (19% for 2021)	15	23
Effects of:		
Adjustments in respect of prior years	483	-
Expenses not deductible	-	-
Tax rate changes	(87)	(91)
Tax Expense (credit) for the year	411	(68)

Aptean MLM Solutions UK Limited**Analysis of deferred tax balances**

	2022	2021
	£'000	£'000
Deferred tax assets	362	773

The deferred tax asset comprises:

As of 30 September 2022, deferred tax assets are comprised of nil relating to short term timing differences and £362,000 thousand relating to net operating losses. Deferred tax assets are recoverable in future periods as the Company is profitable and the losses of the Company are offset against profits of Group entities.

7. INTANGIBLE FIXED ASSETS

	£'000
COST	
At 1 October 2021	3,500
Additions, net disposal and impairment	-
At 30 September 2022	3,500
AMORTISATION	
At 1 October 2021	2,778
Charge for year	-
At 30 September 2022	2,778
NET BOOK VALUE	
At 30 September 2021	722
At 30 September 2022	722

Goodwill has been recognised relating to the acquisition of BGM Solutions Limited in 2009 and Maple Lake UK Limited in 2012.

Aptean MLM Solutions UK Limited**8. TANGIBLE FIXED ASSETS**

	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST				
At 30 September 2021	18	24	102	144
Additions	-	-	4	4
Disposals	-	-	-	-
At 30 September 2022	18	24	106	148
DEPRECIATION				
At 30 September 2021	18	24	98	140
Charge for year	-	-	4	4
Eliminated on disposal	-	-	-	-
At 30 September 2022	18	24	102	144
NET BOOK VALUE				
At 30 September 2022	-	-	4	4
At 30 September 2021	-	-	4	4

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade debtors	208	390
Amounts owed by group undertakings	3,071	7,140
Prepayments and accrued income	-	24
	3,279	7,554

Aptean MLM Solutions UK Limited**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£'000	£'000
Trade creditors	11	12
Amounts owed to group undertakings	1,933	5,581
Social security and other taxes	58	106
Accruals and deferred income	704	709
	<u>2,706</u>	<u>6,498</u>

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£'000	£'000
Within one year	-	72
Between one and five years	-	32
In more than five years	-	-
	<u>-</u>	<u>104</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number: Class: Nominal

	2022	2021
<i>In thousands of Pounds Sterling</i>	£'000	£'000
2,000,000 Ordinary £1 (Sterling) I	2,000	2,000
1,479,085 Ordinary €1 (Euro) 0.6534	966	966
	<u>2,966</u>	<u>2,966</u>

13. RESERVES

The profit and loss account reserve records cumulative profits and losses less any dividends paid.

Aptean MLM Solutions UK Limited

14. CONTROLLING ENTITY

During the year ended 30 September 2022, the Company was a subsidiary undertaking of Aptos Solutions UK Limited, a Company incorporated in England and Wales. The Company was indirectly controlled by certain private equity investment funds managed by the Merchant Banking Division of Goldman Sachs.

On 31 October 2022 the Company was acquired by the Aptean Group. The immediate parent undertaking of the Company is now Aptean Limited. The ultimate parent undertaking is Gaytor Parent Limited, a company incorporated in Jersey, Channel Islands. The ultimate controlling parties are TA Associates, Charlesbank and Insight Venture Management LLC by virtue of their equal shareholding in Gaytor Parent Limited.

The smallest group in which the results of the Company for the year ended 30 September 2022 are consolidated is that headed by Aspen UK Buyer Limited. The audited consolidated financial statements of the group are publicly available and may be obtained at the registered office at 1st Floor, 10 Temple Back, Bristol, United Kingdom, BS1 6FL.

The largest group in which the results of the Company for the year ended 30 September 2022 are consolidated is that headed by Aspen Jersey Topco Limited. The audited, consolidated accounts of Aspen Jersey Topco Limited are not publicly available. No other group financial statements include the results of the Company.