

Company registration number 04640158 (England and Wales)

RISKLOGIX SOLUTIONS LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

PAGES FOR FILING WITH REGISTRAR

RISKLOGIX SOLUTIONS LTD

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RISKLOGIX SOLUTIONS LTD

BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	4		3,185,407		3,086,143
Tangible assets	5		2,136		5,180
Investments	6		811		811
			<u>3,188,354</u>		<u>3,092,134</u>
Current assets					
Debtors falling due after more than one year	7	497,065		236,724	
Debtors falling due within one year	7	1,103,415		869,300	
Cash at bank and in hand		163,070		145,741	
		<u>1,763,550</u>		<u>1,251,765</u>	
Creditors: amounts falling due within one year	8	<u>(1,813,610)</u>		<u>(1,286,539)</u>	
Net current liabilities			<u>(50,060)</u>		<u>(34,774)</u>
Total assets less current liabilities			<u>3,138,294</u>		<u>3,057,360</u>
Creditors: amounts falling due after more than one year	10		<u>(371,460)</u>		<u>(433,094)</u>
Net assets			<u><u>2,766,834</u></u>		<u><u>2,624,266</u></u>
Capital and reserves					
Called up share capital			512,201		512,201
Share premium account			50,410		50,410
Profit and loss reserves			<u>2,204,223</u>		<u>2,061,655</u>
Total equity			<u><u>2,766,834</u></u>		<u><u>2,624,266</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 1 November 2022 and are signed on its behalf by:

J Kiddy
Director

Company Registration No. 04640158

RISKLOGIX SOLUTIONS LTD

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

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
As restated for the period ended 31 December 2020:				
Balance at 1 January 2020	512,201	50,410	391,989	954,600
Effect of prior year adjustments in note 15	-	-	1,648,596	1,648,596
As restated	512,201	50,410	2,040,585	2,603,196
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	21,070	21,070
Balance at 31 December 2020	512,201	50,410	2,061,655	2,624,266
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	142,568	142,568
Balance at 31 December 2021	512,201	50,410	2,204,223	2,766,834

RISKLOGIX SOLUTIONS LTD

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

1 Accounting policies

Company information

RiskLogix Solutions Ltd is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is Eagle House Business Centre, 167 City Road, London, EC1V 1AW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

1.2 Going concern

The financial statements have been prepared under the going concern basis. The company made a profit before tax of £73,500 during the year ended 31 December 2021 and as of that date the company's net assets were £2,766,834 with net current liabilities of £50,060.

The directors believe demand for the GRC products that enhance Operational Resilience will continue increase as the company has received a rise in number of direct enquiries about the existing and new products. As most of the company's income is subscription-based with automatic renewal, the directors believe that the business model has substantial resilience to unforeseen events such as the high inflation in the UK. Therefore, the directors consider it reasonable to continue to prepare the financial statements on a going concern basis.

1.3 Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year, exclusive of Value Added Tax, in respect of the products and services provided by the company.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the amount can be reliably measured, it is probable that the future economic benefits will flow and the specific criteria have been met for each of the following as described below:

Consulting / Compliance / Recruitment Income:

Revenues are recognised when the services have been delivered to customers and consultants are placed with clients.

Training Income:

Training income is recognised when a course is booked as these are non-cancellable and non-refundable.

Maintenance / Software Rental Income:

Maintenance and rental fees are invoiced annually. Income is recognised for the amounts relating to the accounting period and deferral of income is provided for amounts relating to future periods.

Software / Licence Income:

Income is recognised on sales of software when licence keys have been issued and / or contracts are signed.

RISKLOGIX SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Research and development expenditure

The company capitalises research and development costs based on the time spent by internal staff, other consultants and a proportion of overheads attributable to development. These costs relate to the development of both new and existing software for sale to the clients in the current and future periods and are amortised over their expected useful life of five years on a straight line basis.

Service, administration and research costs incurred during the year are expensed to the profit and loss account.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

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

Development Costs	Straight line basis over 10 years
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1.6 Tangible fixed assets

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

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

Fixtures, fittings & equipment	20% on cost
Computer equipment	20% on cost

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

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1.8 Impairment of fixed assets

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

RISKLOGIX SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

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

1.10 Financial instruments

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

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

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

Basic financial assets

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

Derecognition of financial assets

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

Classification of financial liabilities

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

RISKLOGIX SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

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

1.13 Employee benefits

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

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

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

1.14 Retirement benefits

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

1.15 Leases

RISKLOGIX SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.16 Government grants

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

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

1.17 Foreign exchange

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 taken into account in arriving at the operating result.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Capitalisation of development expenditure

The directors capitalise proportions of staff, subcontractor costs and overheads, using carefully considered bases. Inevitably, there is an element of judgment, however, the directors aim to achieve a fair balance to be presented in the financial statements.

RISKLOGIX SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of intangible assets

The directors consider the valuation of intangible assets and the extent, if any, that the value is impaired. They are able to draw on many years of experience and current work in the field, when arriving at their conclusions. The assets are not currently considered to be impaired.

3 Employees

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

	2021 Number	2020 Number
Total	5	6

4 Intangible fixed assets

	Development Costs £
Cost	
At 1 January 2021	5,637,000
Additions - internally developed	736,627
At 31 December 2021	6,373,627
Amortisation and impairment	
At 1 January 2021	2,550,857
Amortisation charged for the year	637,363
At 31 December 2021	3,188,220
Carrying amount	
At 31 December 2021	3,185,407
At 31 December 2020	3,086,143

RISKLOGIX SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2021 and 31 December 2021	216,581
Depreciation and impairment	
At 1 January 2021	211,401
Depreciation charged in the year	3,044
At 31 December 2021	214,445
Carrying amount	
At 31 December 2021	2,136
At 31 December 2020	5,180

6 Fixed asset investments

	2021	2020
	£	£
Shares in group undertakings and participating interests	811	811

Fixed asset investments not carried at market value

Fixed assets investments are stated at cost which, in the opinion of the directors, does not differ materially from market value.

7 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	554,507	314,539
Corporation tax recoverable	111,411	72,842
Other debtors	77,522	52,761
Prepayments and accrued income	359,975	429,158
	1,103,415	869,300

RISKLOGIX SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Debtors (Continued)

	2021 £	2020 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	373,843	119,179
Other debtors	123,222	117,545
	<u>497,065</u>	<u>236,724</u>
Total debtors	<u>1,600,480</u>	<u>1,106,024</u>

8 Creditors: amounts falling due within one year

	2021 £	2020 £
Bank loans	107,450	25,832
Trade creditors	682,482	340,007
Taxation and social security	10,384	21,259
Other creditors	4,742	5,276
Accruals and deferred income	1,008,552	894,165
	<u>1,813,610</u>	<u>1,286,539</u>

9 Loans and overdrafts

	2021 £	2020 £
Bank loans	<u>478,910</u>	<u>458,662</u>
Payable within one year	107,450	25,832
Payable after one year	<u>371,460</u>	<u>432,830</u>

The long-term loans represent two CBILS loans and as such have no security attached to them.

10 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Bank loans and overdrafts	371,460	432,830
Other creditors	-	264
	<u>371,460</u>	<u>433,094</u>

RISKLOGIX SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Daniel Rose and the auditor was CBW Audit Limited.

12 Operating lease commitments

Lessee

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

2021	2020
£	£
34,100	44,655
<u> </u>	<u> </u>

13 Events after the reporting date

Allied Irish Banks Plc holds a floating charge over all assets of the company dated 24 September 2018, in respect of a bank loan totalling £1,400,000, taken out by the parent company, Risklogix Solutions Holdings Ltd. This has been satisfied by the parent company after the reporting date and released on 19 April 2022.

The parent company has arranged new facilities with Shawbrook Bank Limited and another charge over the assets of the company was placed on 01 April 2022.

14 Related party transactions

The following amounts were outstanding at the reporting date:

At the year end, the company was owed £123,222 (2020: £117,545) by related parties. In this balance, £119,222 is interest bearing at 5% p.a., unsecured and repayable after one year. The remaining balance of £3,000 is interest free, unsecured and repayable after one year. The interest income from this balance for the year ended 31 December 2021 was £5,677 (2020: £5,439).

The company has taken advantage of the exemption available in FRS 102 "Related Party disclosures" Section 33.1A whereby it has not disclosed transactions or balances entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

15 Parent company

The parent company of RiskLogix Solutions Ltd is Risklogix Solutions Holdings Ltd and its registered office is Eagle House Business Centre, 167 City Road, London, EC1V 1AW. Copies of consolidated financial statements can be obtained from the parent company's registered office.

RISKLOGIX SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Prior period adjustment

During the year ended 31 December 2020, 2 loans under CBILS scheme of the Government, which were interest free for the first 12 months, were obtained by the company. The loans were discounted to arrive at the amount of business interruption payments from the Government, which was recognised fully as Government grant income at the inception of the loans in the financial statements of the previous financial year. However, the Government grant income should be recognised over the interest free period which covers part of the financial year ended 31 December 2021.

In prior years, the company was carrying the balance of withholding tax deducted by foreign customers as debtors to offset with future corporation tax payable in the UK. Nevertheless, the company is continuously in a corporation tax repayment position following annual credit claims on research and development expenditure. The balance should be reallocated to foreign tax expense since it is paid and not recoverable.

The company is in the business of risk software vendor and consultant. It has been capitalising software development costs since 2006 when the company got into this business. Historically, the directors were in the opinion that the software development costs have a useful life of 5 years. However, during this reporting period, the directors reassessed the expected future benefits and obligations associated with the software development costs and found that a useful life of 10 years would be more appropriate.

The risk software offered by the company to customers was rewritten in 2013. The directors considered that there were no future benefits and obligations associated with the risk software before the rewrite since 2020. Therefore, capitalised software development costs of the software before 2013 were considered to be disposed of in 2020.

Therefore, the following prior period adjustments are introduced to correct the above errors.

Changes to the balance sheet

	As previously reported £	Adjustment £	As restated at 31 Dec 2020 £
Fixed assets			
Other intangibles	1,419,798	1,666,345	3,086,143
Current assets			
Debtors due within one year	943,497	(74,197)	869,300
Creditors due within one year			
Other creditors	(1,198,110)	(41,338)	(1,239,448)
Net assets	1,073,456	1,550,810	2,624,266
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves			
Profit and loss reserves	510,845	1,550,810	2,061,655
	<u> </u>	<u> </u>	<u> </u>

Changes to the profit and loss account

	As previously reported £	Adjustment £	As restated £
Period ended 31 December 2020			
Administrative expenses	(1,829,579)	(45,702)	(1,875,281)
Other operating income	49,173	(41,338)	7,835
Taxation	39,371	(10,746)	28,625
Profit for the financial period	118,856	(97,786)	21,070
	<u> </u>	<u> </u>	<u> </u>

RISKLOGIX SOLUTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Prior period adjustment

(Continued)

Reconciliation of changes in equity

	1 January 2020 £	31 December 2020 £
Adjustments to prior year		
Effect on change in recognition of government grant income	-	(41,338)
Effect on carrying amount of other debtors	(63,451)	(74,197)
Effect on change in accounting estimate on the useful life of software development costs	1,712,047	1,866,991
Effect on disposal of software development costs	-	(200,646)
Total adjustments	1,648,596	1,550,810
Equity as previously reported	954,600	1,073,456
Equity as adjusted	2,603,196	2,624,266
Analysis of the effect upon equity		
Profit and loss reserves	-	1,550,810

Reconciliation of changes in profit for the previous financial period

	2020 £
Adjustments to prior year	
Effect on change in recognition of government grant income	(41,338)
Effect on carrying amount of other debtors	(10,746)
Effect on change in accounting estimate on the useful life of software development costs	154,944
Effect on disposal of software development costs	(200,646)
Total adjustments	(97,786)
Profit as previously reported	118,856
Profit as adjusted	21,070

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