

Registered number: 05234104

BASWARE SHARED SERVICES LIMITED

AUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



BASWARE SHARED SERVICES LIMITED

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BASWARE SHARED SERVICES LIMITED

COMPANY INFORMATION

Directors	K Andersen M T Nurminen
Registered number	05234104
Registered office	12 New Fetter Lane London United Kingdom EC4A 1JP
Independent auditors	Bourner Bullock 114 St Martin's Lane Covent Garden London WC2N 4BE

BASWARE SHARED SERVICES LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 December 2021**

The Directors, in preparing this Strategic Report for Basware Shared Services Limited ("the Company") have complied with s414C of the Companies Act 2006.

Principal activities and business review

Basware offers the largest open business network in the world and is the global leader in providing networked purchase-to-pay solutions and e-invoicing services. Basware's technology empowers organisations with 100% spend visibility by enabling the capture of all financial data across procurement, finance, accounts payable and accounts receivable functions. Basware is a global company doing business in more than 100 countries and is traded on the Helsinki exchange.

Basware is comprised of the Group's parent company, Basware Corporation, and its subsidiaries. Basware Corporation is a public listed company domiciled in Espoo, Finland. Basware Corporation's shares are listed on Nasdaq Helsinki Ltd. All Basware companies comply with local legislation and other applicable guidelines and requirements. Basware operates globally and has offices in 14 countries. In 2021, the company's average number of employees was 1,339 (2020: 1,334). At the end of 2021, 32 percent (2020: 30%) of the company's employees worked in India, 25 percent (2020: 26%) in Finland, 34 percent (2020: 34%) in rest of Europe and 9 percent (2020: 10%) in Americas and APAC.

Basware Shared Services Limited is part of the Basware group and is a wholly owned subsidiary of Basware Holdings Limited. Basware Shared Services Limited was acquired to Basware Group during 2015.

Future developments in the business

Basware Shared Services Limited provides open, secure, cloud-based purchase-to-pay and e-invoicing solutions to organizations from public sector, resulting in greater efficiencies in procurement, accounts payable and accounts receivable in UK.

Basware aims for consistent cloud revenue growth. Cloud revenues are impacted by cloud order intake and churn. Cloud churn continues to be affected by non-strategic contracts which are not renewed. Cloud order intake may be negatively affected by economic uncertainty caused by Covid-19, however in the long run the pandemic is expected to accelerate digitalization megatrends which would support order intake for Basware.

Overall improvements in scalability and operational efficiency are expected to continue. However due to the Covid-19 situation there may be some impact to the timing of these improvements.

Review of the business

During 2021, the turnover was £0 (2020: £0). The turnover remained the same in 2021 and the result for the financial year was loss £1,254 (2020: loss £404).

BASWARE SHARED SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Risks and uncertainties facing the business

Market Risk

Basware solutions are affected to some extent by market conditions and lower willingness to invest, but the major indicators are showing a positive trend. In our opinion, the solutions provided by Basware have less market risk as they provide to customers huge benefits in terms of automation, increased efficiency and reduced cost.

Financial Risk

The Company is funded by the parent company in Finland and is not dependent on external financing. Less inflow of capital in the market will not affect business. The Board is therefore of the opinion that the business has a solid platform, both financially and in terms of resources, on which you can build in the future

Environmental Risk

The company does not pollute the environment and with our automated solution Basware help our customers prevent the use of paper and thereby help the environment.

Continuity Risk

The board confirms that assumption for continuity in operation is in place and the financial statements for 2021 are prepared under this assumption.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.


Going concern

As at 31 December 2021, the Company had net liabilities of £8,298 (2020 - £7,044).

The Directors of the Ultimate parent company, Basware Corporation Oyj have confirmed that it is their intention to make continued financial support to meet its liabilities as they fall due for the period of not less than one year from the date of the approval of these financial statements. As a result these financial statements have been prepared on a going concern basis.

This report was approved by the board on 28/09/2022 and signed on its behalf.

DocuSigned by:


2A25C4D1C1254A6
Martti Tapani Nurminen
Director

BASWARE SHARED SERVICES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors present their report and the financial statements for the year ended 31 December 2021.

Statement of Directors' responsibilities

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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework', (FRS 101). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- 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.

Results and Dividends

The loss for the year, after taxation, amounted to £1,254 (2020 - loss £404).

The Directors do not recommend the payment of a dividend (2020 - nil).

Directors

The Directors of the company during the year and up to date of signing of the financial statements were as follows:

K Andersen (appointed 11 March 2019)
M T Nurminen (appointed 2 December 2019)

Future developments

The Company has chosen in accordance with section 414 of the Companies Act 2006 to set out information related to future developments in its Strategic Report.

BASWARE SHARED SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

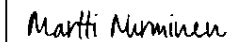
Post balance sheet events

On the 15th of July 2022, a consortium of investors including long-time Basware investors, Long Path Partners and Brianwood Capital Partners, along with Accel-KKR, a technology-focused global investment firm, successfully acquired over 95% of Basware shares through a voluntary public tender offer.

As a legal structure, Basware will begin the standard regulatory process under the relevant laws and regulations and the rules of Nasdaq Helsinki to become a private company

This report was approved by the board on 28/09/2022 and signed on its behalf.

DocuSigned by:



2A25C4D1C1254A6
Martti Tapani Nurminen
Director

BASWARE SHARED SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BASWARE SHARED SERVICES LIMITED**

Opinion

We have audited the financial statements of Basware Shared Services Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Without qualifying our opinion, we would like to draw your attention to the fact that the prior year figures are unaudited.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 entity'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.

BASWARE SHARED SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BASWARE SHARED SERVICES LIMITED**

Other information

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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4 and 5, 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.

BASWARE SHARED SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BASWARE SHARED SERVICES LIMITED**

Auditor's responsibilities for the audit of the financial statements

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

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

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

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting regulations, Company Law, Tax and Pensions legislation, and distributable profits legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be *inherently more difficult to detect than irregularities that result from error*. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

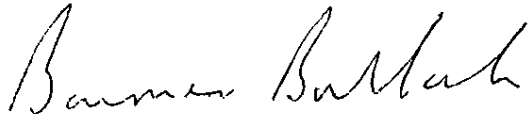
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

BASWARE SHARED SERVICES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BASWARE SHARED SERVICES LIMITED**

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.



David Wheeler (Senior Statutory Auditor)

for and on behalf of Bournier Bullock, Statutory Auditor

Bournier Bullock
Chartered Accountants
114 St Martin's Lane
Covent Garden
London
WC2N 4BE
Date: 28/9/22

BASWARE SHARED SERVICES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover		—	—
Cost of sales		—	—
Gross profit		—	—
Administrative expenses		—	(97)
Operating loss	5	—	(97)
Interest payable and similar charges	7	(574)	(476)
Loss before tax		(574)	(573)
Tax on loss	8/9	(680)	169
Loss for the financial year		(1,254)	(404)

The above results were derived from continuing operations.

There were no recognised gains and losses for 2021 or 2020 other than those included in the profit and loss account.

There was no other comprehensive income for 2021 (2020: £nil).


The notes on pages 13 to 21 form part of these financial statements.

BASWARE SHARED SERVICES LIMITED
REGISTERED NUMBER: 05234104

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Current assets			
Debtors: amounts falling due within one year	10	—	680
Cash at bank and in hand		<u>202</u>	<u>776</u>
		202	1,456
 Creditors - amounts falling due after more than one year	11	(8,500)	(8,500)
Net liabilities		<u>(8,298)</u>	<u>(7,044)</u>
Capital and reserves			
Called-up share capital	12	100	100
Profit and loss account	13	(8,398)	(7,144)
		<u>(8,298)</u>	<u>(7,044)</u>

The financial statements of Basware Shared Services Limited (registration number 05234104) were approved and authorised for issue by the board on 28/09/2022 and were signed on its behalf by

DocuSigned by:

 2A25C4D1C1254A6
Martti Tapani Nurminen
 Director

The notes on pages 13 to 21 form part of these financial statements.

BASWARE SHARED SERVICES LIMITED

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

	Called-up share capital	Profit and loss account	Total shareholders' deficit
	£	£	£
At 1 January 2021	100	(7,144)	(7,044)
Comprehensive income for the year			
Profit for the financial year	—	(1,254)	(1,254)
Balance at 31 December 2021	100	(8,398)	(8,298)

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

	Called-up share capital	Profit and loss account	Total shareholders' deficit
	£	£	£
At 1 January 2020	100	(6,740)	(6,640)
Comprehensive income for the period			
Profit for the financial year	—	(404)	(404)
Balance at 31 December 2020	100	(7,144)	(7,044)

The notes on pages 13 to 21 form part of these financial statements.

BASWARE SHARED SERVICES LIMITED

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

1. General information

Basware Shared Services Limited (the "Company") is a private limited company limited by share capital incorporated and domiciled in the United Kingdom under the Companies Act.

The address of the registered office is 12 New Fetter Lane, London, EC4A 1JPC.

These financial statements are presented in 'Pounds Sterling (£)' because that is the currency of the primary economic environment in which the Company operates.

2. New standards, amendments and interpretations

As of January 1, 2021, the Group has applied the following new and revised standards and interpretations which did not materially impact Company reporting interpretations which did not materially impact Group reporting:

- Amendments to IFRS 9, and IFRS 7 Interest Rate Benchmark Reform (Effective for annual periods beginning on or after January 1, 2020): In September 2019, the IASB issued amendments to IFRS 9, and IFRS 7, which provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR). The amendments had no impact on the Group's financial statements.
- Amendments to IFRS 3 Definition of a Business combination for annual periods beginning on or after January 1, 2020): The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. The amendments had no impact on the Group's financial statements.
- Amendments to IAS 1 and IAS 8 Definition of Material (Effective for annual periods beginning on or after January 1, 2020): The amendments aim to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments had no impact on the Group's financial statements.
- Amendments to IFRS 16 Covid-19 Related Rent Concessions (Effective for annual periods beginning on or after June 1, 2020): The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. This amendment had no impact on the consolidated financial statements of the Group.

3 Summary of significant accounting policies

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

3.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention unless otherwise specified in these accounting policies and in accordance with the Companies Act 2006.

The preparation of these financial statements is in conformity with FRS 101 and requires the use of certain critical accounting estimates. It also requires management to exercise 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 in note 4.

BASWARE SHARED SERVICES LIMITED

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

3 Summary of significant accounting policies (continued)

3.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

Where required, equivalent disclosures are given in the group accounts of Basware Corporation Oyj. The group accounts of Basware Corporation Oyj are available to the public and can be obtained as set out in Note 17.

3.3 Going concern

As at 31 December 2021, the Company had net current liabilities of £(8,298) (2020 - £(7,044)).

On the basis of current financial projections, available funds and facilities, the Directors of the ultimate parent company, Basware Corporation Oyj have confirmed that it is their intention to provide continued financial support to meet its liabilities as they fall due in the ordinary course of business for the period of not less than one year from the date of the approval of these financial statements. As a result these financial statements have been prepared on a going concern basis.

BASWARE SHARED SERVICES LIMITED

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

3 Summary of significant accounting policies (continued)**3.4 Turnover**

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of value added taxes. The company recognizes revenue when performance obligations have been satisfied. Performance obligations have been satisfied when the services have transferred to the customer and the customer has control of these.

The Company determines the amount of revenue to be recognized through the application of the following steps:

- Identification of the contract, or contracts with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- *Recognition of revenue when or as the Company satisfies the performance obligations.*

The Company's revenue is primarily derived from the sale of services in the form of consultancy, licensing, support and maintenance services related to software.

Sale of services:

- SaaS and transaction services fees are fixed and are invoiced on a monthly or annual basis, or on a monthly basis based on actual user and transaction volumes. Both fees are recognized on a monthly basis over the term of the contract.
- Revenue from the license sales is recognized when contractual criteria has been fulfilled and when the license has been delivered to the customer. License revenue is recognized at a point in time.
- Revenue from maintenance services, which includes new version releases and customer support, is recognized over the period of the contract on a straight-line basis (i.e. monthly).
- Revenue from set up activities is deferred and recognized over time throughout the contract term. Time and material-based professional service projects are invoiced on a monthly basis based on hours attributable to the projects. Revenue is recognized according to invoicing.

Contract balances**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognized

BASWARE SHARED SERVICES LIMITED

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

3 Summary of significant accounting policies (continued)

3.4 Turnover (continued)

when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

The Company operates in one geographical market, the United Kingdom, and derives all its turnover from this market.

3.5 Cash at bank and in hand

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.

3.6 Current and deferred taxation

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

Current tax

The charge or credit for taxation is based on the result for the year and takes into account deferred taxation as a result of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

BASWARE SHARED SERVICES LIMITED

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

3 Summary of significant accounting policies (continued)**3.7 Financial instruments**

Initial recognition

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

i) Financial assets

(a) Financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

ii) Financial liabilities

Company's financial liabilities include trade and other payables and financial liabilities that are measured at amortised cost. Financial liabilities are classified as non-current liabilities if they mature in more than 12 months. Liabilities maturing in less than 12 months are classified as current.

iii) Offsetting

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

iv) Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on trade receivables and contract assets in accordance with IFRS 9. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. For measurement of ECL for trade receivables the Company uses a provision matrix. The provision matrix is based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. Expected credit losses have not been recorded from the value added tax that is included in trade receivables.

Loss allowances for ECL are presented in the Statement of Financial Position as a deduction from the gross carrying amount of the assets. In profit or loss, the amount of ECL (or reversal) is recognised as an impairment gain or loss in the other operating expenses category.

BASWARE SHARED SERVICES LIMITED

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

3 Summary of significant accounting policies (continued)

3.7 Financial instruments (continued)

v) Derecognition of financial assets and liabilities

Financial assets are derecognized when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognized when the obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.8 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (charges)/income'.

3.9 Called up share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on present value basis.

BASWARE SHARED SERVICES LIMITED

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4. Critical accounting judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3 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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

5. Operating loss

The operating profit is stated after charging:

	2021	2020
	£	£
Exchange differences	—	4
	—	4

6. Staff costs

The Company has no employees and, therefore, no staff costs.

The emoluments of all the Directors are paid by Basware Corporation Oyj, the Company's ultimate parent. All of the Directors are also Directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of the emoluments in respect of each of the subsidiaries. Accordingly, no emoluments in respect of the Directors have been included. Their total emoluments are included in the aggregate of Directors' emoluments disclosed in the financial statements of the Basware Corporation Oyj.

7. Interest payable and similar expenses

	2021	2020
	£	£
Interest on loans from group undertakings	424	476
Penalty to the authorities	150	—
	574	476

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8. Taxation**Factors affecting tax charge for the year**

The tax assessed for the year is the same as the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<u>2021</u>	<u>2020</u>
	£	£
Loss on ordinary activities before tax	<u>(574)</u>	<u>(573)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(109)	(109)
Effects of:		
Expenses not deductible for tax purposes	28	—
Amounts not recognised	761	—
Tax rate changes	—	(60)
Total tax charge for the year	<u><u>680</u></u>	<u><u>(169)</u></u>

Factors that may affect future tax charges

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

9. Deferred taxation

	<u>2021</u>	<u>2020</u>
	£	£
At beginning of year	680	511
Utilised in year	(680)	169
At end of year	<u><u>—</u></u>	<u><u>680</u></u>

The deferred tax asset is made up as follows:

	<u>2021</u>	<u>2020</u>
	£	£
Losses Carried Forward	<u>—</u>	680
	<u><u>—</u></u>	<u><u>680</u></u>

BASWARE SHARED SERVICES LIMITED

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

10. Debtors: Amounts falling due within one year

	2021	2020
	£	£
Deferred taxation	—	680
	<u>—</u>	<u>680</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed terms of repayment.

11. Creditors: Amounts falling due more than one year

	2020	2019
	£	£
Amounts owed to group undertakings	8,500	8,500
	<u>8,500</u>	<u>8,500</u>

12. Called up share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
100 (2020 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

13. Reserves**Profit and loss account**

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

14. Intermediate and ultimate parent undertaking

Basware Corporation Oyj is the ultimate parent company.

Disclosure of the immediate parent and smallest and largest group in which the results of the Company are consolidated, which includes Basware Shared Services Limited are those of the ultimate parent company. Copies of the consolidated financial statements may be obtained from Basware Corporation Oyj Linnoitustie 2, Cello- rakennus, PL 97, 02601 Espoo, Finland or at www.basware.com.