

**TECHNOLOGY ONE UK LIMITED**  
**COMPANY NUMBER 05234413**

**technologyone**

Transforming business, making life simple

**Financial Statements as at 30 September 2022**  
**Together with the Strategic Report, the Directors' Report**  
**and the Auditors' Report**



TECHNOLOGY ONE UK LIMITED – COMPANY NUMBER 05234413  
FINANCIAL REPORT AS AT 30 SEPTEMBER 2022

## **TECHNOLOGY ONE UK LIMITED**

### **30 SEPTEMBER 2022**

#### **Directors**

Mr Edward Chung  
Mr Cale Bennett  
Mr Stephen Kennedy

#### **Registered Office**

Fourth Floor  
Abbots House  
Abbey Street  
Reading  
Berkshire  
RG1 3BD

#### **Auditors**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
Priory Place  
New London Road  
Chelmsford  
Essex  
CM2 0PP

#### **Bankers**

HSBC  
Thames Valley Corporate Banking Centre  
Apex Plaza  
Reading  
RG1 1AX

#### **Solicitors**

Boyes Turner  
Fourth Floor  
Abbots House  
Abbey Street  
Reading  
Berkshire  
RG1 3BD

#### **Office**

Technology One UK Limited  
10 Eastbourne Terrace  
Paddington,  
London  
W2 6LG

TECHNOLOGY ONE UK LIMITED – COMPANY NUMBER 05234413  
FINANCIAL REPORT AS AT 30 SEPTEMBER 2022

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## STRATEGIC REPORT

The directors present their Strategic Report on the company for the year ended 30 September 2022.

### Principal activities

The principal activities of Technology One UK Limited is the marketing, sales, implementation and support of fully integrated enterprise business software solutions.

### Business review

The profit before tax for the year amounted to £4,036,000 (2021: £212,000). The directors do not recommend the payment of any dividends (2021: nil).

At 30 September 2022 the Company had net assets of £4,615,000 (2021: £580,000) and had net current assets of £1,221,000 (2021: net current liability of £6,248,000).

### Key performance indicators

The Company's management consider the key performance indicator for the Company to be growth of revenue from the sale of software as a service (SaaS). This is monitored on a regular basis, with the Company achieving a 15% increase in the current year (2021: 19%). The directors regard SaaS revenue as a superior revenue stream as it is recurring, contracted and predictable.

Another key non-financial performance indicator for the Company is customer retention and no concerns were noted in the current period. The directors recognise that customer retention is essential in maintaining a strong revenue and cash pipeline over the medium to long term, considering that the Company provides software products as a service.

### Principal risks and uncertainties

The following is a summary of material business risks that could adversely affect our financial performance and growth potential in future years and how we propose to mitigate such risks.

#### *Russia-Ukraine conflict*

The current conflict in the Ukraine has no impact on the Company.

#### *Credit and cash flow risks*

The Company's policies are aimed at minimising credit risk. The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The financial statements were approved by the Board of directors on 27 September 2023 and were signed on its behalf by:

Cale Bennett  
Cale Bennett (Sep 27, 2023 17:17 GMT+10)

Cale Bennett

Stephen Kennedy  
Stephen Kennedy (Sep 27, 2023 15:09 GMT+10)

Stephen Kennedy

Brisbane, Australia  
Dated: 27 September 2023

## **DIRECTORS' REPORT**

The board of directors of Technology One UK Limited has pleasure in submitting their report and audited financial statements in respect of the year ended 30 September 2022.

### **Directors**

The directors who served the Company during the year, and up to the date of this report, were Mr Edward Chung, Mr Cale Bennett and Mr Stephen Kennedy.

The directors who were members of the board at the time of approving the directors' report are listed above. The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Dividends**

The directors have not declared any dividends during the year ended 30 September 2022 (2021: nil).  
The directors do not recommend a final dividend (2021: nil).

### **Review of operations**

Refer to the Business review in the Strategic Report for review of operations.

### **Events after the reporting date**

The Company's acquisition agreement in relation of Scientia Resource Management Limited (Scientia) on 15 September 2021 included an earn out clause of £4.1m which was payable on condition that agreed future performance hurdles on both net profit before tax and annual recurring revenue were met as measured on 31 December 2022. Subsequent to the reporting date, the results for the period ended 31 December 2022 were finalised and resulted in Scientia not being able to meet the targets as per earn out clauses consequently no payment has been made.

Apart from the above, no other matter or circumstance has arisen since 30 September 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

### **Corporate governance**

The Company benefits from the corporate governance arrangements established by its parent company Technology One Limited, an entity listed on the Australian Securities Exchange (ASX), full details of which can be found in Technology One Limited's own Annual Report, together with more detailed corporate governance disclosures.

The board has overall responsibility for the Company's system of internal control and for reviewing the effectiveness of these systems. It is responsible for ensuring the Company meets its obligations to its shareholders and meets from time to time to facilitate this.

### **Likely future developments**

The directors intend to continue to grow the business of the Company in line with Technology One Limited's stated ambition for the UK business.

### **Research and development**

The company is a reseller of the integrated enterprise business software solutions developed by the parent entity, Technology One Limited, therefore no research or development was performed by the company.

### **Charitable and political donations**

No charitable or political donations were made during the year.

## DIRECTORS' REPORT (CONTINUED)

### Indemnity of directors

The company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

### Going concern

The directors have prepared the financial statements on the going concern basis as they believe that the Company can continue to meet its liabilities as and when they fall due. The Company has the continuing financial support of its parent company, Technology One Limited for a period of at least twelve months from the date of approval of the financial statements.

The directors have made detailed enquiries, including confirmation of the strong liquidity position announced by Technology One Limited and review of the latest financial results released on 23 May 2023. After making these detailed enquiries, the directors are confident that Technology One Limited has sufficient resources to enable it to provide financial support.

The Company operates within the software service industry as part of the Technology One group. The directors believe support will continue to be forthcoming from the parent company for a period of at least twelve months from the date of approval of the financial statements, confirmed by a parent support letter, and so the financial statements have been prepared on a going concern basis.

### Auditors

The appointment of Grant Thornton as auditors was approved by the members of the audit committee in May 2023.

The financial statements were approved by the Board of Directors' on 27 September 2023 and were signed on its behalf by:

Cale Bennett  
Cale Bennett (Sep 27, 2023 17:17 GMT+10)

Cale Bennett

Stephen Kennedy  
Stephen Kennedy (Sep 27, 2023 17:59 GMT+10)

Stephen Kennedy

Brisbane, Australia  
Dated: 27 September 2023

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic Report, the Directors' Report, and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice; 'UK GAAP'), 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 and profit or loss of the Company for that period. In preparing those 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 United Kingdom Accounting Standards, including FRS 101, 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 proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECHNOLOGY ONE UK LIMITED**

### **Opinion**

We have audited the financial statements of Technology One UK Limited (the 'company') for the year ended 30 September 2022, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Change in Equity and notes to the financial statements, 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 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macroeconomic uncertainties such as the war in Ukraine and the inflationary economic environment, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TECHNOLOGY ONE UK LIMITED  
(CONTINUED)  
Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matter on which we are required to report under the Companies Act 2006**

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.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

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

**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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company. We determined that the following laws and regulations were most significant: Companies Act 2006, Financial Reporting Standard 101 'Reduced Disclosure Framework'. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements including those laws and regulations relating to the taxation laws;
- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and through manipulation of accounting estimates. Audit procedures performed included:
  - identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud;
  - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
  - challenging assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules, the applicable statutory provisions.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Grant Thornton UK LLP*

**Timothy Taylor FCA**

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Chelmsford

Date:

*27 SEPTEMBER 2023*

## INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £'000	2021 (restated) £'000
<b>Revenue from contracts with customers</b>	2	8,040	7,035
Cost of sales		(826)	(614)
<b>Gross profit</b>		<b>7,214</b>	<b>6,421</b>
Administration expense		(7,984)	(6,463)
Other expenses		(98)	(149)
Other income	3	1,107	405
Other gains	4	4,062	-
<b>Operating profit</b>		<b>4,301</b>	<b>214</b>
Finance costs	5	(265)	(2)
<b>Profit before income tax</b>	6	<b>4,036</b>	<b>212</b>
Income tax expense	8	(1)	(145)
<b>Profit for the year</b>	20	<b>4,035</b>	<b>67</b>

*All amounts relate to continuing operations.*

The accompanying notes form an integral part of the financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

There is no other comprehensive income or expense during the year ended 30 September 2022 and 30 September 2021 other than the profit attributable to the members of the Company of £418,000 (2021: £67,000).

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2022**

	Note	2022 £'000	2021 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	17	10,199	10,199
Property, plant and equipment	11	762	59
Right-of-use assets	16	2,085	45
Trade and other receivables	9	127	61
Contract assets	10	230	72
Contract acquisition costs	12	477	450
Deferred tax asset	8	1	-
<b>Total non-current assets</b>		<b>13,881</b>	<b>10,886</b>
<b>Current assets</b>			
Cash and cash equivalents		1,405	2,635
Trade and other receivables	9	2,403	1,602
Contract assets	10	510	314
Contract acquisition costs	12	218	191
Current tax assets		189	132
Amounts from related parties	15	2,203	-
<b>Total current assets</b>		<b>6,928</b>	<b>4,874</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	1,426	1,410
Deferred revenue	14	4,003	2,882
Lease liability	16	278	30
Deferred tax liability	8	-	10
Amounts due to related parties	15	-	6,790
<b>Total current liabilities</b>		<b>5,707</b>	<b>11,122</b>
<b>Net current assets/(liabilities)</b>		<b>1,221</b>	<b>(6,248)</b>
<b>Total assets less current liabilities</b>		<b>15,102</b>	<b>4,638</b>
<b>Non-current liabilities</b>			
Lease liability	16	2,047	-
Contingent consideration	18	-	4,058
Amounts due to related parties	15	8,440	-
<b>Total non-current liabilities</b>		<b>10,487</b>	<b>4,058</b>
<b>Net assets</b>		<b>4,615</b>	<b>580</b>
<b>EQUITY</b>			
Contributed equity	19	-	-
Retained earnings	20	4,615	580
<b>Total equity</b>		<b>4,615</b>	<b>580</b>

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2023 by;

*Cale Bennett*  
Cale Bennett (Sep 27, 2023 17:17 GMT+10)

Cale Bennett

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Contributed equity	Retained earnings	Total equity
	£'000	£'000	£'000
<b>At 1 October 2020</b>	-	513	513
Profit for the year	-	67	67
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	-	67	67
<b>At 30 September 2021</b>	-	580	580
<b>At 1 October 2021</b>	-	580	580
Profit for the year	-	4,035	4,035
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	-	4,035	4,035
<b>At 30 September 2022</b>	-	4,615	4,615

**Contributed equity**

Contributed equity is the total par value of called up and fully paid shares.

**Retained earnings**

Includes all current period profits and losses.

The accompanying notes form an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Accounting policies

##### a) Basis of preparation

The financial statements of Technology One UK Limited ("the Company") were authorised for issue in accordance with a resolution of the Directors on 27 September 2023. The Statement of Financial Position was signed on the board's behalf by Mr Cale Bennett. The Company is a private company, limited by shares -incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the historical cost convention and applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. The principal accounting policies adopted by the Company are set out further in this note.

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

- a) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share based Payment*, because the share based payment arrangement concerns the instruments of another group entity;
- b) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- c) the requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*;
- d) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
  - i. paragraph 79(a)(iv) of IAS 1;
  - ii. paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
  - iii. paragraph 118(e) of IAS 38 *Intangible Assets*;
- e) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*;
- f) the requirements of IAS 7 *Statement of Cash Flows*;
- g) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- h) the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures*;
- i) 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; and
- j) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*.

The directors have prepared the financial statements on a going concern basis. At 30 September 2022, the Company had net assets of £4,615,000 (2021: £580,000) and a net current asset position of £1,221,000 (2021: net current liability position of £6,248,000). The net current asset position includes £4,003,000 in relation to deferred revenue for services not yet delivered which do not constitute a cash obligation in the future.

The ultimate parent company has issued a letter of support to the Company stating that it will continue to provide funding, as necessary for a period of at least twelve months from the date of approval of the financial statements, in order for the Company to meet all of its operational and capital requirements as they fall due. Please see further details in note 22. The directors therefore consider that the going concern basis of accounting remains appropriate.

Technology One UK Limited is exempt from the requirement to prepare consolidated Financial Statements. Section 401 of the Companies Act 2006 exempts, subject to certain conditions, an intermediate UK parent from the requirement to prepare consolidated financial statements where its parent is not established under the law of an EEA state, as long as the company and all of its subsidiary undertakings are included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year, by a parent undertaking (refer to note 24).

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### a) Basis of preparation (continued)

There were a number of narrow scope amendments to existing standards which were effective from 1 April 2022. None of these had an impact on the company. Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 September 2022 reporting periods and have not been early adopted by the company. These standards, amendments or interpretations are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

These standards, amendments or interpretations include:

- Amendments to IAS 1 - Classification of liabilities as current or non-current
- Amendments to IAS 1 - Disclosure of accounting policies
- Amendments to IAS 8 - Definition of accounting estimates
- Amendments to IAS 16 - Lease liability in a sale and leaseback
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17 - Insurance contracts

### b) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer the company determines the transaction price based on the contract taking into account estimates of variable consideration and the time value of money. Contracts are assessed to determine the performance obligations contracted for, and where there is more than one performance obligation under the same contract value, the transaction price is allocated to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

The Company has the following key revenue categories:

1. SaaS Fees
2. Annual Licence fees
3. Consulting Services
4. Initial Licence Fees

The accounting policies for each of these categories has been set out below:

#### Revenue categories

##### 1. SaaS Fees

Revenue from term SaaS contracts are recognised on a daily basis over the term of the contract. Included within this category is revenue from contracts for annual SaaS licences as well as Platform services associated with initial licence fees. The Company considers that SaaS licence contracts represent a right to access the Company's licenced intellectual property and as such the performance obligation is fulfilled over the contract term.

Payment terms in respect of SaaS Fees are typically annual within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables.

Unsatisfied performance obligations in respect of SaaS Fees received or receivable are recognised as Deferred revenue in the statement of financial position. Refer to note 14 for details of Deferred revenue.

Costs incurred in obtaining the customer contract are expensed, unless they are incremental to obtaining the contract and the Company expects to recover those costs. Costs that meet the criteria for capitalisation will be amortised over the life of the contract that they relate to. The Company has identified certain commission costs as meeting the criteria of directly related contract costs. These costs are capitalised in the month in which they are incurred and amortised over an average contract term of 5 years. The movement in the year and the closing balance of this asset is disclosed within note 12 as 'contract acquisition costs'. This balance is presented as 'contract acquisition costs' in the statement of financial position. The current year amortisation of contract acquisition assets is recognised within the Administration Expense line on the Income Statement.



## **1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **b) Revenue recognition (continued)**

#### **2. Annual licence fees**

Annual Licence Fees are for the annual support and maintenance services provided to customers for the perpetual licences and the subscription licences. The fees are recognised on a daily basis over the term of the contract. The Company considers that the performance obligation in respect of these services is satisfied over time.

Payment terms in respect of Annual Licence Fees are typically annual within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables until paid.

Unsatisfied performance obligations in respect of Annual Licence fees are disclosed as Deferred revenue in the statement of financial position. Refer to note 14 for details of Deferred revenue.

#### **3. Consulting Services**

Consulting services includes services for licenced software and project services revenue.

Revenue from these services is recognised as services are rendered, typically in accordance with the achievement of contract milestones and/or hours expended.

#### **4. Initial licence fees**

Initial Licence Fees includes both perpetual licence fees and subscription term licences and are recognised on provision of the software. The Company considers that such contracts represent a right to use the Company's licenced intellectual property and as such the performance obligation is fulfilled at the point in time at which the customer receives the licence key.

Payment terms in respect of Initial Licence Fees are typically within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables.

Perpetual licence fees are typically invoiced upfront on signing the contract but subscription term licences are billed annually throughout the subscription period.

The Company considers the effects of variable consideration, reviews the contracts to identify if a significant financing component exists and considers the standalone pricing of the initial licence fees when allocating the transaction price of subscription licence contracts to the performance obligations: license and annual maintenance and support.

#### **5. Associated contract balances**

Under IFRS 15, the timing of revenue recognition, customer invoicing and cash collections results in the recognition of trade receivables, contract asset and deferred revenue (contract liability) on the Company's statement of financial position. At 30 September 2022, the statement of financial position shows a net current asset balance of £1.2m (30 September 2021: net current liability balance of £6.2m). As deferred revenue represents payments received or receivable in advance from customers for SaaS Fees and Annual Licence Fees which will be recognised in future periods, and not a future cash outflow, this balance does not impact the Company's ability to meet its short-term obligations as and when they fall due.

### **c) Marketing support fees**

The company's parent entity, Technology One Limited, has entered into an Advance Pricing Agreement ('APA') with the Australian Taxation Office ('ATO'), the Australian tax authority, which covers all subsidiaries wholly owned by the parent. This APA is effective for the 5 year period commencing on 1 October 2017 concluding on 30 September 2022. As per this agreement, the company should achieve an annual return of 3.02% measured on Earnings Before Interest, dividends, gains, non-operating items and Income Tax (EBIT) and if the margin is not met, a compensating adjustment will be calculated. Any transfer pricing adjustments are recognised as Marketing support fees in the profit or loss statement.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### d) Fixed assets

Fixed assets are measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful economic lives of the assets as follows:

	Life	Method
Office furniture and equipment	3-11 years	Straight line
Make good asset	5 years	Straight line

### e) Financial assets and liabilities

Financial instruments recognised in the statement of financial position include; cash and cash equivalents, trade receivables, contract assets and trade payables.

#### (i) Classification

The Company classifies its financial assets and financial liabilities into the following measurement categories;

- those to be measured at amortised cost (using the effective interest method) and;
- those to be measured at fair value with changes through the profit or loss (FVPL).

Classification into these categories is based on an assessment of the Company's business model for managing its financial instruments and the contractual terms of the cash flows.

#### (ii) Measurement

##### Amortised cost

Under this method the financial instrument is measured at the amount recognized at initial recognition minus principal repayments. Further adjustments to the carrying value of the financial instrument will arise if there is a modification to the contractual cash flows creating a gain/loss in the measurement or if there is no longer a reasonable expectation of recovery of a financial asset resulting in a write off.

##### FVPL

The financial instrument is measured at fair value. Changes in fair value are recognized in profit and loss as they arise.

#### (iii) Impairment

The Company recognises impairment losses on its financial assets using an expected credit losses (ECL) model in line with IFRS 9. The ECL model essentially aims to calculate the assets' credit risk. It involves consideration of scenarios that would lead to default, calculating the shortfall between what is contractually due and what would be received under each scenario and then multiplying the shortfall/loss by the probability of the default situation occurring.

The Company has elected to apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets. The Company has also made use of the practical expedient available for calculating expected losses for short term receivables. This practical expedient involves using a "provision matrix" to calculate the loss allowance. This matrix is based on historical default rates over the expected life of the trade receivables and it is adjusted for forward-looking estimates.

A 6-month historical default rate is applied to the trade receivables balance to calculate the expected credit loss. This appears as a provision against the trade receivables balance. Movements in this provision are recognised as an expense in the income statement to the extent that the related revenue has been recognised in the income statement. If a receivable balance is identified as being unrecoverable it is written off against the allowance for expected credit losses.

### f) Receivables

Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method, less expected loss provision. Trade receivables are generally due for settlement within 14 to 30 days.

The Company uses the simplified approach to measuring expected credit losses. The amount of the expected credit loss is recognised in the income statement within corporate expenses.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### g) Deferred taxation

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

### h) Leased assets

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company's lease portfolio consists of property leases. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. Early termination options within the leases are considered unlikely, as such the full lease term is used in accounting for the leases.

Lease contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

#### Lease liability

The lease liability is initially measured at the present value of outstanding lease payments (including those to be made under reasonably certain extension options). The payments used in this calculation include the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments above are discounted using the interest rate implicit in the lease if that rate is readily determinable. This is not the case for the Company's current leases. When the interest rate implicit in the lease is not readily determinable IFRS 16 requires the use of the incremental borrowing rate to calculate the present value of the lease payments. This rate is the rate of interest that a lessee would have to pay to borrow the funds necessary to purchase the right of use asset, over a similar term and with a similar security, in similar economic environment.

The most appropriate rate to use as a starting point in determining the incremental borrowing rate would be the interest rate incurred on existing borrowings. However, the Company does not have any existing borrowings. In the absence of this the Company uses the swap curve with a corresponding rating as the starting point in determining the incremental borrowing rate. In line with the accounting standard the Company adjusts the swap curve rate for the term of the leases, the value of the leases and the creditworthiness of the Company.

Once the lease liability has been recognised on the balance sheet the periodic lease repayments are allocated between an interest and a principal element. The interest is charged to profit or loss (included under finance costs) over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### h) Leased assets (continued)

#### Right-of-use asset

The right-of-use asset is initially calculated as being equal to the lease liability and then adjusted for the following:

- Lease payments made on or before the commencement date less any incentives received
- Any initial direct costs, and
- An estimate of restoration costs.

This right-of-use asset is then depreciated on a straight-line basis over the calculated lease term.

Right-of-use assets are also subject to impairment testing under IAS 36 Impairment of assets.

### i) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

### j) Investments

All investments are initially recognised at cost, being the fair value of the consideration. Subsequently investments are carried at cost less any impairment losses.

### k) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity. Payables to related parties are carried at the principal amount.

### l) Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into Sterling at the average rate for the month in which the transaction occurs. Exchange gains and losses are recognised in the Statement of Comprehensive Income.

### m) Pensions and other post-employment benefits

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

### n) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### o) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 discussed below.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### o) Critical accounting estimates and judgements (continued)

#### Critical judgement in applying the company's accounting policies

#### i. *Revenue contracts*

Initial licence fee contracts entered into by the Company require judgement in the identification and separation of the contract components related to software licence fees, annual licence fees and platform services. The Company assesses each customer contract individually and revenue is assigned to each component based upon the stand alone fair value of the component relevant to the total contract value.

#### Key accounting estimates and assumptions

#### ii. *Tangible fixed assets and depreciation*

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment and note 1 (d) for the useful economic lives for each class of assets.

#### iii. *Fair value*

Contingent consideration is classified as a Level 3 liability, given that it cannot be fair valued using observable market inputs. A release of the contingent consideration that does not represent a payment is recognised within the other income line of the income statement.

#### iv. *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

#### v. *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

## 2. SALES REVENUE

Sales revenue, which is stated net of value added tax, is attributable to one continuing activity, the sale of, and provision of support for, software.

	2022	2021 (restated)
	£'000	£'000
<b>Revenue from contracts with customers</b>		
SaaS fees*	4,445	3,944
Annual licence fees*	212	99
Consulting services*	3,378	2,991
Initial licence fees**	5	1
<b>Total revenue from contracts with customers</b>	<b>8,040</b>	<b>7,035</b>

\*Recognised over time / as services are rendered

\*\*Recognised at a point in time

## 3. OTHER INCOME

	2022	2021
	£'000	£'000
Marketing support fees from Technology One Limited	1,107	405
	<b>1,107</b>	<b>405</b>

## 4. OTHER GAINS

	2022	2021
	£'000	£'000
Fair value on remeasurement of contingent consideration	4,058	-
Foreign exchange gains / (losses)	4	-
	<b>4,062</b>	<b>-</b>

## 5. FINANCE COSTS

	2022	2021
	£'000	£'000
Interest on loans from related parties	183	2
Interest on lease liabilities	82	-
	<b>265</b>	<b>2</b>

## 6. PROFIT BEFORE INCOME TAX

This is stated after charging:

	2022	2021
	£'000	£'000
Auditors' remuneration - audit services	49	14
Depreciation of owned fixed assets	79	114
	<b>128</b>	<b>128</b>

Auditors' remuneration is in respect of the audit of the financial statements provided to the company.

## 7. SALARIES AND WAGES

### i) Directors' remuneration

The directors of the Company are also directors of the parent company and fellow subsidiaries. The directors received total remuneration for the year of £1,848,393 (2021: £1,594,756), all of which was paid by the parent company. The directors do not believe that it is practical to apportion this amount between their services as directors of the Company and their services as directors of the parent company's and fellow subsidiary companies. The expense recorded in these financial statements relating to Directors' Remuneration is £nil (2021: £nil).

The directors of the Company, as employees of the Technology One Limited group, are subject to the following option arrangements provided by Technology One Limited.

The group provides benefits to certain employees in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares. The cost of share based payment transactions with employees are measured by reference to fair value of the equity instruments at the date at which they are granted. The cost of share-based payments is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period). No expense is recognised for awards that do not ultimately vest as a result of unfulfilled service conditions.

### ii) Staff costs

	2022	2021
	£'000	£'000
Wages and salaries	5,105	4,492
Social security costs	749	606
Other post-retirement benefit costs	226	160
	<b>6,080</b>	<b>5,258</b>

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

	2022	2021
	No.	No.
Sales	17	15
Consulting	27	21
Research and development	20	20
Administration	3	4
	<b>67</b>	<b>60</b>

## 8. INCOME TAX EXPENSE

	2022	2021
	£'000	£'000
<i>a) Tax expense on profit from ordinary activities:</i>	1	145
The tax expense is made up as follows:		
Current tax:		
UK corporation tax - current year	12	49
UK corporation tax - prior year	-	114
Total current tax expense	12	163
Deferred tax:		
Amount expensed in the year	(11)	(18)
Tax expense on profit on ordinary activities (note 8(b))	1	145
<i>b) Factors affecting current tax charge:</i>		
The tax assessed on the profit from ordinary activities for the period differs from the standard rate of corporation tax in the UK of 19% for year ended 30 September 2022 (2021: 19%). The differences are reconciled below:		
	2022	2021
	£'000	£'000
Profit from ordinary activities before tax	4,036	212
Profit from ordinary activities multiplied by the applicable standard rate	767	40
Under/(over) statement of prior year tax	-	114
Income not taxable for tax purposes	(771)	-
Expenses not deductible for tax purposes	5	-
Other amounts not deductible/(taxable)	-	(9)
Tax expense on profit from ordinary activities	1	145
<i>c) Deferred tax</i>		
The deferred tax included in the Statement of Financial Position is as follows:		
	2022	2021
	£'000	£'000
Deferred tax liability	(1)	(12)
Deferred tax asset	2	2
Net deferred tax asset/(liability)	1	(10)
Accelerated capital allowances	1	(10)
At the end of period	1	(10)
Movement in the period		
At start of period	(10)	(28)
Deferred tax income relating to the origination and reversal of temporary differences	11	18
At the end of period	1	(10)

### *d) Tax rate changes*

Deferred taxes at the Statement of Financial Position date have been measured using the current tax rates and reflected in these financial statements. As part of Finance Act 2021 (substantially enacted on 24 May 2021), the corporate tax rate increased to 25% from 1 April 2023. The change in tax rate from 19% to 25% does not materially impact the deferred tax balances.



## 9. TRADE AND OTHER RECEIVABLES

	2022	2021
	£'000	£'000
Trade debtors - gross	2,196	1,507
Provision for expected credit loss	(25)	(22)
Trade debtors - net	2,171	1,485
Prepayments	232	117
Amounts due from related parties	-	-
Current trade and other receivables	2,403	1,602
<b>Non-current</b>		
Prepayments	127	61
Non-current trade and other receivables	127	61

Movements in the expected credit loss allowance:

	2022	2021
	£'000	£'000
Opening balance - 1 October	(22)	(750)
Increase in expected credit loss allowance recognised in profit and loss during the year	(25)	(22)
Unused amounts reversed	22	750
Closing balance - 30 September	(25)	(22)

The Company's normal trade credit term ranges from 15 to 45 days (2021: 15 to 45 days). Other credit terms are assessed and approved on a case-by-case basis.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

There are debtors to the value of £104,000 (2021: £336,000) included in Trade Debtors that are considered past due.

Amounts due from related parties do not bear interest and are repayable on demand.

## 10. CONTRACT ASSETS

	2022	2021
	£'000	£'000
Contract assets	741	387
Provision for expected credit loss	(1)	(1)
	<u>740</u>	<u>386</u>

Provision for expected credit loss

Movements in the provision are as follows:

	2022	2021
	£'000	£'000
Opening balance - 1 October	(1)	(1)
Increase in expected credit loss allowance recognised in profit and loss during the year	(1)	(1)
Unused amounts reversed	1	1
Closing balance - 30 September	<u>(1)</u>	<u>(1)</u>

Contract assets as at 30 September 2022 is made up of £510,000 (2021: £314,000) held in current assets and £230,000 (2021: 72,000) held in non-current assets in the statement of financial position. The current year portion of the balance will be amortised over the next 12 months.

# 11. PROPERTY, PLANT AND EQUIPMENT

	Office furniture & equipment	Make good asset	Total
2022	£'000	£'000	£'000
<b>Cost</b>			
At 1 October 2021	620	34	654
Additions	783	-	783
Disposals	-	(34)	(34)
<b>At 30 September 2022</b>	<b>1,403</b>	<b>-</b>	<b>1,403</b>
<b>Accumulated depreciation</b>			
At 1 October 2021	(562)	(33)	(595)
Depreciation charge	(79)	-	(79)
Disposals	-	33	33
<b>At 30 September 2022</b>	<b>(641)</b>	<b>-</b>	<b>(641)</b>
<b>Net book value</b>	<b>762</b>	<b>-</b>	<b>762</b>

	Office furniture & equipment	Make good asset	Total
2021	£'000	£'000	£'000
<b>Cost</b>			
At 1 October 2020	590	34	624
Additions	30	-	30
<b>At 30 September 2021</b>	<b>620</b>	<b>34</b>	<b>654</b>
<b>Accumulated depreciation</b>			
At 1 October 2020	(455)	(26)	(481)
Depreciation charge	(107)	(7)	(114)
<b>At 30 September 2021</b>	<b>(562)</b>	<b>(33)</b>	<b>(595)</b>
<b>Net book value</b>	<b>58</b>	<b>1</b>	<b>59</b>

## 12. CONTRACT ACQUISITION COSTS

	Contract acquisition costs	Total
	£'000	£'000
<b>2022</b>		
At 1 October 2021	641	641
Additions	257	257
Amortisation	(203)	(203)
At 30 September 2022	<u>695</u>	<u>695</u>
<b>2021</b>		
At 1 October 2020	443	443
Additions	348	348
Amortisation	(150)	(150)
At 30 September 2021	<u>641</u>	<u>641</u>

Contract acquisition costs as at 30 September 2022 is made up of £218,000 (2021: £191,000) held in current assets and £477,000 (2021: £450,000) held in non-current assets in the statement of financial position. The current year portion of the balance will be amortised over the next 12 months.

## 13. TRADE AND OTHER PAYABLES

	2022	2021
	£'000	£'000
Trade creditors	379	126
Other creditors - employee bonus	197	202
Accruals	406	617
Other taxes and social security costs	444	465
	<u>1,426</u>	<u>1,410</u>

Trade creditors are non-interest bearing and are normally settled on 40 days terms. Other creditors are non-interest bearing.

#### 14. DEFERRED REVENUE

	2022	2021
	£'000	£'000
Carrying amount at 1 October	2,882	2,610
Carrying amount at 30 September	4,003	2,882
Revenue recognised from the opening balance	2,882	2,610

Deferred revenue represents payments received or receivable in advance from customers for SaaS Fees and Annual Licence Fees which will be recognised as revenue in future periods, generally over the next 12 months. These amounts are a contract liability under IFRS 15. These amounts do not result in a future cash outflow. The operating costs to deliver the services are not significant.

#### 15. AMOUNTS WITH RELATED PARTIES

	2022	2021
	£'000	£'000
<b>Amounts from related parties</b>		
Receivables from related parties	2,203	-
	<u>2,203</u>	<u>-</u>
<b>Amounts due to related parties</b>		
Loan payable to related parties – current	-	6,790
Loan payable to related parties – non-current	6,978	-
Other payables to related parties	1,462	-
	<u>8,440</u>	<u>6,790</u>

The amounts due to related parties are unsecured, interest free and repayable on demand.

As at 30 September 2021 the loan balance was unsecured and interest free. An interest only agreement was signed post 30 September 2021, being the reason for the loan to be classified as current in prior year, for an initial amount of £6,117,000 plus further advances. The balance of the loan at 30 September 2022 is £6,978,000 (2021: £6,790,000). The nature of the loan is non-current as it is not repayable until 2031. The existence of this loan does not impact the Company's ability to pay its debts when they are due.

The parent company has also issued a letter of support to the Company stating that it will continue to provide funding, as necessary for a period of at least twelve months from the date of approval of the financial statements, in order for the Company to meet all of its operational and capital requirements as they fall due. Please see further details in note 22.

## 16. LEASES

Right-of-use assets	2022	2021
	Property	Property
	£'000	£'000
<b>Year ended 30 September</b>		
Opening net book amount	45	165
Additions	2,245	-
Depreciation charge	(205)	(120)
<b>Closing net book amount</b>	<b>2,085</b>	<b>45</b>
<b>At 30 September</b>		
Cost	2,245	285
Accumulated depreciation	(160)	(240)
<b>Net book amount</b>	<b>2,085</b>	<b>45</b>

Lease liability	2022	2021
	£'000	£'000
<b>1 October</b>		
Opening liability	30	151
Additions	2,245	-
Payments	(32)	(123)
Interest expense	82	2
<b>Closing liability</b>	<b>2,325</b>	<b>30</b>
Current	278	30
Non-Current	2,047	-
<b>Closing Liability</b>	<b>2,325</b>	<b>30</b>

The following are amounts recognised in profit or loss under IFRS 16:

	2022	2021
	£'000	£'000
Amortisation on right-of-use assets	205	120
Interest expense on lease liabilities	82	2
Expense related to short-term leases	-	-
<b>Total amount recognised in profit or loss</b>	<b>287</b>	<b>122</b>

### Cashflow from leases

	2022	2021
	£'000	£'000
Total cash outflow as a lessee	32	123
	<b>32</b>	<b>123</b>

## 17. INVESTMENTS

	2022 Investment in Subsidiary £'000	2021 Investment in Subsidiary £'000
<b>Year ended 30 September</b>		
Opening net book amount	10,199	-
Additions	-	10,199
Impairment	-	-
<b>Closing net book amount</b>	<b>10,199</b>	<b>10,199</b>
<b>At 30 September</b>		
Cost	10,199	10,199
Accumulated impairment	-	-
<b>Net book amount</b>	<b>10,199</b>	<b>10,199</b>

On 15 September 2021, the Company acquired a 100% equity holding in Scientia Resource Management Limited (Scientia), a company incorporated in England, that provides advanced academic timetabling and resource scheduling for over 150 leading universities across the United Kingdom and Australia. Registered office is at Fourth Floor Abbots House, Abbey Street, Reading, Berkshire, England, RG1 3BD.

## 18. CONTINGENT CONSIDERATION

	2022 £'000	2021 £'000
<b>Contingent Consideration</b>		
Contingent Consideration non-current	-	4,058
<b>Closing net book amount</b>	<b>-</b>	<b>4,058</b>

## 19. SHARE CAPITAL

	2022 £	2021 £
<i>Authorised, allotted, called up and fully paid</i>		
2 (2021: 2) ordinary shares of £1 each	2	2

## 20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2022	2021
	£'000	£'000
Opening shareholders' funds/(deficit)	580	513
Profit for the year	4,035	67
Closing shareholders' funds	4,615	580

## 21. ADJUSTMENTS TO COMPARATIVE INFORMATION

The company changed the presentation and classification of accounting items in the financial statements and therefore, restated the comparatives accordingly. Below is the summary of the items restated for prior period:

	As previously reported	Adjustment	As restated at 30 September 2022
	£'000	£'000	£'000
Revenue from contracts with customers (1)	7,440	(405)	7,035
Administration expenses (2)	(6,465)	2	(6,463)
Other income (1)	-	405	405
Other gains/(losses) (3)	-	-	-
<b>Operating profit (4)</b>	-	214	214
Finance costs (2)	-	(2)	(2)
<b>Profit for the year</b>	67	-	67

The above adjustments relate to the following:

- (1) This adjustment relates to the reclassification of marketing support fees (transfer pricing adjustments) from revenue to other income. This also relates to the reclassification of exchange foreign gains from revenue to other gains/(losses). This error on presentation arose due incorrect classification of marketing support fees and foreign exchange gains as revenue in the prior year which resulted in an overstatement of revenue, understatement of other income and incorrect presentation of foreign exchange gains.
- (2) This adjustment relates to the reclassification of interest on lease liabilities from administration expenses to finance costs. This error arose due incorrect presentation of interest on lease liabilities as administration costs instead of finance costs. Finance costs are required to be presented separately on the income statement in terms of IAS 1 *Presentation of Financial Statements*.
- (3) This adjustment is the impact of the prior period error relating to the presentation of foreign exchange gains on other gains. IAS 21 *The Effects of Changes in Foreign Exchange Rates* requires foreign exchange gains to be disclosed, but would not constitute revenue as was previously presented.
- (4) This adjustment is the impact of the prior period error on the operating profit. The prior year accounts did not include an 'Operating profit' line.

## 22. SUPPORT OF CONTROLLING ENTITY

The operations of Technology One UK Limited rely on the continued product and financial support of Technology One Limited, the parent entity of Technology One UK Limited. The directors of Technology One Limited have resolved to provide financial and product support for a period of at least twelve months from the date of approval of the financial statements should there be challenges with Technology One UK Limited's ability to continue operating as a going concern and meet its debts as and when they fall due.

The directors have made detailed enquiries, including confirmation of the strong liquidity position announced by Technology One Limited and review of the latest financial results released on 23 May 2023. After making these detailed enquiries, the directors are confident that Technology One Limited has sufficient resources to enable it to provide financial support.



## **23. RELATED PARTIES**

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed in note 7. The Company has taken advantage of the exemptions provided by FRS 101 regarding disclosure of transactions entered into between two or more members of the TechnologyOne group. Copies of these group accounts are available from [www.TechnologyOneCorp.com](http://www.TechnologyOneCorp.com).

The Company is a wholly owned subsidiary of Technology One Limited, a company domiciled in Australia and listed on the Australian Securities Exchange, the consolidated financial statements of which are publicly available.

## **24. ULTIMATE PARENT UNDERTAKING**

The ultimate parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Technology One Limited, a company registered in Australia, which owns 100% of the issued share capital. Copies of these group financial statements are available from [www.TechnologyOneCorp.com](http://www.TechnologyOneCorp.com).

## **25. EVENTS AFTER THE REPORTING DATE**

The Company's acquisition agreement in relation of Scientia Resource Management Limited (Scientia) on 15 September 2021 included an earn out clause of £4.1m which was payable on condition that agreed future performance hurdles on both net profit before tax and annual recurring revenue were met as measured on 31 December 2022. Subsequent to the reporting date, the results for the period ended 31 December 2022 were finalised and resulted in Scientia not being able to meet the targets as per earn out clauses consequently no payment has been made.

Apart from the above, no other matter or circumstance has arisen since 30 September 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.