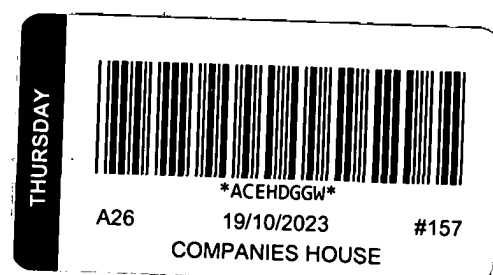


Parseq Limited

Annual Report and Consolidated Financial Statements
for the year ended 31 December 2022

Registered number 05815806



Parseq Limited
Annual report
for the year ended 31 December 2022

Contents

	Page
Directors and advisers	3
Strategic report	4
Directors' report	6
Independent auditor's report	9
Consolidated statement of comprehensive income	11
Group balance sheet	13
Company balance sheet	14
Consolidated statement of changes in equity	15
Company statement of changes in equity	16
Consolidated statement of cash flows	17
Notes to the financial statements	18

Parseq Limited

Directors and advisers

Directors

R Cassis
A Chan
R Littlewood
C Naylor-Smith

Company Secretary

A Chan

Registered office

Lowton Way
Hellaby
Rotherham
South Yorkshire
England
S66 8RY

Independent auditors

Hawsons Chartered Accountants
Pegasus House
463a Glossop Road
Sheffield
South Yorkshire
S10 2QD

Solicitors

Clarion Solicitors
Elizabeth House
13-19 Queen Street
Leeds
LS1 2TW

Bankers

Natwest
PO Box 4
69 Bridge Street
Worksop
S80 1DJ

Website

www.parseq.com

Parseq Limited

Strategic report for the year ended 31 December 2022

The Directors present their strategic report for the group for the year ended 31 December 2022.

Review of the business

Parseq had a successful 2022 financial year growing its core revenue and expanding the utilisation of its new additional space at the company's South Yorkshire location. The new space was freed up after the completion of its construction and use for a large non-recurring government project which completed in late 2021. The group's 2022 revenue represents a decrease overall from 2021 but, excluding the impact of the 2021 one-off large project's revenue, the core recurring business revenue has increased in 2022. The additional space created at the South Yorkshire site is mainly warehouse and processing space which has begun to be sold to clients in 2022.

Parseq's offshore strategy continues to be successful and growing each year, with additional sites and office space taken at its Bulgaria sites to accommodate the increased activity and clients. The business is expanding these sites organically, aligning with Parseq's strategy for its technology and services as it sees more of its client interactions moving away from paper. This shift is facilitated and driven by Parseq's own developed processing software, particularly in the areas of invoice and payment processing.

Parseq has been successful at winning new business and prides itself in being dynamic and flexible in its client implementations leading to fast and bespoke client solutions. The performance in 2022 was strong with an EBITDA of £856k being achieved.

Alongside Parseq's organic growth strategy, the company completed the acquisition in December 2022 of the Tall Group, a secure printing provider based in the UK and Ireland across three sites. It also completed the acquisition in January 2023 of Column Software, an India based company specialising in IT services. Parseq successfully undertook the operational and managerial integration of the acquired businesses under the Parseq brand in the first half of 2023. This included the rationalisation of the number of UK sites and has achieved an efficient and cohesive operational group platform maintaining the high levels of customer service. The acquisitions provide material growth for the group and increases annualised revenue to £27m per annum.

The group previously held the freehold interest of its South Yorkshire site and in December 2022 this was transferred out of the Parseq group to its owner's wider group. This site has been retained by Parseq under a lease arrangement.

Principal risks and uncertainties

The Directors consider the specific risks related to the company's business as a loss of business from significant clients, regulatory compliance and effective management of finances.

Parseq Limited

Strategic report for the year ended 31 December 2022

Key performance indicators

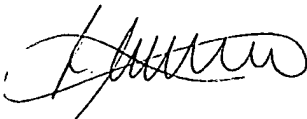
Parseq's key financial and other performance indicators during the financial year were as follows:

	2022	2021
	£'000	£'000
Turnover from continuing operations	9,639	17,528
EBITDA from continuing operations before exceptional items	856	3,002
Operating (loss)/ profit from continuing operations	(3,519)	2,174
Total shareholders' funds	3,194	7,159

Future developments

The directors plan to continue to expand the Parseq business, working towards increasing the current customer base, acquisition of new business and enhancing product offerings through development of existing and new outsourcing technology.

On behalf of the Board



R Littlewood

Director

16 October 2023

Parseq Limited

Directors' report for the year ended 31 December 2022

The Directors present their Directors' report and the audited financial statements of the group for the year ended 31 December 2022.

Principal activities

The Parseq group's focus is back-office outsourcing services to banks and financial institutions. This includes payment, credit and invoice processing, along with digital mailroom services supplied across various market sectors.

Future developments

As noted in the Strategic Report the group plans to continue to expand the business through acquiring new customers and cross selling within the existing customer base.

Results and dividends

The loss for the financial year amounted to (£3,965k) (2021: profit of £1,772k). The Directors do not propose a dividend payment (2021: £nil).

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, interest rate and cash flow risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by regularly monitoring levels of debt finance and the related finance costs. The group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The responsibility of monitoring financial risk management is that of the Board and the policies set by the Board of Directors are implemented by the group's finance department.

Post balance sheet events

The group acquired Column Software Solutions Private Ltd in January 2023, an India based company providing IT services and licence resales.

Going Concern

The company and group meet its day to day working capital requirements through its invoice discount facility.

After making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. The Company and group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company and group should be able to meet its liabilities as they fall due. These have additionally been sensitised to assess any impact from a shortfall in business performance. The company and group therefore continue to adopt the going concern basis in preparing its financial statements.

Parseq Limited

Directors' report for the ended 31 December 2022 (continued)

Directors

The Directors of the company who held office during the year and up to the date of signing the financial statements were:

- R Cassis
- A Chan
- R Littlewood
- C Naylor-Smith

Disabled employees

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the group plays a major role in maintaining its competitive advantage. The group encourages the involvement of employees by means of staff suggestion schemes and regular staff communication forums.

Directors' indemnities

The Company maintains liability insurance for its Directors and officers. Following shareholder approval in May 2008 the Company has also provided an indemnity for its Directors and the Company Secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The third party indemnity was in force during the financial year and also at the date of the approval of the financial statements.

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom

Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the

Parseq Limited

Directors' report for the ended 31 December 2022 (continued)

Statement of Directors' responsibilities (continued)

profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

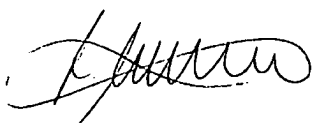
Disclosure of information to the auditors

So far as each Director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as information needed by the company's auditors in connection with preparing their report. Each Director has taken all the steps (such as making enquiries of other Directors and the auditors and any other steps required by the Director's duty to exercise due care, skill and diligence) that they ought to have taken in their duty as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, Hawsons Chartered Accountants, have indicated their willingness to continue in office.

On behalf of the Board



R Littlewood

Director

16 October 2023

Parseq Limited

Independent auditor's report to the members of Parseq Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Parseq Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive Income, the Group Balance Sheet, the Balance Sheet, the Consolidated Statement of Changes in Equity, the Statement of Changes in Equity, the Consolidated Statement of Cash Flows, 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 102 '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 group's and parent company's affairs as at 31 December 2022 and of its loss 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 group 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

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 company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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.

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 or a material misstatement of the other information. 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.

Parseq Limited

Independent auditor's report to the members of Parseq Limited (continued)

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Statement of Directors' Responsibilities set out on page 8, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor 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:

The company is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the company and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102, Companies Act 2006 and Health and Safety regulations. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the company's result for the period, and management bias in key accounting estimates.

Parseq Limited

Independent auditor's report to the members of Parseq Limited (continued)

Audit procedures performed by the engagement team included:

- Discussions with management and those responsible for legal compliance procedures within the company to obtain an understanding of the legal and regulatory framework applicable to the company and how the company complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of Board meetings;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the more removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for. 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.



Simon Bladen (Senior Statutory Auditor)

For and on behalf of Hawsons Chartered Accountants, Statutory Auditor

Pegasus House
463a Glossop Road
Sheffield
South Yorkshire
S10 2QD



Parseq Limited

Consolidated statement of comprehensive income for the year ended 31 December 2022

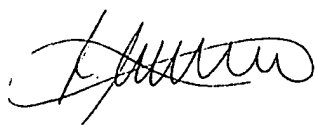
	Notes	2022 £'000	2021 £'000
Turnover	3	9,639	17,528
Cost of sales		(4,332)	(8,142)
Gross profit	3	5,307	9,386
Total administrative expenses		(8,826)	(7,302)
Administrative expenses			
Administrative expenses		(5,038)	(7,378)
Administrative income - exceptional items	7	(3,788)	76
Operating profit before exceptional items		269	2,008
Other income	4	-	90
Operating (loss)/ profit	3, 4	(3,519)	2,174
Interest payable and similar expenses	8	(313)	(268)
(Loss)/ Profit before taxation		(3,832)	1,906
Tax on (Loss)/ Profit	9	(133)	(134)
(Loss)/ Profit for the financial year		(3,965)	1,772
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(3,965)	1,772

Parseq Limited

Group balance sheet as at 31 December 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	10	(258)	349
Tangible assets	11	3,512	7,664
		3,254	8,013
Current assets			
Stocks		1,612	-
Debtors: amounts falling due within one year	13	6,212	4,206
Cash at bank and in hand		2,781	2,000
		10,605	6,206
Creditors: amounts falling due within one year	14	(9,878)	(3,808)
Net current assets		727	2,398
Total assets less current liabilities		3,981	10,411
Creditors: amounts falling due after more than one year	15	(787)	(3,252)
Net assets		3,194	7,159
Capital and reserves			
Called up share capital	20	5,000	5,000
Share premium account		1,025	1,025
Accumulated profit		(2,831)	1,134
Total shareholders' funds		3,194	7,159

The notes on pages 18 to 40 are an integral part of these financial statements. The financial statements on pages 12 to 41 were approved and authorised for issue by the board of Directors on 16 October 2023 and were signed on its behalf by:



R Littlewood

Director

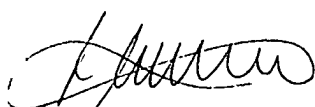
Registered number 05815806

Parseq Limited

Company balance sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	10	416	341
Tangible assets	11	1,287	1,089
Investments	12	3,782	2,500
		5,485	3,930
Current assets			
Stocks		18	-
Debtors: amounts falling due after more than one year	13	-	-
Debtors: amounts falling due within one year	13	4,667	3,885
Cash at bank and in hand		1,092	1,942
		5,777	5,827
Creditors: amounts falling due within one year	14	(8,210)	(5,563)
Net current (liabilities) /assets		(2,433)	264
Total assets less current liabilities		3,052	4,194
Creditors: amounts falling due after more than one year	15	(478)	(145)
Net assets		2,574	4,049
Capital and reserves			
Called up share capital	20	5,000	5,000
Merger reserve		(4,645)	(4,645)
Share premium account		1,025	1,025
Retained earnings		1,194	2,669
Total shareholders' funds		2,574	4,049

The notes on pages 18 to 41 are an integral part of these financial statements. No Statement of Comprehensive Income is presented for the Company, as permitted by section 408 of the Companies Act 2006. The company loss for the financial year is (£1,475k) (2021: £1,451k profit). The financial statements on pages 12 to 41 were approved and authorised for issue by the board of Directors on 16 October 2023 and were signed on its behalf by:



R Littlewood

Director

Registered number 05815806

Type text here

Parseq Limited

Consolidated statement of changes in equity for the year ended 31 December 2022

	Called up share capital £'000	Share premium £'000	Accumulated profit £'000	Total shareholders' funds £'000
Balance as at 1 January 2021	5,000	1,025	(638)	5,387
Profit for the year	-	-	1,772	1,772
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,772	1,772
Balance as at 31 December 2021	5,000	1,025	1,134	7,159
Loss for the year			(3,965)	(3,965)
Other comprehensive (loss)/ income for the year			-	-
Total comprehensive (loss) for the year			(3,965)	(3,965)
Balance as at 31 December 2022	5,000	1,025	(2,831)	3,194

Parseq Limited

Company statement of changes in equity for the year ended 31 December 2022

	Called up share capital £'000	Share premium £'000	Merger Reserve £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance as at 1 January 2021	5,000	1,025	(4,645)	1,218	2,598
Profit for the year	-	-	-	1,451	1,451
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive profit for the year	-	-	-	1,451	1,451
Balance as at 31 December 2021	5,000	1,025	(4,645)	2,669	4,049
Loss for the year				(1,475)	(1,475)
Total comprehensive loss for the year				(1,475)	(1,475)
Balance as at 31 December 2022	5,000	1,025	(4,645)	1,194	2,574

Parseq Limited

Consolidated statement of cash flows for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Net cash from operating activities	19	3,637	2,572
Tax paid		-	-
Net cash generated from operating activities		3,637	2,572
Cash flow from investing activities			
Purchase of intangible assets	10	(241)	(191)
Purchase of tangible assets	11	(1,086)	(1,136)
Acquisition of subsidiary, net of cash acquired	21	(2,145)	-
Net cash used in investing activities		(3,471)	(1,327)
Cash flow from financing activities			
Repayment of borrowings	19	(271)	(366)
Increase in borrowings	19	1,199	47
Interest paid	8	(313)	(268)
Net cash generated (used in)/from financing activities		615	(587)
Net increase in cash and cash equivalents		781	658
Cash and cash equivalents at the beginning of the year		2,000	1,342
Cash and cash equivalents at the end of the year		2,781	2,000
Cash and cash equivalents consists of:			
Cash at bank and in hand		2,781	2,000
Cash and cash equivalents		2,781	2,000

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022

1 Accounting policies

General information

Parseq Limited ('the company') and its subsidiaries (together 'the group') carry out activities of business to business services as a technology led Business Process Outsourcer (BPO).

The company is a private company limited by shares and is incorporated and domiciled in England. The address of the registered office is Lowton Way, Hellaby, South Yorkshire, S66 8RY.

Statement of compliance

The group and individual financial statements of Parseq Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Accounting convention and basis of preparation

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

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The financial statements are prepared in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual statement of comprehensive income.

Going concern

The company and group meet their day to day working capital requirements through its invoice discount facility.

After making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. The Company and group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company and group should be able to meet its liabilities as they fall due. These have additionally been sensitised to assess any impact from a shortfall in business performance. The company and group therefore continue to adopt the going concern basis in preparing its financial statements.

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions (section 1 paragraph 1.12). The company has taken advantage of the exemption of non-disclosure of certain financial instrument disclosures.

Basis of consolidation

The consolidated financial statements include the results of the company and its subsidiaries. Results of businesses acquired during the year are included from the effective date of acquisition.

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

Accounting policies are consistent across the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Turnover

This includes the sale of processing, IT hosting and maintenance services, inbound and outbound contact centre services, and is recognised by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Provision is made in respect of invoices which are considered to be disputed (by management) and debts outstanding in excess of six months to the extent considered necessary by management.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the group's financial performance.

Tangible assets and depreciation

Tangible assets are stated at historical purchase cost, together with any incidental expenses of acquisitions, less any accumulated depreciation. Depreciation is provided to write off the cost of all tangible fixed assets evenly over the expected useful lives of the assets. The expected useful lives for this purpose are:

Computer equipment:	3 to 5 years
Furniture, fittings and equipment:	3 to 10 years
Freehold land and buildings:	50 years

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the statement of comprehensive income.

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Intangible assets and amortisation

Intangible assets are stated at historical purchase cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives as follows:

Software:	up to 5 years
Customer contracts and brands:	up to 3 years
Goodwill:	10 years

Amortisation is charged to administrative expenses in the statement of comprehensive income.

When factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditure that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Investments

Investments in subsidiaries are stated at cost less any amounts written off for permanent diminution in value. Impairment reviews are performed by Directors where there has been an indication of potential impairment.

Stock

The Group carries stocks of fuel as part of its disaster recovery policy.

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity respectively.

i) *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

i) *Deferred tax*

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 years 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.

Leasing

Assets acquired under hire purchase contracts are capitalised and depreciated in the same manner as other tangible assets. Assets acquired under finance leases are capitalised and depreciated over the lower of the useful lives and terms of the lease. Rentals payable are apportioned between the finance element, which is charged to the statement of comprehensive income, and the capital element which reduces the outstanding obligation for future instalments.

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term. Incentives received to enter into an operating lease are credited to the statement of comprehensive income to reduce the lease expense on a straight-line basis over the period of the lease.

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Borrowings

Interest bearing bank loans and overdrafts are initially recorded at their fair value, which is generally the proceeds received plus those transactions costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequently, these liabilities are held at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event; it is probable an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Employee Benefits

The group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i) *Defined contribution pension plans*

The company funds individual employee defined contribution personal pension plans. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further obligations. All contributions to employee personal pension plans are charged to the statement of comprehensive income as they are incurred. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

ii) *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

iii) *Bonus plans*

The group operates an annual bonus plan for employees. An expense is recognised in the statement of comprehensive income when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Foreign currency

The group's functional currency is the pound sterling. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the statement of comprehensive income.

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Financial instruments

The Group has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments. The company's subsidiaries do not have any complex financial instruments and thus only apply section 11 of FRS 102.

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of ownership of the asset are transferred to another party.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of minimum lease payments discounted at a market rate of interest.

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

Directly attributable debt instrument arrangement fees are capitalised and amortised over the period of the facility to which it relates.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The company has issued equity instruments to certain employees, the accounting treatment of which is noted above.

Related party transactions

The group discloses related party transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events 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 addressed below.

i) *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets 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.

ii) *Useful economic lives and carrying value of intangible assets*

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, and economic utilisation. Management assess goodwill for impairment when there are indicators of impairment and it is sensitive to the same estimates as noted above.

iii) *Impairment of debtors*

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including current credit rating of the debtor, the ageing profile of debtors and historical experience.

iv) *Carrying value of investments*

The carrying value of investments is sensitive to the performance, future prospects and balance sheet position of the underlying subsidiaries. The carrying values are re-assessed annually. They are amended when necessary to reflect current estimates of fair value.

v) *Valuation of accruals and provisions*

Certain provisions and accruals require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. Where applicable, the timing of cashflows and the discount rates used to establish net present value of the obligations require management's judgement.

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Turnover

The Group's turnover is derived entirely from its principal activity. The analysis by geographical area of the Group's turnover is as follows:

	2022	2021
	£'000	£'000
United Kingdom	9,347	17,250
Rest of Europe	292	278
	9,639	17,528

4 Operating profit

	2022	2021
	£'000	£'000
Operating profit is stated after charging/ (crediting):		
Depreciation of tangible assets		
- owned assets	342	672
- leased assets	93	7
Operating lease charges	117	75
Amortisation of intangibles	157	309
Exceptional charges/ (income)	3,788	(76)
Government grants	-	(84)
Sale of assets	-	(6)
Services provided by the group's auditors:		
- fees payable for audit services – company	25	24
- fees payable for audit services – group	28	27
- fees payable for tax services - company	5	4
- fees payable for tax services - group	12	11

5 Directors' emoluments and key management compensation

Directors received aggregate emoluments during the financial year of £462k (2021: £419k). The highest paid director received emoluments of £238k (2021: £195k) during the financial year.

No director exercised share options during the financial year.

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

6 Employee information

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

	2022	2021
	Number	Number
Production and support	214	406
Sales	6	7
Administration	40	48
	260	461

Staff costs for the above persons

	2022	2021
	£'000	£'000
Wages and salaries	5,011	8,570
Social security costs	453	661
Other pension costs	126	143
	5,590	9,374

Pension costs incurred during the year were £126k (2021: £143k) of which contributions accrued to be paid at the year-end were £44k (2021: £21k).

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

7 Administrative (expenses) / income – exceptional items

		2022	2021
		£'000	£'000
Restructuring costs	(a)	(139)	(40)
Building cost net contribution/ (cost)	(b)	(216)	116
Loss on disposal of subsidiary	(c)	(3,433)	-
		(3,788)	76

- a) During the year, a restructuring programme was undertaken to improve alignment of staff resource to meet client needs.
- b) The undertaking of a new client contract included the construction of a new building at its Hellaby freehold site. This credit represents the final net impact of the release of a contribution to the build funded by the client.
- c) Disposal of Active Business Services Limited to a Parabellum group company.

8 Interest payable and similar expenses

	2022	2021
	£'000	£'000
Interest payable on bank loans and overdrafts	286	250
Interest on finance leases	27	18
	313	268

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

9 Tax on profit

	2022	2021
	£'000	£'000
(a) Analysis of charge/ (credit) for the year		
Current tax:		
UK corporation tax on results of the year	(69)	16
Adjustments in respect of prior periods	(4)	-
Total current tax	(73)	16
Deferred tax:		
Origination and reversal of timing differences	206	118
Adjustments in respect of previous periods	-	-
Total deferred tax	206	118
Total tax on profit	133	134

(b) Factors affecting the tax charge/ (credit) for the year

The taxation assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2022. The differences are explained below:

	2022	2021
	£'000	£'000
(Loss)/ Profit on ordinary activities before taxation	(3,831)	1,906
Loss)/ Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(728)	362
Effects of:		
Expenses not deductible for tax purposes	(39)	197
Other tax adjustments, reliefs and transfers	1,095	(29)
Fixed asset timing differences	(90)	(216)
Deferred tax - not recognised	-	-
Brought forward losses utilised	(23)	(180)
Research and development	(75)	-
Adjustments in respect of previous periods	(4)	-
Impact of foreign taxes	(3)	-
Total tax charge/ (credit)	133	134

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

10 Intangible assets

Group

	Goodwill	Software	Total
	£'000	£'000	£'000
Cost			
At 1 January 2022	-	1,520	1,520
Additions	(825)	241	(584)
Assets acquired on acquisition	-	134	134
Disposals	-	-	-
At 31 December 2022	(825)	1,895	1,070
Accumulated amortisation			
At 1 January 2022	-	1,171	1,171
Charge for the year	-	157	157
Disposals	-	-	-
At 31 December 2022	-	1,328	1,328
Net book amount			
At 31 December 2022	(825)	567	(258)
At 31 December 2021	-	349	349

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

10 Intangible assets (continued)

Company	Software	Total
	£'000	£'000
Cost		
At 1 January 2022	1,491	1,491
Additions	230	230
Disposals	-	-
At 31 December 2022	1,721	1,721
Accumulated amortisation		
At 1 January 2022	1,150	1,150
Charge for the year	155	155
Disposals	-	-
At 31 December 2022	1,305	1,305
Net book amount		
At 31 December 2022	416	416
At 31 December 2021	341	341

Assets held under finance leases and capitalised within software:

	2022		2021	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Cost	829	829	824	824
Accumulated depreciation	(824)	(824)	(792)	(792)
Net book amount	5	5	32	32

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

11 Tangible assets

Group	Freehold land and buildings	Computer equipment	Furniture, fittings & equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
1 January 2022	11,864	1,400	1,866	167	15,297
Additions	-	408	210	468	1,086
Assets acquired on acquisition	1,250	-	950	-	2,200
Transfer	-	93	70	(163)	-
Disposals	(11,864)	(631)	(219)	(472)	(13,186)
At 31 December 2022	1,250	1,270	2,877	-	5,397
Accumulated depreciation					
1 January 2022	5,243	862	1,528	-	7,633
Charge for the year	-	166	269	-	435
Transfer	-	-	-	-	-
Disposals	(5,243)	(343)	(597)	-	(6,183)
At 31 December 2022	-	685	1,200	-	1,885
Net book amount					
At 31 December 2022	1,250	585	1,677	-	3,512
At 31 December 2021	6,621	538	338	167	7,664

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

11 Tangible assets (continued)

Company	Computer equipment £'000	Furniture, fittings & equipment £'000	Assets under construction £'000	Total £'000
Cost				
At 1 January 2022	1,397	970	167	2,534
Additions	407	208	468	1,083
Transfer	93	70	(163)	-
Disposals	(6)	-	(472)	(478)
At 31 December 2022	1,891	1,248	-	3,139
Accumulated depreciation				
At 1 January 2022	903	542	-	1,445
Charge for the year	276	136	-	412
Disposals	(5)	-	-	(5)
At 31 December 2022	1,174	678	-	1,852
Net book amount				
At 31 December 2022	717	570	-	1,287
At 31 December 2021	494	428	167	1,089

Assets held under finance leases and capitalised in computer equipment, and furniture, fittings and equipment:

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Cost	632	556	84	84
Accumulated depreciation	(107)	(82)	(20)	(20)
Net book amount	525	474	64	64

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

12 Investments

Shares in group undertakings	2022	2021
	£'000	£'000
As at 1 January	2,500	2,500
Acquisition	3,782	-
Disposal	(2,500)	-
As at 31 December	3,782	2,500

Investments in group undertakings are stated at cost plus the fair value of any additional costs directly attributable to the acquisition of those shares. The company's subsidiary undertakings are:

Company	Holding	Percentage	Principal activity
Parseq (Hellaby) Limited	Ordinary	100%	Dormant
DMR Connect Limited	Ordinary	100%	Provision of debt collection services
Parseq Services Limited	Ordinary	100%	Dormant
Parseq Bulgaria Limited	Ordinary	100%	Provision of back-office processing
The TALL Group of Companies Limited	Ordinary	100%	Security print production & services
T.A.L.L Security Print Limited	Ordinary	100%*	Security print production & services
DLRT Limited	Ordinary	100%*	Security print production & services
Checkprint Limited	Ordinary	100%*	Security print production & services
Parseq India Private Limited	Ordinary	95%	Provision of back-office processing

Parseq Bulgaria Limited is registered at Sofia, 83 Ekzarh Iossif Street, Entrance 2, floor 2. Parseq India Private Limited is registered at 3rd Floor, Sintron Square, I-9, VSI Estate, Thiruvanniyur, Chennai, Tamil Nadu, 600041. All other subsidiary undertakings are registered in England and Wales at the address on page 3. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

*The Investment in these companies is held indirectly via the investment in The TALL Group of Companies Limited.

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

13 Debtors

	2022		2021	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	2,165	922	740	740
Amounts owed by group undertakings	-	-	-	63
Amounts owed by parent company	2,090	2,090	2,088	2,088
Other debtors	454	160	40	40
Deferred tax asset (note 17)	270	270	476	100
Prepayments and accrued income	1,233	1,225	862	854
	6,212	4,667	4,206	3,885

The amounts owed from group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

14 Creditors: amounts falling due within one year

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans and overdrafts (note 16)	1,491	1,164	639	548
Trade creditors	1,616	909	226	222
Amounts owed to group undertakings	3,372	4,306	-	1,876
Corporation tax	16	16	16	16
Taxation and social security	626	346	194	221
Other creditors	1,508	931	2,013	1,971
Finance leases (note 16)	346	246	166	166
Accruals and deferred income	903	292	554	543
	9,878	8,210	3,808	5,563

Loans and other borrowings are further detailed in note 16. The amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

15 Creditors: amounts falling due after more than one year

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans and overdrafts (note 16)	-	-	3,107	-
Finance leases (note 16)	711	478	145	145
Provisions	76	-	-	-
	787	478	3,252	145

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

16 Loans and other borrowing

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank overdrafts (a)	1,412	1,164	548	548
Bank loans (b) (c)	79	-	3,198	-
Obligations under finance leases	1,057	724	311	311
	2,548	1,888	4,057	859

(a) Bank overdrafts reflect the debt financing provided by an Invoice Discount Facility.

(b) This bank loan outstanding at the end of 2022 was acquired with the acquisition of the Tall Group in December 2022 and was repaid in May 2023.

(c) The bank loan included in 2021 was put in place in February 2020 with a 5 year term carrying an interest rate of 4.65% above LIBOR. In 2022 this was disposed of with the sale of the group's subsidiary Active Business Services Limited.

Finance leases

Future minimum payments under finance leases are as follows:

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
No later than 1 year	410	309	175	175
Later than one year, and no later than 5 years	789	551	151	151
	1,199	860	326	326
Future finance charges on finance lease liabilities	(142)	(136)	(15)	(15)
Present value of finance lease liabilities	1,057	724	311	311

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

17 Deferred taxation

	2022		2021	
	Deferred taxation asset £'000	Deferred taxation provision £'000	Deferred taxation asset £'000	Deferred taxation provision £'000
Group				
At 1 January	476	-	594	-
Credited/ (charged) to the statement of comprehensive income	(206)	-	(118)	-
At 31 December	270	-	476	-
Company				
At 1 January	100	-	430	-
Credited/ (charged) to the statement of comprehensive income	170	-	(330)	-
At 31 December	270	-	100	-

Deferred tax charged in the financial year, provided in the financial statements at year end and the amounts, for which no provision has been made, are as follows:

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Tax effect of timing differences because of:				
Depreciation in excess of capital allowances	(10)	(10)	476	100
Losses	280	280	-	-
Deferred tax asset	270	270	476	100
Capital allowances in excess of depreciation	-	-	-	-
Deferred tax provision	-	-	-	-

Deferred tax has been recognised in line with the corporation tax rates when the applicable asset or liability was expected to reverse as indicated in note 9.

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

18 Operating lease commitments

The group and company had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Company	
	31 December 2022 £'000	31 December 2021 £'000	31 December 2022 £'000	31 December 2021 £'000
Payments due:				
Not later than one year	104	101	30	101
Between 1 year and 5 years	417	85	31	85
Later than 5 years	-	-	-	-
Total commitment	521	186	61	186

19 Notes to the cash flow statement

Reconciliation of the operating profit for the financial year to cash flow from operating activities	2022 £'000	2021 £'000
Operating (loss)/ profit	(3,519)	2,174
Depreciation, amortisation and impairment	592	998
Loss on disposal of property, plant and equipment	4,284	-
Loss from sale of subsidiary	(172)	-
Working capital movements:		
- (Increase)/ decrease in stock	(18)	27
- Increase in debtors	(281)	509
- Increase/ (decrease) in creditors	2,751	(1,126)
Cash flow from operating activities	3,637	2,572

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

19 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At 1 January 2022 £'000	Cash Flow £'000	Disposal £'000	Decrease in borrowings £'000	Increase in borrowings £'000	Acquisition £'000	At 31 December 2022 £'000
Cash at bank and in hand	(2,000)	856	-	-	-	(1,637)	(2,781)
Overdrafts	548	-	-	-	616	248	1,412
Bank loans	3,198	-	(3,097)	(101)	-	79	79
Finance lease obligations	311	-	-	(168)	583	331	1,057
	4,057	-	(3,097)	(269)	1,199	658	2,548
Total net debt	2,057	856	(3,097)	(269)	1,199	(979)	(233)

20 Called up share capital

Company	2022 £'000	2021 £'000
Allotted, called up and fully paid		
5,000,200 (2020: 5,000,200) ordinary shares of £1 each	5,000	5,000
	5,000	5,000

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

21 Acquisitions

On 30th December 2022, the Group acquired 100% of the share capital of The TALL Group of Companies Limited for a total consideration of £3,782,000, consisting of £3,710,000 cash and acquisition related costs of £72,000. The transaction has been accounted for in accordance with acquisition accounting rules.

The net identifiable assets and liabilities on acquisition are detailed below. The book values of the assets and liabilities have been taken from the management accounts on the date of acquisition.

	Book value £000	Fair value revaluations £000	Other fair value adjustments £000	Total fair value £000
Intangible fixed assets	135	-	-	135
Tangible fixed assets	1,539	660	-	2,199
Cash	1,637	-	-	1,637
Debtors	3,532	-	-	3,532
Creditors	(2,896)	-	-	(2,896)
Net assets acquired				4,607
Negative goodwill				(825)
Consideration				3,782

The net cash outlay was £2,145k.

22 Related party transactions

The company has taken advantage of the exemption in FRS 102 from disclosing transactions with other members of the group.

Transactions with other related parties

At the balance sheet date, the company was due £2,090k (2021: £2,088k) from Parabellum Investments Limited, the ultimate parent company and owed £3,372k (2021 : £nil) to Parabellum Finco Limited.

23 Post balance sheet event

The group acquired Column Software Solutions Private Ltd in January 2023, an India based company providing IT services and licence resales.

Parseq Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

24 Ultimate parent undertaking and ultimate controlling party

The ultimate parent undertaking is Parabellum Investments Limited, a limited company registered in Jersey, and the ultimate controlling party is Rami Cassis.