

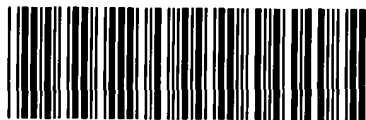
WANDisco International Limited

Annual report and financial statements

Registered number: 06612293

31 December 2020

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Strategic report

Principal activities and business review

The principal activity of the company continues to be the development of global collaboration software and provision of support services to the software development industry.

WANDisco group is the world leader in Active Data Replication™. WANDisco LiveData Plane is a next-generation LIVE DATA platform that enables the replication of continuously changing data to the cloud and on-premises datacentres. Built on unique, patented technology, WANDisco LiveData Plane guarantees data consistency, 100% availability and no business disruption across environments, regardless of distance or data source, all at hyperscale economics to support exponential data growth within the same IT budget. It also allows distributed development teams to collaborate as if they are all working at one location as software development projects are tracked in real-time. In 2020, the Company's turnover, £1,447,344, represents sales of software licenses, maintenance and support contracts to third party customers. This turnover was partly invoiced by a fellow Group company, WANDisco Inc., in the US. The revenue reduced in 2020 due to a number of large perpetual licence deals in the prior year. In addition, the business has invested further in the engineering team and customer success and support organisation to support the future growth of the business which led to an increase in administration expenses.

Business model

In a new era where every company is in the data business, success depends on putting exabytes of data to work for the business. This success is held back by the compromises and constraints of existing data structures. The volume and complexity of data involved in running a business is growing exponentially, with greater geographical dispersion and regulation than ever. These exploding requirements, combined with stagnant budgets, are overwhelming IT departments and creating a "LiveData" gap of data inconsistency, unused capacity, and economic limitations that hold back the business.

WANDisco stands for **Wide Area Network Distributed Computing**. The company offers solutions to make data available consistently and reliably, synchronised both within and between data centres including over Wide Area Networks. The company's proposition offers, active-active data replication technology, meeting crucial continuous availability requirements for both the Big Data and Cloud and LiveCode markets. The software reduces customers' costs of data loss, downtime and recovery.

The LiveData Movement

Keeping data consistent in a distributed environment is a massive challenge. WANDisco LiveData Plane, an enterprise-class software platform, solves the exponentially growing challenge of keeping unstructured data available across diverse IT environments regardless of geographic location, architecture, or cloud storage provider. Used by enterprises worldwide, our technology is based on a high-performance coordination engine called DConE, which uses consensus to keep Hadoop and object store data accessible, accurate, and consistent in different locations across any environment – on-premises, hybrid-cloud, multi-region cloud, or multi-cloud. The WANDisco LiveData Plane platform is a foundation for a modern data strategy – a LiveData strategy – because it prevents data disasters, de-risks data migration to the cloud, and simplifies hybrid and multi-cloud data management.

With a LiveData strategy, enterprises can put all their data to work for their business:

- Always available data: Users and applications can access and change data from any location.
- Transform IT cost structures: Customers can realise hyperscale economics by putting idle capacity to work and actively leveraging their entire data infrastructure to run their business.
- Leapfrog innovation constraints: Full data portability – on-premises, hybrid or multi-cloud – means customers are not locked in to where their data lives.

WANDisco LiveData Plane, created in 2015, is a general-purpose replication platform able to work across cloud, on-premises file systems and Hadoop as well as with Subversion, Access, Git and Gerrit. It transfers data as it changes across different environments with guaranteed consistency, no downtime and no data loss.

Strategic report (continued)

Big Data and Cloud

The company's LiveData Plane Active Data Replication™ technology enables customer to have guaranteed data consistency and availability across any combination of on-premises and cloud environments regardless of distance and data. Migrating data to the cloud is difficult – particularly when the data involved is active (constantly being used or changed) – as is the case with cardiograms and stock portfolios for instance. WANDisco's LiveData Plane technology is enabling enterprises to move such active data to the cloud with guaranteed consistency, no downtime and no business disruption.

Key performance indicators

The directors regard changes in revenue, operating expenses and the need to move towards trading profitably to be the Key Performance Indicators ("KPI's"). These are reported in the financial statements.

The directors have considered what other KPI's of a financial and non-financial nature, particularly in relation to employees and environmental matters, should be disclosed to help evaluate the performance and position of the Company. The Company is relatively small and having considered the matter carefully, the directors do not believe such indicators, when presented on a Company basis, will be particularly meaningful or useful. The directors intend to keep this aspect of reporting under review.

Principal risks and uncertainties

- Products

The software on which our products are based is complex and the products may contain undetected defects which may be discovered after first introduction. Such defects could damage the Company's reputation. Regulation of data transfer is rapidly evolving and additional compliance on user privacy, content liability, data encryption and copyright protection may reduce the value added by our products. We have continued to invest significantly in quality control processes and training within our engineering team. We have also strengthened our sales engineering team which helps to ensure that commitments made to customers as to product capability are wholly deliverable.

- Competition

There can be no guarantee that competitors will not develop superior products. Competitors may have or develop greater financial, marketing or technical resources, enabling them to successfully develop and market competing products. We protect our intellectual property by securing patents whenever possible.

- Resource allocation and operational execution

We address a significant and rapidly growing market, but as a small company, we have limited resources of people and capital. Over time it will be essential to keep adding to and refreshing this resource, but at all times it will remain essential that we ensure that resource is effectively directed to addressing and delivering on our strategic goals.

- Future developments

The market for software that enables continuously available Big Data and Cloud over wide area networks is both large and rapidly growing and the Company is in a leading position in this market. The Company's Big Data and Cloud software offering, *LiveData Plane*, provides guaranteed data consistency and availability across any combination of on-premises and cloud environments regardless of distance and data source. The significant growth in the Big Data and Cloud market is due not only to the explosion in the volume and variety of data that enterprises are seeking to make use of, but also to the inability of traditional database storage systems to accommodate this data without enormous escalation in costs. In the capture, curation and analysis of very large pools of structured and unstructured data, traditional data platforms are unable to handle data of the scale. In addition, as the Big Data and Cloud market evolves there is an increased market opportunity from cloud migration materialises. Our LiveData Plane product is fast establishing itself as a crucial technology enabling customers to migrate onto our partners' emerging cloud data platforms.

Strategic report (continued)

Brexit

The company has analysed the potential impacts of Brexit as employee and import/export constraints, the details of this are outlined below:

As a technology company at the cutting edge of research, our business depends on being able to attract talent from everywhere. Presently we employ a small number of EU nationals in our UK operations. Potential changes to immigration controls and visa requirements may add complexity and cost to attract such individuals in the future. It is difficult to quantify the costs at this stage until the extent of the immigration issues becomes known, but potentially legal costs and other compliance related expenses may rise.

WANDisco International Limited does not export any physical goods nor are any physical goods a component of cost of goods sold. We typically electronically deliver our software to our customers, thus the re-imposition of border controls on imports or exports to the EU should not have a material effect on our business.

COVID-19 update

The COVID-19 pandemic has led to the implementation of long-standing business continuity measures, with staff working from home across the globe. As a predominantly distributed organisation, working remotely for most employees is normal and, to date, we have not seen any negative impact on our productivity. The business remains well placed to weather a prolonged period of self-isolation with good teamwork and employee morale. We also believe that the improvements made to how we operate will continue and evolve further when the COVID-19 crisis ends. To date, we have experienced minimal effects to our customer base and order flow, and have not reduced employee-based costs.

Whilst the impact of COVID-19 is still uncertain, we are moving forward this year with continued business momentum as evidenced by our landmark agreement with Microsoft announced in June 2020 and further developments with the relationship since this point.

By order of the board



E Miller
Director
4 May 2021

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Business review and future developments

A review of the Group's operations and future developments is covered in the Strategic report section of the Annual Report and Accounts on pages 2 to 4. This report includes sections on strategy and markets and considers key risks and key performance indicators.

Financial results

Details of the Group's financial results are set out in the Profit and loss account and other comprehensive income on page 11. Loss for the financial year was £11,042,896 (2019: £3,920,350).

Research and development

The company expensed research and development expenditure of £4,824,592 (2019: £3,686,494) as incurred.

Proposed dividend

The directors do not recommend the payment of a dividend (2019: £nil).

Directors

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

Mr D Richards

Mr E Miller

Employees

The directors recognise the importance of the company's employees to its success and future development and are committed to providing an environment that will attract, motivate and reward high quality employees. The company continues to invest in a range of internal and external initiatives to promote employee development.

Employees are kept informed of matters affecting them as employees and factors affecting the performance of the company through regular employee meetings and briefings.

The company's policy is to provide, wherever possible, employment opportunities for disabled people, to care for employees who become disabled whilst employed by the company, and to make the best possible use of their skills and potential.

Political contributions

The company made no political contributions during the year (2019: £nil).


Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

By order of the board



Erik Miller
Director
4 May 2021

Castle House
1-13 Angel Street
Sheffield

S3 8LN

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF WANDisco International Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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.

We have audited the financial statements of WANDisco International Limited ("the Company") for the year ended 31 December 2020 which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of Changes 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WANDisco International Limited
(continued)

Other Companies Act 2006 reporting

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.

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

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

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

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities, 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WANDisco International Limited
(continued)

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

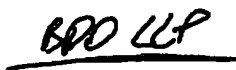
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the relevant tax compliance regulations in the jurisdictions in which the Company operates, of which the key ones relate to the reporting framework (FRS 102 and Companies Act 2006). We made enquiries of management and corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee and attendance at all meetings of the Audit Committee, as well as consideration of the results of our audit procedures across the Company.
- Our procedures involved journal entry testing, with a focus on journals indicating large or unusual transactions based on our understanding of the business and manual consolidation entries; and challenging the assumptions and judgements made by management in respect of significant accounting estimates and judgements.
- In areas impacting Company key performance indicators or management remuneration, we performed audit procedures to address each identified fraud risk.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.



David Butcher (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
4 May 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Profit and loss account and other comprehensive income
for the year ended 31 December 2020**

		Year ended 31 December 2020 £	Year ended 31 December 2019 £
Continuing operations	Note		
Turnover	2	1,447,344	7,490,266
Cost of sales		(107,461)	(144,556)
Gross profit		1,339,883	7,345,710
Administration expenses		(13,557,291)	(12,004,789)
Operating loss	3	(12,217,408)	(4,659,079)
Interest receivable and similar income	6	53,905	-
Interest payable and similar expenses	7	-	(7,920)
Loss before taxation		(12,163,503)	(4,666,999)
Tax credit	8	1,120,607	746,649
Loss for the financial year	13	(11,042,896)	(3,920,350)

The company has no other comprehensive income/(costs), other than the results for the year as set out above.

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

Balance sheet
at 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
Fixed assets			
Tangible assets	9	431,256	469,619
		431,256	469,619
Current assets			
Debtors	10	1,953,468	8,162,186
Cash in bank and in hand		700,802	1,260,649
		2,654,270	9,422,835
Creditors: amounts falling due within one year	11	(29,228,843)	(26,221,889)
Net current liabilities		(26,574,573)	(16,799,054)
Total assets less current liabilities		(26,143,317)	(16,329,435)
Creditors: amounts falling due in more than one year			
Deferred tax liability	12	(3,400)	(3,400)
Deferred income		(15,614)	(46,838)
		(19,014)	(50,238)
Net liabilities		(26,162,331)	(16,379,673)
Capital and reserves			
Called up share capital	13	1	1
Capital contribution	13	20,884,575	19,624,337
Profit and loss account	13	(47,046,907)	(36,004,011)
Shareholder's funds	13	(26,162,331)	(16,379,673)

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

These financial statements were approved by the board of directors on 4 May 2021 and were signed on its behalf by:



E Miller
Director

Company registered number: 06612293

Statement of changes in equity at 31 December 2020

	Called up share capital £	Capital contribution £	Profit and loss account £	Total equity £
Year ended 31 December 2020				
Balance at 1 January 2020	1	19,624,337	(36,004,011)	(16,379,673)
Total comprehensive income for the year				
Loss for the financial year	-	-	(11,042,896)	(11,042,896)
Total comprehensive income for the year	-	-	(11,042,896)	(11,042,896)
Transactions with owners, recorded directly in equity				
Equity-settled share-based payment transaction	-	1,260,238	-	1,260,238
Total contributions by and distributions to owners	-	1,260,238	-	1,260,238
Balance at 31 December 2020	1	20,884,575	(47,046,907)	(26,162,331)
Year ended 31 December 2019				
Balance at 1 January 2019	1	18,101,868	(32,083,661)	(13,981,792)
Total comprehensive income for the year				
Loss for the financial year	-	-	(3,920,350)	(3,920,350)
Total comprehensive income for the year	-	-	(3,920,350)	(3,920,350)
Transactions with owners, recorded directly in equity				
Equity-settled share-based payment transaction	-	1,522,469	-	1,522,469
Total contributions by and distributions to owners	-	1,522,469	-	1,522,469
Balance at 31 December 2019	1	19,624,337	(36,004,011)	(16,379,673)

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

Notes

(forming part of the financial statements)

1 Accounting policies

1.1 Reporting entity

WANDisco International Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

1.2 Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 (The Financial Reporting Standard) applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

The Company's parent undertaking, WANDisco plc includes the Company in its consolidated financial statements. The consolidated financial statements of WANDisco plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the registered office: 47 Esplanade, St. Helier, Jersey, JE1 0BD. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of WANDisco plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.3 Measurement convention

The financial statements are prepared on the historical cost basis.

1.4 Going concern

Notwithstanding the net liabilities of £26,162,331 as at 31 December 2019 (31 December 2019: £16,379,673) and a loss before taxation of £12,163,503 for the year then ended (2019: £4,666,999), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The parent company of WANDisco International Limited is WANDisco plc. WANDisco plc continues to adopt the going concern basis in preparing the Group financial statements for the year ended 31 December 2020 and has agreed to provide continued financial and other support to WANDisco International Limited including not seeking repayment of the amounts due to it at the balance sheet date and providing additional financial support for a period of at least 12 months from the date of approval of these financial statements. A letter of Group support has been provided to this effect.

Details of the disclosures from WANDisco plc's financial statements are included below:

The Directors have prepared a detailed budget and forecast of the Group's expected performance over a period covering at least the next twelve months from the date of the approval of these financial statements. As well as modelling the realisation of the sales pipeline, these forecasts also cover a number of scenarios and sensitivities in order for the Board to satisfy itself that the Group remains within its current cash facilities, details of which are included in Note 20. The cash flow model includes the injection of \$42.5m of cash which was raised following the year end (\$30m on 9 March 2021 and \$12.5m approved by the shareholders on 29 March 2021).

Whilst the Directors are confident in the Group's ability to grow revenue, the Board's sensitivity modelling (which considered the impact of Brexit and COVID-19) shows that the Group can remain within its facilities in the event that revenue growth is delayed (i.e. revenue does not increase from the level reported in 2020) for a period in excess of twelve months. The Directors' financial forecasts and operational planning and modelling also include the actions, under the control of the Group, that they could take to further significantly reduce the cost base during the coming year in the event that longer-term revenues were set to remain consistent with the level reported in 2020. On the basis of this financial and operational modelling, the Directors believe that the Group has the capability and the operational agility to react quickly, cut further costs from the business and ensure that the cost base of the business is aligned with its revenue and funding scale.

Notes (continued)

1 Accounting policies (continued)

1.4 Going concern (continued)

As a consequence, the Directors have a reasonable expectation that the Group can continue to operate within its existing facilities and be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.5 Basic financial instruments

Trade and other receivables / creditors

Trade and other debtors, and trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.11 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- Leasehold improvements 5 years
- Computer equipment 3 years
- Fixtures and fittings 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes (continued)

1 Accounting policies (continued)

1.7 Intangible assets

Research and development

Expenditure on research and development activities is recognised in the profit and loss account as an expense as incurred.

1.8 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.9 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.10 Revenue

Turnover represents the sale of software licenses and maintenance and support contracts to third party customers.

(i) Software licences

Sales of software licences are recognised once the licence has been granted and the customer has been provided with access to the software.

(ii) Support subscriptions

Sales of support subscriptions are recognised on a straight-line basis over the period of the contract.

(iii) Maintenance, training and other services

Sales of maintenance, training and other services are recognised on a straight-line basis over the period of the contract.

(iv) Royalties

Royalties are accounted for on an accruals basis in accordance with the substance of the relevant agreement when it is probable that economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably.

(v) Multi-element

Where there are multiple components in a single transaction, the revenue recognition criteria is applied to the separately identifiable components in order to reflect the substance of the transaction.

1.11 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest receivable and similar income include interest receivable on funds invested.

Interest payable and similar charges include interest payable and are recognised in the profit and loss account.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Notes (continued)

1 Accounting policies (continued)

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.13 Equity settled share-based payments

The grant date fair value of equity-settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market-based performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

2 Turnover

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
UK	495,689	77,567
Rest of Europe	355,684	1,608,454
Rest of World	595,971	5,804,245
	1,447,344	7,490,266

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Sale of goods	611,511	6,233,016
Sale of services	835,833	1,257,250
	1,447,344	7,490,266

3 Operating loss

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Operating loss is stated after charging:		
Research and development expenditure expensed as incurred	4,824,592	3,686,494
Depreciation of owned fixed assets	188,352	113,470
Operating lease costs: Other	174,157	180,897
Auditor's remuneration	46,091	45,375

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company, including directors, during the year, analysed by category was as follows:

	Year ended 31 December 2020 Number	Year ended 31 December 2019 Number
Development	72	65
Sales and marketing	31	30
Administration	8	7
	111	102

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	6,493,656	4,780,210
Redundancy	29,032	216,406
Social security costs	869,754	580,857
Share-based payments	1,260,238	1,522,469
Contributions to defined contribution plans	202,922	159,913
	8,855,602	7,259,855

5 Directors' remuneration

All of the directors of WANDisco International Limited are also directors of the parent company, WANDisco plc. Services paid to the directors for their work across all the group companies, incurred by a fellow group company WANDisco, Inc. was as follows:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
The aggregate payroll costs were as follows:		
Basic salary	583,437	579,756
Bonus	388,440	385,459
Benefits	49,720	51,708
	1,021,597	1,016,923

6 Interest receivable and similar income

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Other interest	53,905	-

Other interest consists primarily foreign exchange gains on intra-company balances.

Notes (continued)

7 Interest payable and similar expenses

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Other interest	-	7,920

Other interest consists primarily foreign exchange losses on intra-company balances.

8 Tax credit

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Total tax credit recognised in profit and loss account		
Current tax		
Current tax for the year	(937,877)	(556,994)
Adjustments in respect of prior years	(182,730)	(189,655)
Tax credit on loss	(1,120,607)	(746,649)

Factors affecting current tax credit

The tax credit assessed on the loss on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 19% (2019: 19%).

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Reconciliation of effective tax rate		
Loss before taxation	(12,163,503)	(4,666,999)
Tax using the UK corporation tax rate of 19% (2019: 19%)	(2,311,065)	(886,730)
Effects of		
Non-deductible expenses	1,159	2,539
Capital allowances for period in excess of depreciation	-	21,574
Adjustments to tax charge in respect of previous periods	(182,730)	(189,655)
Current year losses for which no deferred tax asset was recognised	2,309,906	862,617
Enhanced allowance for research and development expenditure	(937,877)	(556,994)
Total current tax credit	(1,120,607)	(746,649)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. In the Budget of 11 March 2020, the Chancellor of the Exchequer announced that the planned rate reduction to 17% would no longer be taking effect. The changes announced during the Budget of 11 March 2020 were substantively enacted as at the 2020 balance sheet date, therefore, all opening deferred taxation balances have been remeasured at 19%.

A deferred tax asset of £6,729,071 (2019: £4,592,934) in respect of unutilised trading taxable losses carried forward at 31 December 2020 has not been provided for due to uncertainty surrounding the timing of future taxable profits available for offset.

Notes (continued)

9 Tangible assets

	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Total £
Cost				
As at 1 January 2020	358,388	550,932	119,744	1,029,064
Additions	5,550	143,039	1,400	149,989
As at 31 December 2020	363,938	693,971	121,144	1,179,053
Depreciation				
As at 1 January 2020	49,228	405,602	104,615	559,445
Depreciation charge for the year	72,614	108,956	6,782	188,352
As at 31 December 2020	121,842	514,558	111,397	747,797
Net book value				
As at 31 December 2020	242,096	179,413	9,747	431,256
As at 31 December 2019	309,160	145,330	15,129	469,619

10 Debtors

	31 December 2020 £	31 December 2019 £
Trade debtors	-	17,085
Amounts owed by group undertakings	-	6,808,725
Other debtors	28,126	72,466
Corporation tax recoverable	1,677,175	1,098,563
Prepayments	248,167	165,347
	1,953,468	8,162,186

11 Creditors: amounts falling due within one year

	31 December 2020 £	31 December 2019 £
Trade creditors	294,635	199,261
Amounts owed to group undertakings	27,919,603	25,238,412
Other creditors	203,024	218,442
Deferred income	31,225	31,225
Accruals	780,356	534,549
	29,228,843	26,221,889

Notes (continued)

12 Deferred tax liability

The movement in the deferred tax liability during the year was:

	31 December 2020 £	31 December 2019 £
Provision at start and end of year	3,400	3,400

The provision for deferred taxation consists of the tax effect of timing differences in respect of excess of taxation allowance over depreciation on fixed assets.

13 Capital and reserves

	31 December 2020		31 December 2019	
Share capital	Number	£	Number	£
Allotted, called up and fully paid				
1 Ordinary share of £1 each	1	1	1	1

	Capital contribution £	Profit and loss account £
Reserves		
As at 1 January 2020.	19,624,337	(36,004,011)
Loss for the year	-	(11,042,896)
Capital contribution from parent	1,260,238	-
As at 31 December 2020	20,884,575	(47,046,907)

	31 December 2020 £	31 December 2019 £
Shareholder's funds		
Loss for the financial year	(11,042,896)	(3,920,350)
Recognition of parent company capital contributions to equity settled share-based payments in year	1,260,238	1,522,469
Net reduction in shareholder's funds	(9,782,658)	(2,397,881)
Opening shareholder's funds	(16,379,673)	(13,981,792)
Closing shareholder's funds	(26,162,331)	(16,379,673)

Notes (continued)

14 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings	
	31 December 2020	31 December 2019
	£	£
Operating leases which expire:		
Within one year	120,712	183,249
Within 2 to 5 years	352,627	427,529
In more than 5 years	423,548	716,918
	896,887	1,327,696

15 Related party transactions

At 31 December 2020 the ultimate parent undertaking and controlling party was WANDisco plc a company incorporated in Jersey.

Profit and loss account	31 December 2020	31 December 2019
	£	£
Transactions with entities with control or joint control:		
Revenue from	1,416,120	6,800,515
Administrative expenses incurred from	(1,019,515)	(1,456,161)
	396,605	5,344,354

Balance sheet	31 December 2020	31 December 2019
	£	£
Transactions with entities with control or joint control:		
Receivables outstanding	-	6,808,725
Creditors outstanding	(27,919,603)	(25,238,412)
	(27,919,603)	(18,429,687)

16 Ultimate parent company

The Company's ultimate parent and controlling party is WANDisco plc, a company incorporated in Jersey.

Copies of the Group accounts can be obtained from the parent company at Castle House, 1-13 Angel Street, Sheffield, S3 8LN.