

LUCIDWORKS UK LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022

**LUCIDWORKS UK LIMITED**

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# LUCIDWORKS UK LIMITED

## COMPANY INFORMATION

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|                     |   |
|---------------------|---|
| Directors           | R Frank<br>W Hayes  |
| Company secretary   | Taylor Wessing Secretaries Limited  |
| Registered number   | 06956646  |
| Registered office   | 5 New Street Square<br>London<br>United Kingdom<br>EC4A 3TW   |
| Independent auditor | Blick Rothenberg Audit LLP<br>Chartered Accountants & Statutory Auditor<br>16 Great Queen Street<br>Covent Garden<br>London<br>WC2B 5AH |

**LUCIDWORKS UK LIMITED****BALANCE SHEET  
AS AT 31 JANUARY 2022**

|  | Note | 2022<br>£               | 2021<br>£               |
|--|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                            |      |                         |                         |
| Tangible assets                                | 4    | 11,169                  | 64,181                  |
| <b>Current assets</b>                          |      |                         |                         |
| Debtors: amounts falling due within one year   | 5    | 2,727,032               | 2,152,355               |
| Cash at bank and in hand                       |      | 29,993                  | 238,273                 |
|  |      | <u>2,757,025</u>        | <u>2,390,628</u>        |
| Creditors: amounts falling due within one year | 6    | (492,527)               | (490,472)               |
| <b>Net current assets</b>                      |      | <u>2,264,498</u>        | <u>1,900,156</u>        |
| <b>Total assets less current liabilities</b>   |      | <u>2,275,667</u>        | <u>1,964,337</u>        |
| <b>Net assets</b>                              |      | <u><u>2,275,667</u></u> | <u><u>1,964,337</u></u> |
| <b>Capital and reserves</b>                    |      |                         |                         |
| Called up share capital                        | 7    | 3,609                   | 3,609                   |
| Share premium account                          |      | 999,413                 | 999,413                 |
| Profit and loss account                        |      | 1,272,645               | 961,315                 |
| <b>Total equity</b>                            |      | <u><u>2,275,667</u></u> | <u><u>1,964,337</u></u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**R Frank**  
Director

Date: 25 May 2023

The notes on pages 3 to 11 form part of these financial statements.

# LUCIDWORKS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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### 1. General information

Lucidworks UK Limited (formerly Twigkit Limited) is a private company limited by shares incorporated in England and Wales. The address of its registered office is 5 New Street Square, London, EC4A 3TW.

The financial statements are presented in Sterling (£), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

#### 2.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. The company has received a letter of support from its parent company for this period. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### 2.3 Revenue

The company generates revenue from software and support services through subscription-based term licenses and professional services. The company begins recognising revenue when persuasive evidence of an arrangement exists, such as a contract or service order, delivery has occurred, no significant obligations with regard to implementation or integration exist, the fee is fixed or determinable and collectability is reasonably assured.

Revenue from subscription-based software and support services are recognised over the life of the license or support period. Professional services are recognised as utilised by the client.

All other revenue is recognised in the period in which the services are delivered.

#### 2.4 Operating leases: the Company as lessor

Rental income from operating leases is credited to profit or loss on a straight-line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

# LUCIDWORKS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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### 2. Accounting policies (continued)

#### 2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.6 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. 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 payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### 2.7 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

The company has applied the exemption contained in Section 35 of FRS 102 and has elected to apply the requirements of Section 26 Share-based payment to equity settles share based payment arrangement that were granted prior to 1 January 2016.

# LUCIDWORKS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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### 2. Accounting policies (continued)

#### 2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

|                        |                      |
|------------------------|----------------------|
| Fixtures and fittings  | - 20%                |
| Office equipment       | - 30%                |
| Leasehold improvements | - Over life of lease |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2. Accounting policies (continued)**

**2.10 Financial instruments**

The Company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

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

The Company's policies for its major classes of financial assets and financial liabilities are set out below.

**Financial assets**

Basic financial assets, including trade and other debtors, cash and bank balances, and intercompany working capital balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

**Financial liabilities**

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

**Impairment of financial assets**

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.



**2. Accounting policies (continued)**

**Financial instruments (continued)**

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets and financial liabilities**

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

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

**Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.11 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.12 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

**2.13 Share capital**

Ordinary shares are classified as equity.

# LUCIDWORKS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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### 2. Accounting policies (continued)

#### 2.14 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is Sterling (£).

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'Interest receivable and similar income'. All other foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

#### 2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

### 3. Employees

The average monthly number of employees, including directors, during the year was 13 (2021 - 17).

# LUCIDWORKS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

### 4. Tangible fixed assets

|                       | Fixtures and<br>fittings<br>£ | Office<br>equipment<br>£ | Leasehold<br>improvements<br>£ | Total<br>£ |
|-----------------------|-------------------------------|--------------------------|--------------------------------|------------|
| <b>Cost</b>           |                               |                          |                                |            |
| At 1 February 2021    | 5,648                         | 54,218                   | 46,517                         | 106,383    |
| Additions             | -                             | 1,034                    | -                              | 1,034      |
| Disposals             | -                             | -                        | (46,517)                       | (46,517)   |
| At 31 January 2022    | 5,648                         | 55,252                   | -                              | 60,900     |
| <b>Depreciation</b>   |                               |                          |                                |            |
| At 1 February 2021    | 3,833                         | 30,387                   | 7,982                          | 42,202     |
| Charge for the year   | 1,130                         | 14,381                   | 2,378                          | 17,889     |
| Disposals             | -                             | -                        | (10,360)                       | (10,360)   |
| At 31 January 2022    | 4,963                         | 44,768                   | -                              | 49,731     |
| <b>Net book value</b> |                               |                          |                                |            |
| At 31 January 2022    | 685                           | 10,484                   | -                              | 11,169     |
| At 31 January 2021    | 1,815                         | 23,831                   | 38,535                         | 64,181     |

# LUCIDWORKS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

### 5. Debtors

|                                    | 2022<br>£        | 2021<br>£        |
|------------------------------------|------------------|------------------|
| Trade debtors                      | 49,939           | 18,905           |
| Amounts owed by group undertakings | 2,395,333        | 1,870,719        |
| Other debtors                      | 89,922           | 75,413           |
| Prepayments and accrued income     | 169,628          | 187,318          |
| Deferred taxation                  | 22,210           | -                |
|                                    | <u>2,727,032</u> | <u>2,152,355</u> |

### 6. Creditors: amounts falling due within one year

|                                    | 2022<br>£      | 2021<br>£      |
|------------------------------------|----------------|----------------|
| Trade creditors                    | 36,559         | 12,034         |
| Corporation tax                    | 76,048         | 76,486         |
| Other taxation and social security | 43,836         | 48,759         |
| Other creditors                    | 69,417         | 6,766          |
| Accruals and deferred income       | 266,667        | 346,427        |
|                                    | <u>492,527</u> | <u>490,472</u> |

### 7. Share capital

|  | 2022<br>£    | 2021<br>£    |
|--|--------------|--------------|
| <b>Allotted, called up and fully paid</b>                |              |              |
| 100,000 (2021 - 100,000) Ordinary A shares of £0.01 each | 1,000        | 1,000        |
| 58,700 (2021 - 58,700) Ordinary B shares of £0.01 each   | 587          | 587          |
| 2,200 (2021 - 2,200) Ordinary C shares of £0.01 each     | 22           | 22           |
| 1,000 (2021 - 1,000) Preferred shares of £1.00 each      | 1,000        | 1,000        |
| 1,000 (2021 - 1,000) Preferred B shares of £1.00 each    | 1,000        | 1,000        |
|  | <u>3,609</u> | <u>3,609</u> |

# LUCIDWORKS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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### 8. Commitments under operating leases

At 31 January 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

|  | 2022<br>£      | 2021<br>£      |
|--|----------------|----------------|
| Not later than 1 year                        | 107,848        | 107,848        |
| Later than 1 year and not later than 5 years | 130,316        | 238,164        |
|  | <u>238,164</u> | <u>346,012</u> |

At 31 January 2022 the company had future minimum lease receipts due under non-cancellable operating leases for each of the following periods:

|  | 2022<br>£      | 2021<br>£ |
|--|----------------|-----------|
| Not later than 1 year                        | 103,348        | -         |
| Later than 1 year and not later than 5 years | 120,573        | -         |
|  | <u>223,921</u> | <u>-</u>  |

### 9. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

### 10. Parent undertaking

The smallest group for which consolidated financial statements are drawn up is headed by Lucidworks, Inc. whose registered office is 235 Montgomery St, Suite 500, San Francisco, CA 94104, United States of America.

### 11. Auditor's information

The auditor's report on the company's full financial statements was unqualified. Those financial statements were audited by Blick Rothenberg Audit LLP and the auditor's report thereon was signed by James Rimell (Senior statutory auditor) on 29 May 2023.



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