

Company Registration No. 06957576 (England and Wales)

ARKK CONSULTING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PAGES FOR FILING WITH REGISTRAR

ARKK CONSULTING LIMITED

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ARKK CONSULTING LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	6	1,872,318		1,803,306	
Tangible assets	7	50,616		55,952	
Investments	8	83		83	
Debtors falling due after more than one year	9	-		98,250	
			1,923,017		1,957,591
Current assets					
Debtors	9	1,831,915		1,514,300	
Cash at bank and in hand		1,713,748		418,984	
			3,545,663		1,933,284
Creditors: amounts falling due within one year	10	(2,336,876)		(2,268,936)	
Net current assets/(liabilities)			1,208,787		(335,652)
Total assets less current liabilities			3,131,804		1,621,939
Creditors: amounts falling due after more than one year	11		(4,187,505)		(2,050,005)
Net liabilities			(1,055,701)		(428,066)
Capital and reserves					
Called up share capital			288		288
Share premium account			3,003,378		3,003,378
Other reserves			63,941		119,889
Profit and loss reserves			(4,123,308)		(3,551,621)
Total equity			(1,055,701)		(428,066)

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

The financial statements were approved by the board of directors and authorised for issue on 31 August 2022 and are signed on its behalf by:

J Himsley
Director

Company Registration No. 06957576

ARKK CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Arkk Consulting Limited is a private company limited by shares incorporated in England and Wales. The registered office is Senna Building, Gorsuch Place, London, United Kingdom, E2 8JF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on the going concern basis. The directors have considered the future funding requirements of the business, the impact of Covid-19 and based on management forecasts have concluded that the company will have sufficient funds to ensure that it can meet its financial liabilities as and when they fall due, for a period of at least 12 months from the date of these financial statements. These forecasts include growth assumptions regarding revenue and the cost base of the business.

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from the rendering of services, including the sale of Software as a Service ("SaaS") products, is recognised in accordance with the stage of completion of the contract, providing the following conditions are met:

- The amount of revenue can be reliably measured;
- It is probable the Company will receive the consideration due under the contract;
- The stage of completion of the contract at the end of the reporting period can be reliably measured; and
- The costs incurred and the cost to complete the project can be reliably measured

Software products are invoiced in advance with revenue in relation to SaaS and desktop products recorded in equal, daily instalments over the life of the contract. Revenue from outsourced services is recognised based on the percentage of contract completion.

Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

ARKK CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Research and development expenditure

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic life, which is 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

1.5 Intangible fixed assets other than goodwill

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful life range as follows:

Development costs	3 years
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1.6 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

Depreciation is provided on the following basis:

Fixtures and fittings	3 years straight line
Computers	3 years straight line

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 the profit and loss account.

1.7 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment.

ARKK CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.9 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability measured, initially, at the present value of future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are 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.

Finance Costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.10 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

1.11 Equity instruments

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.12 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

ARKK CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Current tax

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

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 except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.13 Retirement benefits

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 obligations.

The contributions are recognised as an expense in the profit and loss account 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.

1.14 Share-based payments

Where share options are awarded to employees the fair value of the options at the date of grant is charged to the profit and loss account 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 amounts 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 or factors which are within the control of one or the other of the parties.

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 modifications, is also charged to the profit and loss account over the remaining vesting period.

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

1.15 Leases

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

ARKK CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.16 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

1.17 Foreign exchange

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using 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 are measured 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 the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

1.18 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

ARKK CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

The preparation of the company's financial statements requires the use of certain judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation for the future events that are believed to be reasonable under the circumstances. Change in accounting estimates may be necessary if there are changes in circumstances on which the estimate was based or as a result of new information or more experience. Significant accounting policies, estimates and assumptions, and judgements are provided below:

(a) Capitalised cost of internally generated software

The cost of internally generated assets is capitalised as an intangible asset where it is determined by the management's judgement that the ability to develop the assets is technically feasible, will be completed, and that the asset will generate economic benefit that outweigh its cost.

(b) Recoverability of internally generated software

Annual impairment calculations are performed to ascertain the recoverability of any internally generated software. There are a number of estimations and assumption inherent within the impairment calculations which require management's judgement. Where any indication of impairment exists these amounts are written off to the profit and loss account.

(c) Share based payments

The Company has used the Black Scholes option valuation model to determine the fair value of share based payments. Any changes to the assumptions used (including share price, volatility, risk free rate & dividends) by management will impact the valuation. Due to the lack of available data relating to the value of ordinary shares, there is a judgement involved in determining the share price of the ordinary shares for the purpose of calculating the share based payment charge. A discounted price, based on the price of the most recent funding round, which was a mixture of ordinary and preference shares, has been used to determine the share price of the ordinary shares for the purpose of the input to the model. Alternative judgements in the discounts applied could result in changes to the share based payments charges as calculated.

Other estimates, assumptions and judgements are applied by the company. These include, but not limited to, depreciation and amortisation on tangible and intangible assets respectively. These estimates, assumptions and judgements are also evaluated on a continual basis but are not significant.

3 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	12,250	9,750
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	2,000	1,750
All other non-audit services	2,750	2,500
	<u> </u>	<u> </u>
	4,750	4,250
	<u> </u>	<u> </u>

ARKK CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

4 Employees

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

	2021 Number	2020 Number
Total	66	73

5 Directors' remuneration

	2021 £	2020 £
Remuneration paid to directors	420,428	298,414

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020: 3).

6 Intangible fixed assets

	Development Expenditure £
Cost	
At 1 January 2021	3,815,580
Additions	1,287,436
At 31 December 2021	5,103,016
Amortisation and impairment	
At 1 January 2021	2,012,274
Amortisation charged for the year	1,218,424
At 31 December 2021	3,230,698
Carrying amount	
At 31 December 2021	1,872,318
At 31 December 2020	1,803,306

ARKK CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Tangible fixed assets

	Fixtures and fittings etc
	£
Cost	
At 1 January 2021	229,580
Additions	37,664
Disposals	(1,560)
	<hr/>
At 31 December 2021	265,684
	<hr/>
Depreciation and impairment	
At 1 January 2021	173,628
Depreciation charged in the year	42,387
Eliminated in respect of disposals	(947)
	<hr/>
At 31 December 2021	215,068
	<hr/>
Carrying amount	
At 31 December 2021	50,616
	<hr/>
At 31 December 2020	55,952
	<hr/>

8 Fixed asset investments

	2021	2020
	£	£
Shares in group undertakings and participating interests	83	83
	<hr/>	<hr/>

9 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	978,942	921,492
Corporation tax recoverable	306,473	124,114
Other debtors	205,062	165,893
Prepayments and accrued income	341,438	302,801
	<hr/>	<hr/>
	1,831,915	1,514,300
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ARKK CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

		(Continued)	
9	Debtors	2021 £	2020 £
	Amounts falling due after more than one year:		
	Other debtors	-	98,250
	Total debtors	1,831,915	1,612,550
10	Creditors: amounts falling due within one year	2021 £	2020 £
	Bank loans	10,000	-
	Trade creditors	154,141	200,781
	Amounts owed to group undertakings	94,982	136,633
	Taxation and social security	165,893	257,468
	Other creditors	1,911,860	1,674,054
		2,336,876	2,268,936
11	Creditors: amounts falling due after more than one year	2021 £	2020 £
	Bank loans and overdrafts	37,500	50,000
	Convertible loans	2,150,000	-
	Redeemable preference shares	2,000,005	2,000,005
		4,187,505	2,050,005
	Preference shares accrue interest at 8% per annum which has been accrued for within other creditors.		
12	Retirement benefit schemes	2021 £	2020 £
	Defined contribution schemes		
	Charge to profit or loss in respect of defined contribution schemes	106,837	109,331

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £18,040 (2020: £19,420) were payable to the fund at the balance sheet date and are included in creditors.

ARKK CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Share-based payment transactions

The company operates an equity-settled share-based payment compensation plan established under the Enterprise Management Incentive ("EMI") scheme granting share options to certain Company employees. The fair value of the employee services received in exchange for the options granted is expensed. This has been based on management's best estimate of the number of shares that will eventually vest and the fair value of the share options as at the date of granting. The options vest annually, in equal proportions, from the date of issue over a three year period and are forfeited if the employee leaves the Company before they vest.

The total amounts to be expenses over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. The fair value of the awards granted under the EMI scheme is measured using the standard Black Scholes model with the following inputs:

Grant Date 20/07/2018
Current share price £19.87
Expected life 1-3 years
Expected volatility 10%
Risk free rate 0.7%
Expected dividends 0%
Exercisable date Exit event being achieved

	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 January 2021	11,250	13,250	7.50	7.50
Forfeited	(5,250)	(2,000)	7.50	7.50
Outstanding at 31 December 2021	6,000	11,250	7.50	7.50
Exercisable at 31 December 2021	-	-	-	-

Liabilities and expenses

During the year, the company recognised total share-based payment expenses of £(55,948) (2020: £(6,266)) which related to equity settled share based payment transactions.

14 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Nicholas Parrett and the auditor was Azets Audit Services.

ARKK CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2021	2020
£	£
494,059	835,288
<u>494,059</u>	<u>835,288</u>

16 Related party transactions

Transactions with related parties

In the year ended 31 December 2019, the company provided a loan of £150,000 to a shareholder. The loan has no fixed repayment terms and incurs no interest. At the year ended 31 December 2021, the loan balance outstanding was £150,000 (2020: £150,000),

Other information

Under the provision of section 33 of the Financial Reporting Standard 102 "related party transactions" the Company has taken advantage of the exemption from disclosing transactions with other wholly owned members of the group headed by Arkk Consulting Limited.

17 Directors' transactions

During the year there were no loans, guarantees, advances or credits recorded with any of the directors.

18 Ultimate controlling party

There is no individual controlling party in relation to the company.

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.