

Company Registration No. 07194134 (England and Wales)

**Iplicit Limited**

Audited Financial Statements

for the Year Ended 31 December 2021

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# **Iplicit Limited**

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## **Iplicit Limited**

### **Company Information**

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<b>Directors</b>	Mr I A Andrews Mr R G Steele Mr P J Sparkes Mr D Fitzpatrick Mr L Stickle Mr M R Woolf Mr B Weaving Ms S E Curtis	(Appointed 15 April 2021)
<b>Company number</b>	07194134	
<b>Registered office</b>	124 City Road EC1V 2NX	
<b>Auditor</b>	Azets Audit Services 37 Commercial Road Poole Dorset BH14 0HU	

## Iplicit Limited

### Balance Sheet

As at 31 December 2021

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	4	3,175	4,791
<b>Current assets</b>			
Debtors	5	285,418	345,196
Cash at bank and in hand		204,167	-
		<u>489,585</u>	<u>345,196</u>
<b>Creditors: amounts falling due within one year</b>	6	<u>(174,431)</u>	<u>(142,096)</u>
<b>Net current assets</b>		315,154	203,100
<b>Total assets less current liabilities</b>		<u>318,329</u>	<u>207,891</u>
<b>Creditors: amounts falling due after more than one year</b>	7	<u>(4,036,920)</u>	<u>(3,264,009)</u>
<b>Net liabilities</b>		<u><u>(3,718,591)</u></u>	<u><u>(3,056,118)</u></u>
<b>Capital and reserves</b>			
Called up share capital	8	100	100
Share premium account		210,006	210,006
Profit and loss reserves		<u>(3,928,697)</u>	<u>(3,266,224)</u>
<b>Total equity</b>		<u><u>(3,718,591)</u></u>	<u><u>(3,056,118)</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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 and are signed on its behalf by:

Mr R G Steele  
Director

29 September 2022

Company Registration No. 07194134

# **Iplicit Limited**

## **Notes to the Financial Statements**

### **For the year ended 31 December 2021**

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#### **1 Accounting policies**

##### **Company information**

Iplicit Limited is a private company limited by shares incorporated in England and Wales. The registered office is 124 City Road, London, EC1V 2NX.

##### **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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### **1.2 Going concern**

The company's unaudited management accounts show that the business has achieved 8-month revenue of £935,417 to the 31 August 2022. This is a substantial increase in the results presented in the financial statements to 31 December 2022 and is testament to the growth that the business has continued to achieve during its roll out of its software. In line with its forecasts, the company made the expected losses required in order to continue the investment into the technology and build out the significant market opportunity. These results show that the business is 1% above its forecasted value for the first 8 months of the 2022 financial year and is therefore tracking against its 5-year business plan, which plans to achieve revenue of £13+ Million in the 2025 financial year.

During the year ended 31 December 2021 the company continued to make significant investment into the software being provided to its client and plans to continue to do this long into the future. This has led to a doubling of increased subscriptions taken on post year end with further doubling of future sign ups expected over the course of 2023 also.

In line with its 5 year business plan, additional funding from both current and external investors totalling £2,000,000 was received in May 2022 and a further £6,000,000 is expected in March 2023 by way of equity funding through the issue and creation of ordinary share capital. Of the future funding of £6 Million expected in March 2023, at the audit report date Investors have subscribed to £3 Million (£2 Million from existing investors and £1 Million for external investors). Therefore, there is a high degree of confidence from the directors that the business will continue to grow following the investment made as part of this scheme. The support obtained from the business investors will mean that the business will continue to invest in development, sales, marketing and service to deliver to the sizable market opportunity and the appetite for true cloud accounting products within it.

The Directors' have prepared robust financial projections covering the period until the end of the financial year to December 2025 from the date of signed these financial statements. They are confident that as prepared, the group can meet its respective financial obligations over the coming 12 months and until the end of these prepared projections. Accordingly, these financial statements are prepared on a going concern basis.

## **Iplicit Limited**

### **Notes to the Financial Statements (Continued)**

**For the year ended 31 December 2021**

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#### **1 Accounting policies**

**(Continued)**

##### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

##### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% reducing balance
Computers	3 year straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### **1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## **Iplicit Limited**

### **Notes to the Financial Statements (Continued)**

**For the year ended 31 December 2021**

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#### **1 Accounting policies**

**(Continued)**

##### **1.6 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### **1.7 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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.

##### **Classification of financial liabilities**

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.

## **Iplicit Limited**

### **Notes to the Financial Statements (Continued)**

**For the year ended 31 December 2021**

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#### **1 Accounting policies**

**(Continued)**

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.8 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### **1.9 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



## **Iplicit Limited**

### **Notes to the Financial Statements (Continued)**

**For the year ended 31 December 2021**

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#### **1 Accounting policies**

**(Continued)**

##### **1.10 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.12 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

##### **1.13 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### **1.14 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### **2 Employees**

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Total	18	14
	<u>          </u>	<u>          </u>

**Iplicit Limited****Notes to the Financial Statements (Continued)****For the year ended 31 December 2021****3 Directors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration paid to directors	328,378	246,466

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	111,500	111,500

**4 Tangible fixed assets**

	<b>Fixtures and fittings</b>	<b>Computers</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 January 2021 and 31 December 2021	4,832	2,108	6,940
<b>Depreciation and impairment</b>			
At 1 January 2021	1,179	970	2,149
Depreciation charged in the year	913	703	1,616
At 31 December 2021	2,092	1,673	3,765
<b>Carrying amount</b>			
At 31 December 2021	2,740	435	3,175
At 31 December 2020	3,653	1,138	4,791

**5 Debtors**

	<b>December 2021</b>	<b>December 2020</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	99,163	96,140
Corporation tax recoverable	185,596	249,056
Prepayments and accrued income	659	-
	285,418	345,196

**Iplicit Limited****Notes to the Financial Statements (Continued)****For the year ended 31 December 2021****6 Creditors: amounts falling due within one year**

	2021 £	2020 £
Bank loans and overdrafts	-	47,965
Trade creditors	34,782	2,950
Taxation and social security	27,723	71,899
Other creditors	87,004	8,724
Accruals and deferred income	24,922	10,558
	<u>174,431</u>	<u>142,096</u>

**7 Creditors: amounts falling due after more than one year**

	Notes	2021 £	2020 £
Other borrowings	8	<u>4,036,920</u>	<u>3,264,009</u>

**8 Called up share capital**

	December 2021 £	December 2020 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100 Ordinary of £1 each	<u>100</u>	<u>100</u>

**9 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 Mr Paul Francis FCA and the auditor was Azets Audit Services.

## Iplicit Limited

### Notes to the Financial Statements (Continued)

#### For the year ended 31 December 2021

#### 10 Directors' transactions

Dividends totalling £0 (2020 - £0) were paid in the year in respect of shares held by the company's directors.

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Loan from director	-	-	365	(365)	-
Loan from director	-	-	28,934	(28,934)	-
Loan to director	-	-	20,524	(19,920)	604
		<u>-</u>	<u>49,823</u>	<u>(49,219)</u>	<u>604</u>

#### 11 Related party transactions

##### Transactions with related parties

##### Concept Software Limited

(Parent Company)

The company operates an inter-company account with Concept Software Limited, the parent company by virtue of it's 100% shareholding. At the balance sheet date the amount due to Concept Software Limited was £4,036,920 (2020: £3,264,009).

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.