

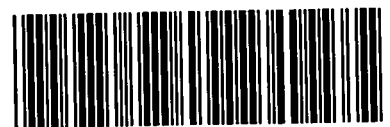
Avoka Europe Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

Registered number: 07226904

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Avoka Europe Limited

Annual Report and Financial Statements For the year ended 31 December 2022

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Avoka Europe Limited

Company information

Directors

D Noctor
N Michael
J Tipper
G Cain appointed on 1 April 2022

Registered office

71 Fenchurch Street
London
Greater London
EC3M 4TD

Company number

07226904 (England and Wales)

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
40 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

Avoka Europe Limited

Directors' report For the year ended 31 December 2022

The Directors present their Annual Report and the audited Financial Statements of the Company for the year ended 31 December 2022.

Results and dividends

The Statement of Comprehensive Income is set out on page 8 and shows the loss for the year ended 31 December 2022 of £7,000 (2021: profit of £595,000). The Directors do not recommend the payment of a dividend (2021: £nil).

Principal activities

The principal activity of the Company is that of software consultancy and supply.

Future development

The Company is expected to continue to operate at a similar level of activity in the coming year.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the Financial Statements were:

D Noctor
N Michael
J Tipper
G Cain appointed on 1 April 2022
A Pattison resigned on 1 April 2022

Donations

No political donations have been made.

Indemnity provision

Throughout the financial year and at the date of the approval of these Financial Statements, the Company maintained Directors and Officer's Liability insurance policies on behalf of the Directors of the Company. These policies meet the 2006 Companies Act definition of a qualifying third-party indemnity provision.

Going Concern

The Directors believe that the Company remains a going concern as at the date of signing the Financial Statements and that it will be able to pay its liabilities as they fall due for at least a period of 12 months from the date of signing these Financial Statements. The Directors of Temenos AG have provided a letter confirming support from Temenos AG covering at least 12 months following the signing of these Financial Statements. Temenos remains focused on investing in the business and strengthening its position as Everyone's Banking Platform.

Financial risk management

(a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group treasury department has implemented risk management policies and procedures and an appropriate subset of the overall group policies and procedures are implemented in the Company by the Board of Directors and the Company's local finance team.

Market risk

(i) Foreign exchange risk

Whilst the Company operates internationally, the majority of contracts are denominated in Sterling. Foreign exchange gains and losses principally arise from intercompany transactions.

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Directors' report For the year ended 31 December 2022 (continued)

Financial risk management (continued)

The Company is not exposed to cash flow interest rate risks as any temporary shortfalls in funding are covered by loans from group companies.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables.

The Company determines the creditworthiness of any prospective or existing customer at the initial phase of each bid process. Assessment of credit risk is mainly based on assessing the creditworthiness of customers through external ratings and, in the case of existing customers, our past experience.

If a company is unrated, then historical payment experience, if available, together with country stability, is taken into consideration to assess the credit risk.

Every credit check performed on prospective or existing customers at the initial phase of the negotiation goes through an approval process. The credit rating is taken into account during the revenue recognition process once contracts are signed.

Payment terms and requirement of financial security are adapted according to the degree of the credit quality and the past experience. At present, the Company does not hold any collateral security.

The Company assesses the credit risk for customers with significant balances on a regular basis.

There is no concentration of credit risk with respect to trade receivables as the Company has a large number of customers which are internationally dispersed.

Country risk is mitigated by the Company's broad geographic customer base and is minimised by a prudent approach of recognising the revenue. In rare cases where the country risk is predominant, the Company may recognise the revenue only upon cash collection.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages any potential liquidity risk by means of ongoing support from group Companies.

(b) Capital risk management

The Company is a wholly-owned subsidiary and hence is not exposed to capital market risk.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General meeting.

Post-balance sheet events

The Company has considered the occurrence of post-balance sheet events, and determined that there have been no events that have occurred that would require additional disclosure.

Small companies exemption

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. In addition, the Company has taken advantage of the exemption available and has not presented a Strategic Report.

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Directors' report For the year ended 31 December 2022 (continued)

Statement of Directors' responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the Financial Statements, the Directors are required to:

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

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.


Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

The Directors' report was approved by the Board on 30 June 2023 and signed on its behalf by:



G Cain
Director

Independent auditors' report to the members of Avoka Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion, Avoka Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material

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misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to manipulate financial results and potential management bias in the selection and application of significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Reviewing minutes of meetings of those charged with governance.
- Discussions with the management, including consideration of known or suspected instances of non-compliance with laws and regulations or fraud.

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- Challenging assumptions made by management in the selection and application of significant accounting judgements and estimates.
- Identifying and testing the validity of journal entries, in particular certain journal entries posted with unusual users or account combinations.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Matthew Seal (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Watford

30-06-2023

Avoka Europe Limited

Statement of Comprehensive Income For the year ended 31 December 2022

		Year ended 31 December 2022	Year ended 31 December 2021
	Note	£'000	£'000
Turnover	2	4,487	4,649
Cost of sales		(4,108)	(3,917)
Gross profit		379	732
Administrative expenses		(81)	(128)
Operating profit	3	298	604
Interest receivable and similar income	5	86	-
Profit before taxation		384	604
Tax on profit	6	(391)	(9)
(Loss)/profit for the financial year and total comprehensive (loss)/income		(7)	595

All results are derived from continuing activities.

There were no items of comprehensive (loss)/income apart from the loss for the financial year (2021: £nil).

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Statement of Financial Position As at 31 December 2022

	Note	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Fixed assets			
Tangible assets	7	-	1
		-	1
Current assets			
Debtors: amounts falling due within one year	8	6,721	6,107
Cash at bank and in hand		274	43
		6,995	6,150
Creditors: amounts falling due within one year	9	(3,096)	(2,245)
Net current assets		3,899	3,905
Total assets less current liabilities		3,899	3,906
Net assets		3,899	3,906
Capital and reserves			
Called up share capital	10	1,900	1,900
Profit and loss account		1,999	2,006
Total equity		3,899	3,906

The notes on pages 11 to 18 are an integral part of these financial statements.

The Financial Statements on pages 8 to 18 were approved by the Board of Directors on 30 June 2023 and were signed on its behalf by:



G Cain
Director

Company Registration No. 07226904

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Statement of Changes in Equity For the year ended 31 December 2022

	<i>Called up share capital £'000</i>	<i>Profit and loss account £'000</i>	<i>Total equity £'000</i>
Balance as at 1 January 2021	1,900	1,411	3,311
Profit for the year and total comprehensive income	-	595	595
Balance as at 31 December 2021	1,900	2,006	3,906
Loss for the year and total comprehensive loss	-	(7)	(7)
Balance as at 31 December 2022	1,900	1,999	3,899

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Notes to the Financial Statements for the year ended 31 December 2022

1 Accounting policies

General information

Avoka Europe Limited ("the Company") is a private limited company limited by shares and is incorporated in the United Kingdom. The address of its registered office is 71 Fenchurch Street, London, Greater London, EC3M 4TD.

The Group consists of Temenos AG and all of its subsidiaries.

Statement of compliance

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

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These Financial Statements are prepared in accordance with applicable accounting standards, under the historical cost convention. The Financial Statements have been prepared under FRS 102.

Going Concern

As at 31 December 2022, the Company had net assets. The Financial Statements are prepared on the going concern basis because of (a) the positive outlook of the ability of the Group to generate positive cash flows, (b) no provisions for future dissolution of the entity have been recognised in these Financial Statements, and (c) the Directors of Temenos AG have provided a letter confirming support from Temenos AG covering at least 12 months following the signing of these Financial Statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available Financial Statements, which give a true and fair view, in which that member is consolidated. Avoka Europe Limited is a qualifying entity as its results are consolidated into the Financial Statements of Temenos AG which are publicly available. As a qualifying entity, the Company has taken advantage of the following exemptions:

- (i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- (ii) from the requirement to present financial instrument disclosures, as required by FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- (iii) from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments;
- (iv) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv); and
- (v) from the requirement to disclose the key management personnel compensation in total as required by FRS 102 paragraph 33.7.

Turnover

Turnover is primarily derived from the following sources: (1) software implementation and support services; (2) commissions received from the sale of software licences; (3) software licences and software maintenance (helpdesk services and rights to future product enhancements); and (4) software development services.

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes.

Turnover is typically recognised when all of the following conditions have been met: (1) an agreement has been entered into with the customer; (2) the software or services have been delivered; (3) the license fee is fixed, and the agreement is free of uncertainties that may alter the agreement such that it may not be complete and final; and (4) collection is probable. In rare cases where the country risk is predominant, the Company may recognise turnover only upon cash collection.

Avoka Europe Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Turnover (continued)

Software license turnover represent all fees earned from granting customers licenses to use our banking applications software, either through an initial license or through the purchase of additional modules or user rights, but exclude any amounts related to maintenance. Turnover is recognised when the base criteria have been met.

Software maintenance is included in most software license arrangements and is generally priced as a percentage of the initial software license fees. It is recognised on a straight-line basis over the term of the arrangement.

Software implementation and support services represent income from consulting and implementation services sold separately under services contracts. Service contracts are accounted for on a percentage of completion basis. Turnover is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Where a contract involves performing an indeterminate number of acts over a specified period of time, turnover is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion. When estimates indicate that a loss will be incurred on a contract upon completion, a provision of the expected loss is recorded in the period in which the loss becomes evident.

Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Licensing and service contract income that have been invoiced but have not been recognised as turnover are reported in the Statement of Financial Position under Deferred income, while income earned but not yet invoiced is reported under Accrued income.

The intellectual property of the software sold by the Company is owned by affiliated entities of the Group. Correspondingly, turnover generated in respect of software licence and maintenance are subject to intra-group charges. This is included as a cost within administrative expenses in the Statement of Comprehensive Income.

Cost of sales

The direct costs associated with sales contracts, such as sales commissions and third-party licensing costs, are expensed as "cost of sales" on a matching basis. Service costs are recognised as incurred and primarily represent payroll costs for implementation support consultants and fees paid to third-party consultants. Payments received in respect of out-of-pocket expenses are netted against the associated cost.

Tangible assets and depreciation

The cost of tangible assets is their purchase cost, together with any incidental expenses of acquisition. Tangible assets are stated at historic purchase cost less accumulated depreciation and accumulated impairment losses.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Comprehensive Income and included within the operating profit.

Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment	-	25% on cost
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The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Repairs, maintenance and minor inspection costs are expensed as incurred.

Foreign currency translation

Functional and presentation currency

The Company's functional and presentation currency is pound sterling.

Transactions and balances

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

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.

Avoka Europe Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Foreign currency translation (continued)

Transactions and balances (continued)

Foreign exchange gains and losses due to the settlement of transactions and the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income.

Taxation

Taxation comprises current and deferred tax recognised in the reporting period. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the expected tax payable (or recoverable) for the current period, and any adjustment to tax payable in respect of previous periods, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax

Except as otherwise required by accounting standards, full provision without discounting is made for all deferred taxation timing differences which have arisen but not reversed at the Statement of Financial Position date. Timing differences arise when items of income and expenditure are included in tax computations in periods which are different from their inclusion in the Financial Statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the reporting date.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments subject to the exemptions taken as set out on page 11.

Financial assets

Basic financial assets, including debtors and cash 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. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the Statement of Comprehensive Income immediately.

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 the Statement of Comprehensive Income immediately.

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) 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

Basic financial liabilities, including trade 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 receipts discounted at a market rate of interest.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors 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.

Avoka Europe Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

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

Offsetting

Financial assets and liabilities are offset, and the net amounts presented in the Financial Statements 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.

Research and development

Research and development is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Critical judgements and estimates in applying the accounting policy

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Impairment of debtors

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

2 Turnover

The table shows turnover by destination:

	Licence/Maintenance turnover		Implementation turnover		Total turnover	
	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Geographical market						
Europe (including UK)	2,502	2,213	1,339	2,199	3,841	4,412
Asia Pacific	403	-	-	-	403	-
Africa	-	-	243	237	243	237
	2,905	2,213	1,582	2,436	4,487	4,649

3 Operating profit

This is stated after charging/(crediting):

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Depreciation of tangible assets (note 7)	1	3
Foreign exchange gains	(29)	(37)
Services provided by the Company's auditors:		
Fees payable for the Audit	14	9

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Notes to the Financial Statements for the year ended 31 December 2022 (continued)

4 Employee information and Directors' Emoluments

The average monthly number of employees, including Directors, employed by the Company during the year was:

	Number of employees	
	Year ended 31 December 2022	Year ended 31 December 2021
Directors	-	-
	-	-

The Company's Directors are also Directors of other group companies who are responsible for payment of their remuneration. No amounts have been recharged to the Company in respect of their services for this or the previous year.

The amount borne by group companies during the year was:

Directors' emoluments

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Aggregate emoluments	1,096	862
Contributions to defined contribution pension scheme	48	32

Retirement benefits are accruing to four (2021: four) Directors under a defined contribution scheme.

One Director (2021: three) exercised share options in the year.

Highest paid Director

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Total amounts of emoluments	407	302
Contributions to defined contribution pension scheme	14	4

The highest paid Director exercised share options during the year (2021: share options were exercised).

5 Interest receivable and similar income

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Interest receivable and similar income on group balances	86	-

Avoka Europe Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

6 Tax on profit

(i) Analysis of charge in the year

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Current tax:		
Tax charge for the year	68	-
Adjustments in respect of prior periods	323	9
Total tax on profit	391	9

(ii) Analysis of tax charge in the year

The tax assessed for the year is higher (2021: lower) than the standard effective rate of corporation tax in the United Kingdom of 19.00% (2021: 19.00 %). The differences are explained below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit before taxation	384	604
Profit before taxation multiplied by the standard rate of UK corporation tax of 19.00% (2021: 19.00 %)	73	115
<i>Effects of:</i>		
Utilisation of group tax losses	-	(118)
Timing differences not recognised	(5)	3
Adjustments in respect of prior periods	323	9
Total charge for the year	391	9

(iii) Factors affecting current and future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the UK corporation tax rate would increase to 25% (from 19%). This rate change was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these Financial Statements.

No deferred tax asset has been recognised (2021: £nil). The Directors believe that the recoverability of the potential unrecognised deferred tax asset in the foreseeable future is uncertain, and therefore the potential deferred tax asset has not been recognised.

(iii) Factors affecting current and future tax charges

	2022 Un-recognised £'000	2021 Un-recognised £'000
Accelerated capital allowances	-	1
Trading losses	-	-
	-	1

Avoka Europe Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

7 Tangible assets

	Computer equipment £'000
Cost	
At 1 January 2022	67
Additions	-
Disposals	(13)
Transfers	(54)
At 31 December 2022	-
Accumulated depreciation	
At 1 January 2022	66
Charge for the year	1
Disposals	(13)
Transfers	(54)
At 31 December 2022	-
Net book value	
At 31 December 2022	-
At 31 December 2021	1

Assets with cost of £54,000 (2021: £nil) and nil net book value (2021: £nil) were transferred to another group company in the year.

8 Debtors: amounts falling due within one year

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Trade debtors	296	310
Amounts owed by group undertakings	6,260	5,290
Corporation tax recoverable	-	314
Prepayments and accrued income	165	193
	6,721	6,107

Amounts owed by group undertakings are unsecured, have no fixed repayment date and are repayable on demand. Amounts owed by Temenos Finance Hong Kong Limited, and Temenos Headquarters SA accrue interest based on rates that would apply in an arm's length transaction. Applicable interest rates are detailed below. Amounts owed by all other group undertakings are interest free.

Entity	Currency	2022 Interest Rate	2021 Interest Rate
Temenos Finance Hong Kong Limited	GBP	1.86%	0.00%
Temenos Headquarters SA	GBP	1.86%	0.00%
Temenos Headquarters SA	USD	3.73%	0.00%

Trade debtors are stated after provisions for impairment of £nil (2021: £nil).

Avoka Europe Limited

Notes to the Financial Statements for the year ended 31 December 2022 (continued)

9 Creditors: amounts falling due within one year

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Trade creditors	27	45
Amounts owed to group undertakings	623	500
Other taxation and social security	-	134
Corporation tax	78	-
Accruals and deferred income	2,368	1,566
	3,096	2,245

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment date and are repayable on demand.

10 Called up share capital

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Authorised		
1,900,199 (2021:1,900,199) ordinary shares of £1 each (2021: £1)	1,900	1,900
Allotted, issued and fully paid		
1,900,199 (2021:1,900,199) ordinary shares of £1 each (2021: £1)	1,900	1,900

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

11 Ultimate parent company and controlling party

The ultimate parent undertaking and controlling party is Temenos AG, a company incorporated in Switzerland. Temenos AG is the parent undertaking of the smallest and largest group to consolidate these Financial Statements at 31 December 2022. The consolidated Financial Statements of Temenos AG are available from Temenos AG, 2 Rue de l'Ecole-de-Chimie, 1205 Geneva, Switzerland.

The immediate parent undertaking is Avoka Technologies Pty Limited, a company incorporated in Australia.

12 Related party transactions

As the Company is a wholly-owned subsidiary of Temenos AG, the Company has taken advantage of the exemption under Section 33.1A of FRS 102 from disclosing transactions or balances with entities which form part of the Group. The consolidated Financial Statements of Temenos AG, within which this Company is included, can be obtained from the address given in note 11.