Account Technologies Software Limited

Registered number: 07336400

Annual Report

For the year ended 31 August 2021

COMPANY INFORMATION

Directors	I McKenzie J Cameron R Ashton
Company secretary	J Cameron
Registered number	07336400
Registered office	10 Brick Street Mayfair London W1J 7HQ
Trading Address	Marble Arch House Floor 4 66 Seymour Street London W1H 5BT
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditor 7 More London Riverside London SE1 2RT

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

Introduction

The directors present the strategic report and audited financial statements for the year ended 31 August 2021.

Business review

The Company continues to have only one customer, which is its fellow Group company Indigo Michael Limited. The Company provides and develops software.

Turnover has increased compared to the previous year (£17,136,490 (2020: £12,359,126)). The growth generated in the year resulted from a sustained active user base, driven by its fellow Group company's successful marketing campaigns. The Company has net assets position of £2.0m (2020: £1.9m) at the year end.

In common with other businesses, during 2020 and 2021 COVID-19 presented an unprecedented challenge as the Company sought to protect its employees and follow government guidance while continuing to support its customer. Throughout the pandemic the Company has maintained business continuity thanks to its agile technology focused culture and flexible technical architecture. A remote working approach was quickly implemented on a wider scale at the beginning of the pandemic which is expected to be sustained as long as needed and to remain an option depending on future developments in relation to COVID-19. The Company has therefore been able to continue to provide a high level of service to its customer and maintain critical services.

Principal risks and uncertainties

The key business risks and uncertainties affecting the business are considered to relate to competition for developers in the London jobs market and reliance on key suppliers and service providers, as well as access to loans which are used to provide long term finance. The Board and management of the Company monitor these risks and potential mitigating actions on a regular basis.

Coronavirus and COVID-19

The COVID-19 pandemic continues to affect the UK and global economies however the recent lifting of social restrictions by the government means the directors anticipate the UK and global economies to return to growth in due course. It is not possible to predict how quickly and to what degree this may happen.

Financial key performance indicators

Given the straightforward nature of its business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company.

This report was approved by the Board and signed on its behalf.

R Ashton
Director

Date: 23 December 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their report and the audited financial statements for the year ended 31 August 2021.

Principal activities

The Company's principal activity during the year continued to be that of software development for resale.

The Company is domiciled in the United Kingdom.

Results and dividends

The profit for the year, after taxation, amounted to £11,590,293 (2020: £8,329,973).

Ordinary dividends were paid amounting to £11,525,000 (2020: £12,350,000). The directors do not recommend the payment of a final dividend (2020: £nil).

Directors

The directors who served during the year and to the date of this report were:

I McKenzie
J Cameron
R Ashton

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 101 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 also 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 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.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company is in a position to continue trading for at least 12 months from the date of signing of these financial statements.

The Company has continued to not observe any significant impact of COVID-19 on overall profitability and based on data available to date this is expected to remain the case. However, the full impact of COVID-19 on the business is yet to be determined and may impact the Company's future financial performance.

In making this assessment the directors have considered the cash reserves, future forecast cash flows and the Company's ability to meet its creditors as they fall due for the period specified above. The directors believe that the net assets position of £2.0m (2020: £1.9m) coupled with expected future cash flows for the entity is sufficient to form this conclusion.

Future developments

The directors anticipate the business environment will remain competitive. They believe that the Company is in a good financial position.

Financial risk management

The Company continually monitors the financial risk facing the organisation and the funding requirements to support the growth of the business, through weekly cash flow meetings.

The Company itself does not hedge.

Research and development activities

The Company is currently undertaking research and development activities in regard to the development of technology to enable innovative financial services solutions by unlocking the power of data with a strong focus on developing processes to enrich usage of "open banking".

Qualifying third party indemnity provisions

The Company has made qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year and at the date of signing these financial statements, for the benefit of the directors.

Disclosure of information to auditors

Each of the directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

Since the year end, dividends totaling £2,775,000 have been paid to the Company's shareholders.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.

R Ashton
Director

Date: 23 December 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCOUNT TECHNOLOGIES SOFTWARE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Account Technologies Software Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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, which comprise: the Statement of Financial Position as at 31 August 2021; 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACCOUNT TECHNOLOGIES SOFTWARE LIMITED

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 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 Strategic report and 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.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 August 2021 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 Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, 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 also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. 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 the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Reading of minutes of meetings of those charged with governance;
- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Performing testing over manual journals based on specific risk parameters to address the risk of fraud through management override of controls; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

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.

Timothy Lawrence (Senior statutory auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditor

London

23 December 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Turnover	4	17,136,490	12,359,126
Cost of sales		(284,809)	(281,145)
Gross profit		16,851,681	12,077,981
Administrative expenses		(2,593,494)	(2,708,943)
Other operating income	5	42,859	38,086
Operating profit	6	14,301,046	9,407,124
Interest receivable and similar income	10	431,030	1,373,402
Interest payable and similar expenses	11	(414,910)	(291,405)
Profit before tax		14,317,166	10,489,121
Tax on profit	12	(2,726,873)	(2,159,148)
Profit for the financial year		11,590,293	8,329,973
Other comprehensive income		-	-
Total comprehensive income for the year		11,590,293	8,329,973

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 to 32 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	14		610,863		373,469
Tangible assets	15		4,062,263		2,811,089
			4,673,126		3,184,558
Current assets					
Debtors: amounts falling due within one year	16	2,428,779		6,269,862	
Cash at bank and in hand	17	716,816		32,600	
		3,145,595		6,302,462	
Current liabilities					
Creditors: amounts falling due within one year	18	(1,403,804)		(5,480,750)	
Net current assets			1,741,791		821,712
Total assets less current liabilities			6,414,917		4,006,270
Creditors: amounts falling due after more than one year	19		(4,246,514)		(1,988,438)
Provisions for liabilities					
Deferred tax	21	(176,765)		(91,487)	
			(176,765)		(91,487)
Net assets			1,991,638		1,926,345
Capital and reserves					
Called up share capital	22		900		900
Profit and loss account	23		1,990,738		1,925,445
Total equity			1,991,638		1,926,345

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

R Ashton
Director

Date: 23 December 2021

The notes on pages 12 to 32 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2019	900	5,945,472	5,946,372
Comprehensive income for the year			
Profit for the year	-	8,329,973	8,329,973
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	8,329,973	8,329,973
Dividends	-	(12,350,000)	(12,350,000)
Total transactions with owners	-	(12,350,000)	(12,350,000)
At 31 August 2020 and 1 September 2020	900	1,925,445	1,926,345
Comprehensive income for the year			
Profit for the year	-	11,590,293	11,590,293
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	11,590,293	11,590,293
Dividends	-	(11,525,000)	(11,525,000)
Total transactions with owners	-	(11,525,000)	(11,525,000)
At 31 August 2021	900	1,990,738	1,991,638

The notes on pages 12 to 32 form part of these financial statements.

1. General information

Account Technologies Software Limited is a private company, limited by shares and incorporated in England and Wales.

The registered office of the Company is 10 Brick Street, Mayfair, London, W1J 7HQ.

The Company's principal activity during the year continued to be that of software development for resale.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements have been presented in Pounds Sterling as this is currency of the primary economic environment in which the Company operates and is rounded to the nearest pound.

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

- paragraph 79(a)(iv) of IAS 1;
- paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- paragraph 118(e) of IAS 38 Intangible Assets;

- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, and related party transactions.

Where required, equivalent disclosures are given in the Group financial statements of Loudwater Ventures Limited. The Group financial statements of Loudwater Ventures Limited are available to the public and can be obtained as set out in note 27.

2.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company is in a position to continue trading for at least 12 months from the date of signing of these financial statements.

The Company has not observed any significant impact of COVID-19 on overall profitability and based on data available to date this is expected to remain the case. However, the full impact of COVID-19 on the business is yet to be determined and may impact the Company's future financial performance.

In making this assessment the directors have considered the cash reserves, future forecast cash flows and the Company's ability to meet its creditors as they fall due for the period specified above. The directors believe that the net assets position of £2.0m (2020: £1.9m) coupled with expected future cash flows for the entity is sufficient to form this conclusion.

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 August 2021 that have a material impact on the Company's financial statements.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentation currency is GBP.

Transactions and balances

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

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

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

2.6 Leases

The Company as a lessee

The Company recognises a right-of-use asset and lease liability at the lease commencement date for all leases. The lease liability is measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. The right of use asset is measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The right-of-use asset is depreciated on a straight-line basis over the life of the lease whilst a finance cost is charged on the outstanding lease liability over the life of the lease.

The Company has adopted the option not to recognise right-of-use assets and liabilities for short-term property leases that have a remaining lease term of less than twelve months and low-value asset leases. The costs for those leases are expensed to the Statement of Comprehensive Income on a straight-line basis over the lease term.

The Company determines the incremental borrowing rate by using a build-up approach, starting with the risk-free rate, adjusted for credit risk and security.

In calculating the incremental borrowing rate ("IBR"), used to calculate the finance charge on a right-of-use asset, several components were considered, these being: risk-free rate, lease specific adjustments. inflation, country risk premium and financing spread. This is the same as the interest rate used by the parent company on loans to the Company. The resulting incremental borrowing rate of 11.9% is the cost of money to the Company if it were to borrow funds to satisfy the lease obligation.

2. Accounting policies (continued)

2.7 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown gross. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. All turnover relates to amounts charged to a company under common control for the use of software developed by the Company.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

2.8 Research and development

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 lives, which range from 3 to 6 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.

- An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated;
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

2. Accounting policies (continued)

2.9 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to income are presented separately in the statement of comprehensive income within 'other operating income'.

2.10 Interest income

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

2.11 Finance costs

Finance costs are charged to profit or loss 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.

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

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

2. Accounting policies (continued)

2.13 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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 reporting date.

2.14 Intangible Assets

Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

Software development costs represent internally and externally capitalised time that was spent specifically on software development in respect of bespoke software and infrastructure enhancements and is capitalised at cost. Such assets are capitalised where there is a clearly defined project, the related expenditure is identifiable and where it relates to projects which are technically viable and commercially feasible. Amortisation has been charged on a straight-line basis over their estimated useful lives of 3 years to the profit and loss account within cost of sales.

Computer software is amortised on a straight-line basis over the estimated useful life of 3 years to the profit and loss account within administrative expenses.

2.15 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.

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

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:

Land and buildings	- over the life of the lease
Plant and equipment	- 3-10 years

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

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

2.16 Impairment of Tangible and Intangible Assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible 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.

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.

2.17 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.

2. Accounting policies (continued)

2.18 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.

2.19 Creditors

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

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.21 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

2. Accounting policies (continued)

2.21 Financial instruments (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.22 Dividends

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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

3.1 Critical judgements in applying the Company's accounting policies

The critical judgements that the Directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below.

(i) Recognition of capitalised development costs

The extent to which labour costs are capitalised within intangible assets is based on an assessment of the work being carried out by developers employed by the Company and an assessment of the recoverable amount of those costs.

3.2 Key sources of estimation uncertainty

The directors do not consider there to by any key sources of estimation uncertainty.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021	2020
	£	£
Software sales	17,136,490	12,359,126
	17,136,490	12,359,126

All turnover arose within the United Kingdom.

5. Other operating income

	2021	2020
	£	£
Rental income	40,258	-
Government grants receivable	2,601	38,086
	42,859	38,086

Government grants receivable relates to the Coronavirus Job Retention Scheme (CJRS).

6. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of owned tangible fixed assets	43,893	31,993
Depreciation of right-of-use assets	510,739	527,456
Amortisation of intangible assets	283,949	281,144
Exchange differences	1,349	(615)
Defined contribution pension cost	28,723	25,569
Government grants	(2,601)	(38,086)

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	10,340	11,600

Non-audit services have ceased since the listing of debt on The International Stock Exchange ("TISE").

8. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	1,215,370	998,586
Social security costs	137,347	110,815
Cost of defined contribution scheme	28,723	25,569
	1,381,440	1,134,970

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Development	27	22

9. Directors' remuneration

In the current and prior year the directors were paid by a fellow Group undertaking, and no recharges have been made to the Group entity.

10. Interest receivable and similar income

	2021 £	2020 £
Interest receivable from Group companies	431,030	1,373,402
	431,030	1,373,402

Total interest income for financial assets that are not held at fair value through profit or loss is £431,030 (2020: £1,373,402).

11. Interest payable and similar expenses

	2021 £	2020 £
Interest on lease liabilities	414,910	291,405
	414,910	291,405

12. Tax on profit

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	2,675,752	1,989,155
Adjustments in respect of previous periods	(34,157)	78,506
	2,641,595	2,067,661
Total current tax	2,641,595	2,067,661
Deferred tax		
Origination and reversal of timing differences	55,925	15,152
Adjustments in respect of prior periods	-	76,335
Effect of tax rate change on opening balance	29,353	-
Total deferred tax	85,278	91,487
Taxation on profit	2,726,873	2,159,148

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit before tax	14,317,166	10,489,121
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	2,720,262	1,992,933
Effects of:		
Fixed asset differences	(18,606)	-
Expenses not deductible for tax purposes	16,950	2,393
Adjustments to tax charge in respect of prior periods	(34,157)	78,506
Adjustments to tax charge in respect of prior periods - deferred tax	-	76,335
Remeasurement of deferred tax for changes in tax rates	42,424	8,981
Total tax charge for the year	2,726,873	2,159,148

12. Tax on profit (continued)

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

13. Dividends

	2021	2020
	£	£
Ordinary		
Interim dividend paid of £12.81 per share (2020: £13.72)	9,988,333	10,703,333
Ordinary B		
Interim dividend paid of £12.81 per share (2020: £13.72)	1,536,667	1,646,667
	11,525,000	12,350,000

14. Intangible assets

	Development expenditure	Computer software	Total
	£	£	£
Cost			
At 1 September 2020	2,223,348	-	2,223,348
Additions	502,022	19,320	521,342
At 31 August 2021	2,725,370	19,320	2,744,690
Accumulated amortisation			
At 1 September 2020	1,849,879	-	1,849,879
Charge for the year	282,195	1,754	283,949
At 31 August 2021	2,132,074	1,754	2,133,828
Net book value			
At 31 August 2021	593,296	17,566	610,862
At 31 August 2020	373,469	-	373,469

15. Tangible assets

	Buildings	Plant and equipment	Total
	£	£	£
Cost			
At 1 September 2020	3,222,791	217,153	3,439,944
Additions	1,771,421	34,385	1,805,806
At 31 August 2021	4,994,212	251,538	5,245,750
Accumulated depreciation			
At 1 September 2020	527,456	101,399	628,855
Charge for the year	510,739	43,893	554,632
At 31 August 2021	1,038,195	145,292	1,183,487
Net book value			
At 31 August 2021	3,956,017	106,246	4,062,263
At 31 August 2020	2,695,335	115,754	2,811,089

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	2021	2020
	£	£
Tangible fixed assets owned	106,246	115,754
Right-of-use tangible fixed assets	3,956,017	2,695,335
	4,062,263	2,811,089

Information about right-of-use assets is summarised below:

Net book value

	2021	2020
	£	£
Buildings	3,956,019	2,695,335
	3,956,017	2,695,335

15. Tangible assets (continued)

	2021	2020
	£	£
Depreciation charge for the year ended		
Buildings	510,739	527,456
Additions to right-of-use assets		
Buildings	1,260,684	2,695,335

16. Debtors: amounts falling due within one year

	2021	2020
	£	£
Amounts owed by Group undertakings	1,451,605	5,541,706
Other debtors	779,034	528,241
Prepayments and accrued income	198,140	197,683
Grants receivable	-	2,232
	2,428,779	6,269,862

Amounts due from fellow Group undertakings are unsecured, repayable on demand and attract interest at 12.5% (2020: 20%).

17. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	716,816	32,600
	716,816	32,600

18. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	219,216	173,525
Corporation tax	597,168	4,119,258
Other taxation and social security	58,107	95,685
Lease liabilities	323,930	802,741
Other creditors	76,628	87,455
Accruals and deferred income	128,755	202,086
	1,403,804	5,480,750

Account Technologies Holdings Limited and its subsidiaries Indigo Michael Limited, Account Technologies Limited, Account Technologies Innovations Limited, Account Technologies Operations Limited, Account Technologies Software Limited and Account Technologies Property Services Limited have each entered into a debenture creating fixed and floating charges over all of their assets, property, business, undertaking and uncalled share capital as continuing security in favour of Midtown Madison Management LLC as security for the obligations of the Obligors under the Facility Agreement entered into with Midtown Madison Management LLC dated 15th June 2021. Under the Facility Agreement each company cross- guarantees the obligations of each other.

19. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Lease liabilities	4,246,514	1,988,438
	4,246,514	1,988,438

20. Leases

Company as a lessee

The Company leases an office for an extended period till July 2030.

Lease liabilities are due as follows:

	2021 £	2020 £
Not later than one year	323,930	802,741
Between one year and five years	1,366,218	1,988,438
Later than five years	2,880,296	-
	4,570,444	2,791,179

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2021 £	2020 £
Interest expense on lease liabilities	414,910	291,405

The total cash outflow for leases in 2021 was £401,370 (2020: £723,017).

21. Deferred taxation

	2021 £	2020 £
At beginning of year	(91,487)	-
Charged to profit or loss	(85,278)	(91,487)
At end of year	(176,765)	(91,487)

The deferred tax balance is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(179,150)	(92,952)
Pension and post-retirement benefits	2,385	1,465
	(176,765)	(91,487)

22. Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid		
780,000 (2020: 780,000) Ordinary shares of £0.001 each	780	780
120,000 (2020: 120,000) Ordinary B shares of £0.001 each	120	120
	900	900

The share classes have similar entitlements in respect of voting rights and dividends. The full details are outlined in the Company's Articles of Association.

23. Reserves

Profit and loss account

This reserve comprises the cumulative profits and losses of the Company.

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £28,723 (2020: £25,569). Contributions totalling £9,539 (2020: £7,708) were payable to the fund at the reporting date and are included in creditors.

25. Related party transactions

FRS 101.8(k) exempts the Company from disclosing transactions between this Company and other members of the Group as it is a wholly owned subsidiary of the parent company.

Loudwater Ventures Limited is the highest Company that includes the Company's financial statements in their consolidated financial statements.

The consolidated financial statements of Loudwater Ventures Limited can be obtained from 10 Brick Street, Mayfair, London, W1J 7HQ.

26. Post balance sheet events

Since the year end, dividends totaling £2,775,000 have been paid to the Company's shareholders.

27. Controlling party

The ultimate controlling party is Mr I McKenzie by virtue of his majority shareholding in the ultimate parent company, Loudwater Ventures Limited, a company incorporated in the United Kingdom.

Account Technologies Software Limited is a wholly owned subsidiary of Account Technologies Holdings Limited.

The parent undertaking of the largest Group, which includes the Company and for which Group accounts are prepared, is Loudwater Ventures Limited, a company incorporated in the United Kingdom. The parent undertaking of the smallest such Group is Account Technologies Holdings Limited, a company incorporated in the United Kingdom. Copies of the Group financial statements of Account Technologies Holdings Limited and Loudwater Ventures Limited are available from 10 Brick Street, Mayfair, London, W1J 7HQ. The Company's immediate controlling party is Account Technologies Holdings Limited.