

4C EUROPE UK LIMITED
FILLETED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4C EUROPE UK LIMITED

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4C EUROPE UK LIMITED

Company Information

Directors	S M Bergqvist H A Hedskog J Jonsson
Registered office	Nova North 11 Bressenden Place London SW1E 5BY
Independent Auditor	Harmer Slater Limited Statutory Auditor Salatin House 19 Cedar Road Sutton Surrey SM2 5DA

Directors' Report for the Year Ended 31 December 2019

The directors present their annual report on the affairs of 4C Europe UK Limited, together with the financial statements and auditor's report for the year ended 31 December 2019.

Principal activity

The principal activity of the company is that of developing and delivering on sales of risk management software solutions in the UK and Ireland, based on the products and services of the parent undertaking, 4C Group AB.

Directors of the company

The directors who served throughout the year and up to date of authorisation of this report were as follows:

S M Bergqvist

H A Hedskog

P Munksgaard (resigned 10 May 2019)

J Jonsson (appointed 10 May 2019)

Going concern

The directors have considered financial projections for the company over the foreseeable future and have also reviewed the ongoing committed financial support from the company's parent undertaking and are confident that this will be available for the foreseeable future. After making enquiries, the directors are satisfied that the company has sufficient resources to continue in operation for the foreseeable future, being at least 12 months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

4C Europe UK Limited is reliant on the support of 4C Group AB as the parent company which is committed to the UK market and has demonstrated its support through a letter of support.

Events after the financial period

The outbreak of the novel coronavirus (COVID-19) and the related global responses have caused significant disruptions to all businesses. This has led to an economic slowdown of the world economy since 31 December 2019 with significant impact on all businesses either directly or indirectly. Whilst it is not possible to reliably estimate the duration and severity of the consequences of this outbreak on the company's business and financial position and results for future periods, the director has assessed and is of the opinion that the impact of COVID-19 on the company's business in the foreseeable (being at least 12 months from the date of signing the financial statements) future is negligible.

There have been no other significant events between the year end and the date of approval of these financial statements which would require a change to, or disclosure in, the financial statements.

Statement of disclosure to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information (as defined by section 418 of the Companies Act 2006) and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Directors' Report for the Year Ended 31 December 2019 (continued)

Reappointment of auditors

Harmer Slater Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small companies provision statement

The directors have taken advantage of the small companies exemptions provided by sections 414B and 415A of the Companies Act 2006 from the requirement to prepare a strategic report and in preparing the directors' report on the grounds that the company is entitled to prepare its accounts for the year in accordance with the small companies regime.

Approved by the Board on 24 September 2020 and signed on its behalf by:

.....
J Jonsson
Director

Independent Auditor's Report to the Member of 4C Europe UK Limited

Opinion

We have audited the financial statements of 4C Europe UK Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of financial position, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Independent Auditor's Report to the Member of 4C Europe UK Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the [set out on page], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Independent Auditor's Report to the Member of 4C Europe UK Limited (continued)

-
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material

- uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and

- whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Ransford Agyei-Boamah (Senior Statutory Auditor)

For and on behalf of Harmer Slater Limited, Statutory Auditor

Salatin House

19 Cedar Road

Sutton

Surrey

SM2 5DA

24 September 2020

4C EUROPE UK LIMITED

(Registration number: 07450958)
Statement of financial position as at 31 December 2019

	Note	31 Dec 19 £	31 Dec 18 £
Non-current assets			
Property, plant and equipment	<u>4</u>	20,607	21,316
Current assets			
Receivables	<u>5</u>	2,681,865	1,336,119
Cash at bank and in hand	<u>6</u>	140,180	5,757
		2,822,045	1,341,876
Payables: Amounts falling due within one year	<u>7</u>	(2,364,389)	(1,076,751)
Net current assets		457,656	265,125
Net assets		478,263	286,441
Equity			
Called up share capital	<u>9</u>	1	1
Retained earnings	<u>9</u>	478,262	286,440
Total equity		478,263	286,441

The directors of the company have elected not to include a copy of the income statement within the financial statements for 2019.

These financial statements were approved and authorised for issue by the Board on 24 September 2020 and signed on its behalf by:

.....
J Jonsson

Director

**Notes to the Financial Statements
for the Year Ended 31 December 2019**

1 General information

4C Europe UK Limited (the 'company') is a private company limited by share capital incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the directors report on page 2.

2 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.

Going concern

Following a review of the company's forecasts and available resources from the company's group, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and in accordance with the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The functional currency of the company is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the company operates. The financial statements are presented in pounds sterling (£).

Summary of disclosure exemptions

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its parent, 4C Group AB, which may be obtained from Vattugatan17, Box 7637, 103 94, Stockholm, Sweden. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement, transactions with group entities and remuneration of key management personnel.

**Notes to the Financial Statements
for the Year Ended 31 December 2019 (continued)**

2 Accounting policies (continued)

Critical judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Accrued income

The company establishes a receivable for revenue earned from the provision of services but not yet invoiced by the year end based on underlying contractual agreements in place; this receivable is computed by estimating the extent of completion or performance of the related work and when the amount is earned. Accrued revenue at 31 December 2019 was £605,660 (2018 - £684,285).

Revenue recognition

Revenue represents the value of services provided during the year, net of value added tax. Turnover is recognised as follows:

- (i) Sale of service and support agreements - recognised 25% at the time of delivery of the product to the customer and the balance over the term of the agreement.
- (ii) Sale of software as a service - recognised 80% at the time of delivery of the product to the customer and the balance over the term of the agreement.
- (iii) Licence fees - recognised 100% at the time of delivery.
- (iv) Development and management services - recognised where the company has a contractual right to receive revenue for work undertaken.

Taxation

The tax expense for the period comprises current tax. Tax is recognised in the statement of income and retained earnings, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

**Notes to the Financial Statements
for the Year Ended 31 December 2019 (continued)**

2 Accounting policies (continued)

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Computer equipment	3 years straight line basis
Fixture and Fittings	4 years straight line basis
Cash and cash equivalents	

Cash and cash equivalents comprise cash on hand and at bank and are subject to an insignificant risk of change in value.

Receivables

Receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

The company operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the company. Contributions are recognised in the income statement in the period in which they become payable.

Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Notes to the Financial Statements
for the Year Ended 31 December 2019 (continued)

3 Staff costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	Year ended 31 Dec 19	1 Jul 17 to 31 Dec 18
Administration and support	5	5
Sales, marketing and distribution	18	19
	<u>23</u>	<u>24</u>

4C EUROPE UK LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4 Property, plant and equipment

	Fixture and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2019	25,736	24,906	50,642
Additions	-	13,854	13,854
At 31 December 2019	25,736	38,760	64,496
Depreciation			
At 1 January 2019	12,316	17,010	29,326
Charge for the period	5,744	8,819	14,563
At 31 December 2019	18,060	25,829	43,889
Carrying amount			
At 31 December 2019	7,676	12,931	20,607
At 31 December 2018	13,420	7,896	21,316

5 Receivables

	31 Dec 19 £	31 Dec 18 £
Trade receivables	945,347	366,483
Amounts owed by group undertakings	966,573	104,381
Other receivables	116,046	99,830
Prepayments and accrued income	653,899	765,425
	2,681,865	1,336,119

6 Cash and cash equivalents

	31 Dec 19 £	31 Dec 18 £
Cash at bank	140,180	5,757

**Notes to the Financial Statements
for the Year Ended 31 December 2019 (continued)**

7 Payables

	31 Dec 19 £	31 Dec 18 £
Due within one year		
Trade payables	47,695	60,465
Amounts due to group undertakings	1,183,153	458,873
Social security and other taxes	452,594	289,728
Other payables	39,416	36,118
Accruals and deferred income	641,531	231,567
	2,364,389	1,076,751

8 Pension schemes

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £51,728 (2018 - £97,694). Contributions totalling £1,423 (2018 - £6,632) were payable to the scheme at the end of the year and are included in payables.

9 Share capital and reserves

Allotted, called up and fully paid shares

	No.	31 Dec 19 £	No.	31 Dec 18 £
Ordinary shares of £1	1	1	1	1
	1	1	1	1

The company has one class of share capital which carries no right to fixed income.

Reserves

The retained earnings reserve represents cumulative profit or losses net of dividends paid and other adjustments.

**Notes to the Financial Statements
for the Year Ended 31 December 2019 (continued)**

10 Obligations under leases

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	192,903	88,835
Later than one year and not later than five years	439,200	153,172
	<u>632,103</u>	<u>242,007</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £153,654 (2018 - £133,253).

11 Related party transactions

The company is a wholly owned subsidiary member of its group and has therefore taken advantage of the provisions of Section 33. 1A of FRS 102 the "The Financial Reporting Standard applicable in the UK and Republic of Ireland" not to disclose transactions with entities that are wholly owned members of the group.

There were no other related party transactions to disclose.

12 Control

The company is controlled by 4C Group AB, an undertaking incorporated in Sweden. The smallest and the largest group in which the company's accounts are consolidated is that headed by 4C Group AB, the accounts of which can be obtained from Vattugatan 17, Box 7637, 103 94, Stockholm, Sweden.

**Notes to the Financial Statements
for the Year Ended 31 December 2019 (continued)**

13 Events after the financial period

The outbreak of the novel coronavirus (COVID-19) and the related global responses have caused significant disruptions to all businesses. This has led to an economic slowdown of the world economy since 31 December 2019 with significant impact on all businesses either directly or indirectly. Whilst it is not possible to reliably estimate the duration and severity of the consequences of this outbreak on the company's business and financial position and results for future periods, the director has assessed and is of the opinion that the impact of COVID-19 on the company's business in the foreseeable (being at least 12 months from the date of signing the financial statements) future is negligible.

There have been no other significant events between the year end and the date of approval of these financial statements which would require a change to, or disclosure in, the financial statements.

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