

4C EUROPE UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

4C EUROPE UK LIMITED

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

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 held office during the year and up to the date of approval were as follows:

S M Bergqvist

H A Hedskog

J Jonsson

Going concern

The directors have considered the company's financial position, liquidity and future performance together with financial projections for the company and over the foreseeable future and have also reviewed the ongoing committed financial support from the company's parent undertaking and is 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 company's 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

There have been no 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.

Disclosure of information 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.

Reappointment of auditors

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

4C EUROPE UK LIMITED

Directors' Report for the Year Ended 31 December 2022 (continued)

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 qualifies as a small company but for being a member of an ineligible group.

Approved and authorised by the Board on 26 September 2023 and signed on its behalf by:

.....

J Jonsson

Director

4C EUROPE UK LIMITED

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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 these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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. They 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.

4C EUROPE UK LIMITED

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 2022, which comprise the Statement of Income and Retained Earnings, 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 original financial statements were authorised for issue.

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

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.

4C EUROPE UK LIMITED

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

We have nothing to report in this regard.

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.
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations. We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements;
- we obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the laws and regulations applicable to the company through discussions with directors and other management, and from our cumulative audit and commercial knowledge and experience of the company
- we focused on specific laws and regulations which we considered may have a direct material effect on the determination of material amounts and disclosures the financial statements or the operations of the company, including the Companies Act 2006, The Equality Act 2010, General Data Protection Rules (GDPR), taxation legislation, anti-bribery, employment law and health and safety legislation. We also considered and identified laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty, including the Bribery Act and the Data Protection Act 2018;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal and regulatory correspondence;
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

We are also required to perform specific procedures to respond to the risk of management bias and override of controls. To address this, we performed analytical procedures to identify any unusual or unexpected relationships; tested journal entries to identify unusual transactions;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement to disclosures underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, analysing legal costs to ascertain if there have been instances of non-compliance with laws and regulations.

4C EUROPE UK LIMITED

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

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 to them 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

26 September 2023

4C EUROPE UK LIMITED

Statement of Income and Retained Earnings for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Revenue	<u>3</u>	7,461,973	7,039,870
Cost of sales		<u>(1,148,192)</u>	<u>(1,917,111)</u>
Gross profit		6,313,781	5,122,759
Selling and marketing costs		(4,348,770)	(3,304,316)
Administrative expenses		<u>(1,775,692)</u>	<u>(1,432,639)</u>
Operating profit	<u>4</u>	189,319	385,804
Other interest receivable and similar income	<u>5</u>	-	128
Profit before tax		189,319	385,932
Taxation	<u>9</u>	<u>(30,608)</u>	<u>(73,188)</u>
Profit for the financial year		158,711	312,744
Retained earnings brought forward		<u>959,384</u>	<u>646,640</u>
Retained earnings carried forward		<u>1,118,095</u>	<u>959,384</u>

The notes on pages 11 to 20 form an integral part of these financial statements.

4C EUROPE UK LIMITED

(Registration number: 07450958)

Statement of Financial Position as at 31 December 2022

	Note	2022 £	2021 £
Non-current assets			
Property, plant and equipment	<u>10</u>	47,913	22,270
Current assets			
Receivables	<u>11</u>	5,809,135	4,916,431
Cash at bank and in hand	<u>12</u>	721,295	920,749
		6,530,430	5,837,180
Payables: Amounts falling due within one year	<u>13</u>	(5,460,247)	(4,900,065)
Net current assets		<u>1,070,183</u>	<u>937,115</u>
Net assets		<u><u>1,118,096</u></u>	<u><u>959,385</u></u>
Equity			
Called up share capital	<u>15</u>	1	1
Retained earnings	<u>15</u>	1,118,095	959,384
Shareholder's funds		<u><u>1,118,096</u></u>	<u><u>959,385</u></u>

The financial statements of 4C Europe UK Limited were approved and authorised for issue by the Board on 26 September 2023 and signed on its behalf by:

.....

J Jonsson
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

4C EUROPE UK LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

4C Europe UK Limited (the 'company') is a private company limited by share capital, registered 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, unless otherwise stated.

Going concern

The directors have considered the company's financial position, liquidity and future performance together with financial projections for the company and over the foreseeable future and have also reviewed the ongoing committed financial support from the company's parent undertaking and is 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 company's 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.

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.

4C EUROPE UK LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Critical judgements and key sources of estimation uncertainties

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 2022 was £2,218,407 (2021 - £2,373,028).

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.

Tax

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.

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

4C EUROPE UK LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

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.

Share based payments

The company's parent undertaking, 4C Group AB, operates an option rights plan for its key employees which entitles these employees (including the company's employees) to acquire shares in the parent. The required disclosures and related costs are therefore included in 4C Group AB's consolidated financial statements. No associated costs were recharged by the group in the current or preceding year.

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.

4C EUROPE UK LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

3 Revenue

The analysis of the company's Revenue for the year from continuing operations is as follows:

	2022 £	2021 £
Sale of licences	849,575	1,634,416
Rendering of services	4,618,713	4,425,832
Other revenue	1,993,685	979,622
	<u>7,461,973</u>	<u>7,039,870</u>

4 Operating profit

Arrived at after charging:

	2022 £	2021 £
Depreciation expense	20,901	4,527
Operating lease expense - property	<u>271,050</u>	<u>255,800</u>

5 Interest receivable and similar income

	2022 £	2021 £
Bank interest receivable	<u>-</u>	<u>128</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022 £	2021 £
Wages and salaries	3,008,880	2,329,679
Social security costs	381,259	268,309
Pension costs, defined contribution scheme	127,263	77,827
	<u>3,517,402</u>	<u>2,675,815</u>

4C EUROPE UK LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

6 Staff costs (continued)

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

	2022 No.	2021 No.
Administration and support	5	5
Sales, marketing and distribution	41	28
	<u>46</u>	<u>33</u>

7 Key management compensation

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	<u>227,468</u>	<u>190,271</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	<u>227,468</u>	<u>190,271</u>

8 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>4,600</u>	<u>3,850</u>
Other fees to auditors		
All other non-audit services	<u>350</u>	<u>350</u>

4C EUROPE UK LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

9 Taxation

Tax charged/(credited) in the income statement

	2022 £	2021 £
Current taxation		
UK corporation tax - current year	29,732	73,621
UK corporation tax - prior year	876	(433)
	<u>30,608</u>	<u>73,188</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>189,319</u>	<u>385,932</u>
Corporation tax at standard rate	35,971	73,327
Effect of expense not deductible in determining taxable profit	1,102	2,139
Increase/(decrease) in UK current tax from adjustment for prior periods	876	(433)
Tax decrease from effect of capital allowances and depreciation	(7,776)	(1,845)
Tax increase from other short-term timing differences	435	-
Total tax charge	<u>30,608</u>	<u>73,188</u>

4C EUROPE UK LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Property, plant and equipment

	Fixture and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2022	27,826	57,707	85,533
Additions	34,053	12,492	46,545
At 31 December 2022	61,879	70,199	132,078
Depreciation			
At 1 January 2022	24,066	39,197	63,263
Charge for the year	4,281	16,621	20,902
At 31 December 2022	28,347	55,818	84,165
Carrying amount			
At 31 December 2022	33,532	14,381	47,913
At 31 December 2021	3,760	18,510	22,270

11 Receivables

	2022 £	2021 £
Trade receivables	521,807	596,096
Amounts owed by group undertakings	2,979,590	1,843,570
Other receivables	53,074	63,334
Prepayments	36,256	40,403
Accrued income	2,218,408	2,373,028
	5,809,135	4,916,431

The amount receivable from group undertaking disclosed as falling within one year is unsecured, payable on demand and is non-interest bearing.

12 Cash and cash equivalents

	2022 £	2021 £
Cash at bank	721,295	920,749

4C EUROPE UK LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Payables

	2022 £	2021 £
Due within one year		
Trade payables	37,425	49,298
Amounts due to group undertakings	3,969,227	3,163,213
Corporation tax	-	36,090
Social security and other taxes	439,195	516,424
Outstanding defined contribution pension costs	19,999	8,553
Other payables	48,552	43,444
Accruals and deferred income	945,849	1,083,043
	<u>5,460,247</u>	<u>4,900,065</u>

The amount owed to group undertaking disclosed as falling within one year is unsecured, payable on demand and is non-interest bearing.

14 Pension schemes

Defined contribution pension scheme

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 £127,263 (2021 - £77,827).

Contributions totalling £19,999 (2021 - £8,553) were payable to the scheme at the end of the year and are included in creditors.

15 Share capital and reserves

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1	1	1	1	1

Reserves

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

4C EUROPE UK LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

16 Obligations under leases

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	17,000	221,200
Later than one year and not later than five years	-	17,000
	<u>17,000</u>	<u>238,200</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £271,050 (2021 - £255,800).

17 Share-based payments

Scheme details and movements

The company's parent undertaking, 4C Group AB, operates an option rights plan for its key employees which entitles these employees (including the company's employees) to acquire share in the parent undertaking.

The entity is part of a group share-based payment scheme and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The company has taken advantage of the disclosure exemptions provided by FRS 102 as required disclosures are included in 4C Group AB's consolidated financial statements. The company measures its share-based payment expense as a proportion of the expense recognised for the entire share-based payment scheme based on the entitlements of its employees participating in the scheme. No associated costs were recharged by the group in the current or preceding year.

18 Parent and ultimate parent undertaking

The company's parent is 4C Group AB, incorporated in Sweden.

The most senior parent entity producing publicly available financial statements is 4C Group AB. These financial statements are available upon request from Vattugatan 17, Box 7637, 103 94, Stockholm, Sweden.

The ultimate controlling party is 4C Group AB.

4C EUROPE UK LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

19 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.

20 Events after the financial period

There have been no 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.

4C EUROPE UK LIMITED

Detailed Income statement for the Year Ended 31 December 2022

	2022 £	2021 £
Revenue		
Consultancy Services	4,618,713	4,425,832
Licence sales	849,575	1,634,416
Recharged expenses	1,993,685	979,622
	<u>7,461,973</u>	<u>7,039,870</u>
Cost of sales		
Travel and subsistence	223,902	146,773
Recharged expenses	31,773	17,286
Subcontract cost	4,317	8,503
Royalties payable	888,200	1,744,549
	<u>(1,148,192)</u>	<u>(1,917,111)</u>
Gross profit	<u>6,313,781</u>	<u>5,122,759</u>
Selling and marketing costs (analysed below)	<u>(4,348,770)</u>	<u>(3,304,316)</u>
Administrative expenses		
Computer software and maintenance costs	2,911	10,171
Office costs	17,477	12,419
Trade subscriptions	15,305	9,037
Small consumable equipment	81,426	57,187
Entertaining	27,365	15,529
Auditor's remuneration - The audit of the company's annual accounts	4,600	3,850
Auditors' remuneration - non audit work	350	350
Management fees	1,617,430	1,312,384
Legal and professional fees	2,188	8,586
Bad debts written off	3,700	1,355
Bank charges	2,940	1,771
	<u>(1,775,692)</u>	<u>(1,432,639)</u>
Operating profit	<u>189,319</u>	<u>385,804</u>
Other interest receivable	-	128
Profit before tax	<u>189,319</u>	<u>385,932</u>

4C EUROPE UK LIMITED

Detailed Income statement for the Year Ended 31 December 2022 (continued)

	2022 £	2021 £
Selling and marketing costs		
Wages and salaries	2,781,412	2,139,408
Staff NIC	349,452	242,530
Directors remuneration	227,468	190,271
Directors NIC	31,807	25,779
Staff pensions	127,263	77,827
Directors fees	1,091	-
Staff training	2,933	5,222
Other staff costs	45,806	30,323
Recruitment costs	32,137	94,373
Travel and subsistence	283,947	136,350
Rent - operating leases	271,050	255,800
Rent, rates and other property cost	5,413	2,131
Insurance	413	370
Repairs and maintenance	13,897	10,848
Sundry expenses	3,194	-
Foreign currency losses/(gains)	7,790	14,692
Depreciation	20,901	4,527
Telephone and internet	25,184	17,260
Advertising and promotional expenses	117,612	56,605
	<u>(4,348,770)</u>	<u>(3,304,316)</u>

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.