

# Argus Midco Limited

Company Number 11143771

## Annual Report - 31 December 2021



**Argus Midco Limited**  
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**31 December 2021**

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**General information**

The financial statements cover Argus Midco Limited as an individual entity. The financial statements are presented in Pounds Sterling, which is Argus Midco Limited's functional and presentation currency.

Argus Midco Limited is a private company limited by shares, incorporated and domiciled within England in the United Kingdom. Its registered office and principal place of business is:

9 Millars Brook  
Molly Millars Lane  
Wokingham  
Berkshire  
RG41 2AD

**Argus Midco Limited**  
**Strategic report**  
**31 December 2021**

The directors present their strategic report on the company for the year ended 31 December 2021.

**New ownership**

On 7 July 2022 Argus Topco Limited, of whom the company is a wholly owned subsidiary, was acquired by FIS3 Bidco Limited with the ultimate controlling party being Livingbridge 7 Global LP.

**Principal activities**

The principal activity of the company is that of a holding company.

**Review of operations**

Argus Midco Limited is an intermediate parent of a group of companies involved in the development and supply of a range of technology based solutions to the automotive industry. The key performance indicators of the company consist of (Loss)/profit before income tax and Net (liabilities)/assets.

The results shown are for the entity only.

	2021 £'000	2020 £'000	Change £'000	Change %
(Loss)/profit before income tax	(517)	1,958	(2,475)	(126%)
Net (liabilities)/assets	(137)	278	(415)	(149%)

**Principal risks and uncertainties**

The company is subject to liquidity risk that is discussed below. Further discussion of the risks and uncertainties, in the context of the Group as a whole, is provided in the annual report of the parent undertaking, Argus Topco Limited, of which Argus Midco Limited is a wholly owned subsidiary.

*Liquidity risk*

Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands.

The company seeks to manage the financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and does this through management of intercompany amounts and consideration of group wide cash flows.

**Future developments**

As an intermediary parent company, the company's directors monitor the performance of its investments. The directors are pleased with the performance of the group and anticipate subsidiary companies will continue to grow their revenue in both the UK and overseas whilst retaining the group's valued customers.

This report is made in accordance with a resolution of directors.

On behalf of the board

DocuSigned by:

*Ian Brewer*

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I D Brewer  
 Director

30 September 2022

**Argus Midco Limited**  
**Directors' report**  
**31 December 2021**

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2021.

**Directors**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

C S Hamilton (resigned 22 February 2021)  
R J Pinder (resigned 15 July 2022)  
I D Brewer  
J Messer (appointed 22 February 2021 and resigned 15 July 2022)  
G Page-Morris (appointed 24 August 2022)

**Information contained within the strategic report**

The strategic report contains information in relation to Principal activities, Review of operations and Likely future developments.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Matters subsequent to the end of the financial year**

On 7 July 2022 Argus Topco Limited, of whom the company is a wholly owned subsidiary, was acquired by FIS3 Bidco Limited with the ultimate controlling party being Livingbridge 7 Global LP.

**Financial instruments**

Risk relating to the company's financial instruments are disclosed in the strategic report.

**Charitable and political donations**

No charitable or political donations were made during the year.

**Going concern**

Argus Midco Limited is an intermediate parent within the Argus Topco Limited group of companies (the Group) which are involved in the development and supply of a range of technology based solutions to the automotive industry. As the company, along with the Group, is party to a cross guarantee in respect of borrowings by Argus Bidco Limited as described in note 18, its liquidity is intrinsically linked with the performance of the Group. The going concern status of the company has therefore partly been assessed taking account of these obligations. Following the change in ownership on 7 July 2022 the borrowings in Argus Bidco Limited have been settled and the new borrowings in FIS3 Bidco Limited have not yet established guarantors.

The Group has outperformed all expectations since coming out of lockdown and the board and management are confident in the Group's ability to maintain performance through; effective cost management, geographical risk diversification and our software service encouraging remote sales.

The board has assessed the Russia-Ukraine conflict and as revenue generated in those countries is negligible there is no deemed risk to the group.

Brexit has had little impact to the operations of the company and Group to date with minimal additional costs.

The directors have forecast various scenarios in considering the going concern status of the company for a period of at least twelve months from the date of approval of these financial statements. The directors have concluded that there are no material uncertainties that lead to significant doubt upon the company's ability to continue as a going concern at this time and therefore have prepared the financial statements on a going concern basis.

**Indemnity of directors**

The company has third party professional indemnity insurance in place for the year and at the time of approval of these financial statements.

**Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Argus Midco Limited**  
**Directors' report**  
**31 December 2021**

**Independent auditors**

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

This report is made in accordance with a resolution of directors.

On behalf of the board

DocuSigned by:  
*Ian Brewer*  
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I D Brewer  
Director

30 September 2022

**Argus Midco Limited**  
**Directors' responsibilities statement**  
**31 December 2021**

The directors are responsible 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 12 month period. 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 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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; 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.

**Argus Midco Limited**  
**Independent auditor's report to the members of Argus Midco Limited**  
**31 December 2021**

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss 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.

We have audited the financial statements of Argus Midco Limited ("the Company") for the year ended 31 December 2021 which comprise The Statements of Comprehensive Income, The Balance Sheet, The Statement of Changes in Equity, 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 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

**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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

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.

**Conclusions relating to going concern**

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.

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.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**Argus Midco Limited**  
**Independent auditor's report to the members of Argus Midco Limited**  
**31 December 2021**

**Other Companies Act 2006 reporting**

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 Directors' responsibilities statement, 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.

*Extent to which the audit was capable of detecting irregularities, including fraud*

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:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal and regulatory framework that the Company operates in, focusing on those laws and regulations that had a significant effect on the financial statements or that had a fundamental effect on the operations of the Company, namely:
  - o Companies Act 2006
  - o The accounting framework
  - o Relevant tax legislation
- enquiring of management and those charged with governance, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:



**Argus Midco Limited**  
**Independent auditor's report to the members of Argus Midco Limited**  
**31 December 2021**

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for management override of controls specifically in relation to the posting of journal adjustments and the inappropriate use of estimates.

*Audit response to risks identified*

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- Performing a detailed review of the Company's year-end adjusting entries;
- Reviewing minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations.
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Gavin Crawford*

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Gavin Crawford (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Reading, UK

30 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Argus Midco Limited**  
**Statement of comprehensive income**  
**For the year ended 31 December 2021**

	<b>Note</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>Expenses</b>			
Administrative expenses		(6)	(11)
<b>Operating loss</b>		(6)	(11)
Finance expense	4	(1,360)	(1,317)
Finance income	5	849	786
Income from subsidiary undertaking	6	-	2,500
<b>(Loss)/profit before income tax benefit</b>		(517)	1,958
Income tax benefit	7	102	26
<b>(Loss)/profit after income tax benefit for the year</b>	15	(415)	1,984
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive (expenses)/income for the year</b>		<u>(415)</u>	<u>1,984</u>


*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**Argus Midco Limited**  
**Balance sheet**  
**As at 31 December 2021**

	Note	2021 £'000	2020 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred tax	9	128	26
Loans	10	11,464	10,615
Total non-current assets		<u>11,592</u>	<u>10,641</u>
<b>Current assets</b>			
Trade and other receivables - amounts falling due within one year	11	<u>17,461</u>	<u>17,440</u>
Total current assets		<u>17,461</u>	<u>17,440</u>
<b>Total assets</b>		<u>29,053</u>	<u>28,081</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	12	<u>18,352</u>	<u>16,993</u>
Total non-current liabilities		<u>18,352</u>	<u>16,993</u>
<b>Current liabilities</b>			
Trade and other payables - amounts falling due within one year	13	<u>10,838</u>	<u>10,810</u>
Total current liabilities		<u>10,838</u>	<u>10,810</u>
<b>Total liabilities</b>		<u>29,190</u>	<u>27,803</u>
<b>Net (liabilities)/assets</b>		<u>(137)</u>	<u>278</u>
<b>Equity</b>			
Issued capital	14	-	-
(Accumulated losses)/retained earnings	15	<u>(137)</u>	<u>278</u>
<b>Total (deficiency)/equity</b>		<u>(137)</u>	<u>278</u>

Argus Midco Limited's company number is 11143771.

The financial statements on pages 9 to 20 were approved by the Board of Directors on 30 September 2022 and signed on its behalf by

DocuSigned by:  
  
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I D Brewer  
Director

30 September 2022

*The above balance sheet should be read in conjunction with the accompanying notes*

**Argus Midco Limited**  
**Statement of changes in equity**  
**For the year ended 31 December 2021**

	<b>Issued capital £'000</b>	<b>(Accumulate d losses) / retained earnings £'000</b>	<b>Total equity £'000</b>
Balance at 1 January 2020	-	(1,706)	(1,706)
Profit after income tax benefit for the year	-	1,984	1,984
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	1,984	1,984
Balance at 31 December 2020	-	278	278

	<b>Issued capital £'000</b>	<b>(Accumulate d losses) / retained earnings £'000</b>	<b>Total deficiency in equity £'000</b>
Balance at 1 January 2021	-	278	278
Loss after income tax benefit for the year	-	(415)	(415)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive expenses for the year	-	(415)	(415)
Balance at 31 December 2021	-	(137)	(137)

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Argus Midco Limited**  
**Notes to the financial statements**  
**31 December 2021**

**Note 1. Significant accounting policies**

The financial statements cover Argus Midco Limited as an individual entity. The financial statements are presented in Pound Sterling, which is Argus Midco Limited's functional and presentation currency. The accounts are presented in £000's.

Argus Midco Limited is a private company limited by shares, incorporated and domiciled within England in the United Kingdom.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

**New or amended Accounting Standards and Interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Going concern**

Argus Midco Limited is an intermediate parent within the Argus Topco Limited group of companies (the Group) which are involved in the development and supply of a range of technology based solutions to the automotive industry. As the company, along with the Group, is party to a cross guarantee in respect of borrowings by Argus Bidco Limited as described in note 18, its liquidity is intrinsically linked with the performance of the Group. The going concern status of the company has therefore partly been assessed taking account of these obligations. Following the change in ownership on 7 July 2022 the borrowings in Argus Bidco Limited have been settled and the new borrowings in FIS3 Bidco Limited have not yet established guarantors.

The Group has outperformed all expectations since coming out of lockdown and the board and management are confident in the Group's ability to maintain performance through; effective cost management, geographical risk diversification and our software service encouraging remote sales.

The board has assessed the Russia-Ukraine conflict and as revenue generated in those countries is negligible there is no deemed risk to the group.

Brexit has had little impact to the operations of the company and Group to date with minimal additional costs.

The directors have forecast various scenarios in considering the going concern status of the company for a period of at least twelve months from the date of approval of these financial statements. The directors have concluded that there are no material uncertainties that lead to significant doubt upon the company's ability to continue as a going concern at this time and therefore have prepared the financial statements on a going concern basis.

**Basis of preparation**

These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006.

As permitted by FRS 101, the company has taken advantage of all of the disclosure exemptions available to it, including: statement of cash flows, new Accounting Standards not yet mandatory, disaggregation of revenue, reconciliations of contract assets and liabilities, unsatisfied performance obligations, presentation of comparative information for certain assets, impairment of assets, capital risk management, financial instruments, fair value measurement, key management personnel, related party transactions, business combinations and share-based payments.

The company's direct and intermediary parent entity is Argus Topco Limited (incorporated in the United Kingdom) and its consolidated financial statements, which the company forms part of, are available from Companies House.

The financial statements contain information about Argus Midco Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Argus Topco Limited.

**Historical cost convention**

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

**Argus Midco Limited**  
**Notes to the financial statements**  
**31 December 2021**

**Note 1. Significant accounting policies (continued)**

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

**Current and non-current classification**

Assets and liabilities are presented in the balance sheet based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Trade and other receivables**

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are not included as part of the initial measurement. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

**Argus Midco Limited**  
**Notes to the financial statements**  
**31 December 2021**

**Note 1. Significant accounting policies (continued)**

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

*Impairment of financial assets*

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Dividend income**

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

**Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Value-Added Tax ('VAT') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

**Argus Midco Limited**  
**Notes to the financial statements**  
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**Note 1. Significant accounting policies (continued)**

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

**Rounding of amounts**

Amounts in this report have been rounded off to the nearest thousand pounds, or in certain cases, the nearest pound.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Recoverability of intercompany*

The company assesses recoverability of intercompany receivables at each reporting date by evaluating the performance and ability of fellow group companies to settle balances. If reasonable doubt exists, an appropriate provision is made based on net assets / (liabilities) and future cash generation of the company in question.

**Note 3. Directors' remuneration**

The remuneration of directors during the current period were paid by other group companies for services to the group as a whole, and the directors received no separate remuneration for their services to this company. The directors consider the services provided to the company to be incidental.

No recharge for any of these services was made to the company.

**Note 4. Finance expense**

	2021 £'000	2020 £'000
Loan note interest	1,357	1,314
Intercompany loan note interest	3	3
	<u>1,360</u>	<u>1,317</u>

**Note 5. Finance income**

	2021 £'000	2020 £'000
Intercompany loan note interest	<u>849</u>	<u>786</u>

**Note 6. Income from subsidiary undertaking**

	2021 £'000	2020 £'000
Dividend income	<u>-</u>	<u>2,500</u>



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**Note 7. Income tax benefit**

	2021 £'000	2020 £'000
<i>Income tax benefit</i>		
Deferred tax - origination and reversal of temporary differences	(94)	(26)
Effect of tax rate change on opening balance	(8)	-
	<u>(102)</u>	<u>(26)</u>
Aggregate income tax benefit		
Deferred tax included in income tax benefit comprises:		
Increase in deferred tax assets (note 9)	(94)	(26)
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
(Loss)/profit before income tax benefit	(517)	1,958
Tax at the statutory tax rate of 19%	(98)	372
Adjustment to deferred tax balances as a result of change in statutory tax rate	(31)	(1)
Deferred tax not recognised	-	(7)
Group relief surrendered / (claimed)	(41)	(36)
Expenses not deductible for tax purposes	68	121
Income not taxable for tax purposes	-	(475)
	<u>(102)</u>	<u>(26)</u>
Income tax benefit		

The future tax rate of 25% which is applicable from April 2023 has been applied on the basis that it was substantively enacted at the balance sheet date. On 23 September 2022 the government cancelled the planned increase to corporation tax. Rather than rising to 25% from April 2023, the rate will remain at 19% for all firms.

**Note 8. Non-current assets - investments**

	2021 £	2020 £
Shares in Argus Bidco Limited - at cost	<u>1</u>	<u>1</u>

On 17 May 2021 Argus Bidco Limited acquired the entire share capital of Falamar Limited and 50% of the share capital of Quik Video LLC, which by virtue of the other 50% owned by Falamar, the group has full control of Falamar Limited and Quik Video LLC, for an initial consideration of £2,757,000 (\$3,889,000) and deferred consideration of £685,000 (\$966,000).

On 17 June 2021 Argus Bidco Limited acquired the entire share capital of Reef Business Systems Limited for an initial consideration of £2,700,000 with up to £1,080,000 of contingent consideration payable on meeting certain customer retention targets.

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**Note 8. Non-current assets - investments (continued)**

**Interests in subsidiaries**

As at the 31 December 2021, the company had investments in the following subsidiary companies:

<b>Name</b>	<b>Country of incorporation / Registered office</b>	<b>Holding</b>	<b>Proportion held %</b>
Argus Bidco Limited	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
CitNow Video Limited*	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
Zype TV Limited*	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
CitNOW GmbH*	Germany - Unter den Linden 10, D-10117, Berlin	Ordinary shares	100.00%
CITNOW Inc*	United States - 555 North Point Center East, Suite 400, Alpharetta, GA 30022	Ordinary shares	100.00%
CitNow Video Italy SRL*	Italy - Via Paola Barison 42, Ed 12 - B5, Roma (RM) 00142	Ordinary shares	100.00%
CitNow Video Benelux B.V.*	Netherlands - De Cuserstraat 93, 1081 CN, Amsterdam	Ordinary shares	100.00%
CitNOW Video France SARL*	France - 47 Boulevard Georges Clemenceau, 92415 Courbevoie CEDEX	Ordinary shares	100.00%
CitNOW Video Iberia, SLU*	Spain - Calle, Orense 34, Planta 8, 28020 Madrid	Ordinary shares	100.00%
CitNOW Nordic A/S*	Denmark - Nymøllevej 50, 2800 Kgs. Lyngby, Denmark	Ordinary shares	100.00%
CitNOW Canada Inc.*	Canada - 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver BC V6E 4N7, Canada	Ordinary shares	100.00%
8 Technology Group Limited*	UK - Centenary House Peninsula Park, Rydon Lane, Exeter, Devon, United Kingdom, EX2 7XE	Ordinary shares	100.00%
Eight Technology Limited*	UK - Centenary House Peninsula Park, Rydon Lane, Exeter, Devon, United Kingdom, EX2 7XE	Ordinary shares	100.00%
CitNow Limited*	UK - 9 Millars Brook, Molly Millars Lane, Wokingham, Berkshire, RG41 2AD	Ordinary shares	100.00%
Falamar Limited*	Ireland - John F. Kennedy Drive, Naas Road, Dublin 12, D12T320	Ordinary shares	100.00%
Quik Video LLC*	USA - 100 Cummings Center Suite 427- J, Beverly, MA 01915, USA	Ordinary shares	100.00%
Reef Business Systems Limited*	UK - Triune Court Monks Cross Drive, Huntington, York, England, YO32 9GZ	Ordinary shares	100.00%

\* Indirect holdings

The principal activities of Argus Bidco Limited, CitNow Video Limited, 8 Technology Group Limited and Falamar Limited for the year were that of holding companies. All other entities were trading in line with consolidated entities principal activities.

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**Note 9. Non-current assets - deferred tax**

	2021 £'000	2020 £'000
Deferred tax asset	128	26
<i>Movements:</i>		
Opening balance	26	-
Credited to profit or loss (note 7)	94	26
Effects of tax rate change on opening balance	8	-
Closing balance	128	26

**Note 10. Non-current assets - Loans**

	2021 £'000	2020 £'000
Intercompany loan notes	11,464	10,615

The intercompany loan notes accrue interest at 8% fixed rate. They were issued on 28 February 2018 and are redeemable at par together with accrued interest on 11 June 2028.

**Note 11. Current assets - trade and other receivables - amounts falling due within one year**

	2021 £'000	2020 £'000
Amounts owed by group undertakings	17,440	17,440
Prepayments and accrued income	17	-
Other debtors	4	-
	17,461	17,440

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

**Note 12. Non-current liabilities - borrowings**

*Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

	2021 £'000	2020 £'000
Loan notes	18,314	16,958
Intercompany loan notes	38	35
	18,352	16,993

*Assets pledged as security*

The external loan notes issued by the company are secured by both fixed and floating charges over the assets of the company.

The loan notes and intercompany loan notes were issued on 28 February 2018 and are redeemable at par together with any accrued interest on 11 June 2028. All loan notes accrue interest at 8% fixed rate. Interest charges on the B3 and B4 loan notes commenced 1 January 2019.

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**Note 12. Non-current liabilities - borrowings (continued)**

	2021 £'000	2020 £'000
A Loan notes	8,570	7,936
B1 Loan notes	778	721
B2 Loan notes	5,557	5,145
B3 Loan notes	394	365
B4 Loan notes	3,015	2,791
Intercompany loan notes	38	35
	<u>18,352</u>	<u>16,993</u>

**Note 13. Current liabilities - trade and other payables - amounts falling due within one year**

	2021 £'000	2020 £'000
Trade payables	4	1
Amounts owed to group undertakings	<u>10,834</u>	<u>10,809</u>
	<u>10,838</u>	<u>10,810</u>

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

**Note 14. Equity - issued capital**

	Number 2021	Value (£) 2021	Number 2020	Value (£) 2020
Ordinary £1 share	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The company does not have a limited amount of authorised capital.

**Note 15. Equity - (Accumulated losses)/retained earnings**

	2021 £'000	2020 £'000
(Accumulated losses)/retained profits at the beginning of the financial year	278	(1,706)
(Loss)/profit after income tax benefit for the year	<u>(415)</u>	<u>1,984</u>
(Accumulated losses)/retained profits at the end of the financial year	<u>(137)</u>	<u>278</u>

**Note 16. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

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**Note 17. Auditor remuneration**

During the financial period the following fees were paid or payable for services provided by BDO LLP, the auditor of the company:

	2021 £'000	2020 £'000
<i>Audit services</i>		
Audit of the financial statements	6	5
<i>Other services</i>		
Tax compliance	2	2
	<u>8</u>	<u>7</u>

The fees for audit and other services were borne by a fellow group company, Zype TV Limited.

**Note 18. Contingent liabilities**

As at the 31 December 2021 the company had guaranteed the borrowings of Argus Bidco Limited totalling £33,335,000 (2020: £28,000,000).

At the balance sheet date Argus Bidco Limited had fulfilled all of its obligations under the terms of the loan.

On 7 July 2022 as result of the new ownership the previous borrowings were settled and new borrowings taken out in the name of FIS3 Bidco Limited. At the date these reports are signed the company has not yet become a guarantor over the debt.

**Note 19. Related party transactions**

No transactions with related parties were undertaken such as are required to be disclosed under International Accounting Standard (IAS 24). The directors have taken the exemption available under FRS 101 Section 8k, where it is a wholly owned subsidiary and the parents consolidated financial statements, Argus Topco Limited, are publicly available.

*Ultimate controlling party*

The ultimate controlling party is Livingbridge 7 Global LP.

**Note 20. Events after the reporting period**

On 7 July 2022 Argus Topco Limited, of whom the company is a wholly owned subsidiary, was acquired by FIS3 Bidco Limited with the ultimate controlling party being Livingbridge 7 Global LP.