

Registered Number: 11188766

**FORTIUS LIMITED
(FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

COMPANY INFORMATION

Directors Simon Spencer Gibbs
Christopher John Murray

Registered number 11188766

Registered office Midpoint
Alencon Link
Basingstoke
Hampshire
RG21 7PP

Independent auditor KPMG LLP
2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

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FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for year ended 31 December 2021.

Business activity and review

The principal activity of the Company is the provision of supply chain risk management, qualification and accreditation services.

The Company operates under the trade names 'Constructionline' and 'Acclaim'. It is a high growth, cloud-based, SaaS subscription business, providing governance, risk management and compliance services to public and private sector clients.

Key financial performance indicators

The Directors monitor a number of key performance indicators across the Company. Financial key indicators include revenue, which was £27.0m (2020: £22.5m) and operating profit, which was £11.6m (2020: £8.5m).

Trading in the period was consistent with expectations. The Directors aim to continue to increase revenue and profitability of the Company by organic growth, whilst controlling overheads.

Principal risks and uncertainties

The Directors have considered and reviewed the principal risks relating to the Company. These risks are outlined below. The Company has controls in place to mitigate these risks. The Company continuously reviews the relevance of its products and services to the prevailing regulatory and commercial environments.

People

We recognise that there is a risk to the organisation if we are unable to attract the right people who are committed to our values, particularly as we grow in both size and significance. We continue to invest in our people providing general and specific training for staff across the business.

Performance of the UK economy

The Company's performance is subject to downturns in the UK economy. The Company has a broad customer base with low concentration and the strategy of annual subscription helps to mitigate this risk.

Data governance

A major risk to the Company and to our customers is unauthorised access to client's information. Good data governance is one of the essential objectives of the Company. Continual investment in process, technology, data security, cyber security and our people ensures we minimise this risk.

Legislative change

The Company provides technology-based solution to the legislative driven requirements of our customers. Changes to legislation could have a direct impact on our offering.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

Financial risk management

The Company uses various financial instruments. These include loans, cash and items, such as trade debtors and trade creditors that arise directly from its operations. The purpose of these financial instruments is to facilitate the Company's operations.

The existence of these financial instruments exposes the Company to several financial risks, which are summarised below.

Liquidity risk

Liquidity risk is the possibility that the Company has insufficient cash available to settle its financial liabilities as they fall due.

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Cash requirements and operational cash balances are monitored and forecast regularly. Senior management is updated on a regular basis on the cash flow position of the Company and believe that adequate financing is available to meet future obligations.

Credit risk

Credit risk is the risk that an issuer or counterparty to a financial instrument will cause the Company financial loss by failing to discharge an obligation.

The Company's main financial assets are cash and trade receivables. The main credit risk arises from its operating activities, primarily trade receivables. The Company has a diverse customer base, with low concentration. The amount of exposure to any individual counterparty is small.

Section 172 statement

The Directors of the Company are required to promote the success of the Company for the benefit of the Members / Shareholders as a whole. Section 172(1) of the Companies Act 2006 expands this duty and requires the Directors to consider a broader range of interested parties when considering the promotion of the Company. This wider group of stakeholders will include employees, customers, regulators and others, and the Board will look to understand and take into account the needs of each stakeholder, although recognising that different stakeholders may have conflicting priorities and not all decisions made will be to the benefit of all stakeholder groups. When making decisions the Board consider the following:

- the likely consequences of any decisions in the long-term;
- the interests of the Company's employees (if applicable);
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

At every Board meeting the Directors review the performance of the Company against its strategy. The financial performance is reviewed and measured against the Key Performance Indicators as set by the Board. The compliance with existing legal and regulatory requirements is reviewed, together with any new regulations that are to be introduced or are being proposed. Any new regulations are discussed and their potential impact on the Company and its stakeholders assessed. The Board recognises the importance of, and is committed to, understanding the views of Shareholders and maintaining communication with its Shareholders in the most appropriate manner.

The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Company has considered the long-term strategy of the business and consider that this strategy will continue to deliver long term success to the business and its stakeholders.

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



Christopher Murray
Director
8 July 2022

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Matters covered in the strategic report

As permitted by paragraph 1a of schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1-2. These matters relate to the business review, principal risks and uncertainties and financial key performance indicators.

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2021, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Directors have concluded that it is appropriate to adopt the going concern basis having considered the financial projections of the Company for at least 12 months from the date of signing the accounts. These considerations included the outlook of the UK construction and infrastructure markets, the Company's liquidity position and borrowing facilities and the risk mitigation options that are within the control of the Directors.

At the balance sheet date the Company had net assets of £44.0 million (2020: £29.7 million), including deferred income balances of £15.9 million (2020: £12.9 million), and a cash position of £2.1 million (2020: £2.3m million).

Throughout the 2020 and 2021 Coronavirus pandemic, the Company showed resilience and continued growth and positive cash generation, bolstered by continued demand for its products and services. Since the launch of the new UK platform in 2020, we have continued to work with our customers to make relevant changes and feature additions and thereby to continue to provide a vital service in our key markets of UK Construction, Facilities and Rail infrastructure.

The outlook for 2022 continues to be positive, with the launch of new Marketplace services in the UK adding significant new product functionality and continued recurring revenue growth.

The Directors remain vigilant to the ongoing risks of economic uncertainty manifested by COVID lockdown, inflation and geopolitical uncertainty. In order to mitigate risks outside of the Company's control, the Directors continue to maintain tight cost controls and close management of cash flows while still investing for growth. In addition, the Directors are confident that the market is strong with increasing demand for the Company's services and they also have the ability to flex and reduce costs further if necessary.

Having reviewed current performance, forecasts and risks, the Directors are confident that the Company can continue in operation, have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of the approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)**

Review of the business

The profit after taxation for the year amounted to £14.0 million (2020: £9.7 million). This is in line with expectations.

Dividend

No dividend was paid by the Company during the period.

Directors

The directors who served during the period were:

Simon Spencer Gibbs
Christopher John Murray (appointed 27 September 2021)
Christopher Ralph Bates (resigned 31 July 2021)

Future developments

The directors aim to continue the Company's principal activity of the provision of third-party technology-based qualification and accreditation services.

Disclosure of Information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

Post balance sheet event

There has been no significant event affecting the Company since the year end.

Auditor

KPMG LLP was reappointed as the auditor during the year. KPMG LLP will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

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



Christopher Murray
Director
8 July 2022

Registered Office: Midpoint, Alencon Link, Basingstoke, Hampshire RG21 7PP

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF
THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

Opinion

We have audited the financial statements of Fortius Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Profit and Loss and comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 2.

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 profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, and finance team and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group management may be in a position to make inappropriate accounting entries and,
- the risk that revenue is understated through recording revenues in the wrong period.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)
(continued)**

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the design and implementation of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing whether sales transactions either side of the balance sheet date as well as credit notes issued after year end are recognised in the correct period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED) (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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[.]; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

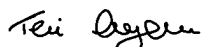
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Terri Coughlan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

8 July 2022

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

**STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Year ended 31-Dec-21 £'000	Year ended 31-Dec-20 £'000
Revenue	4	27,026	22,522
Cost of sales		<u>(3,624)</u>	<u>(1,738)</u>
Gross profit		23,402	20,784
Administrative expenses		<u>(11,830)</u>	<u>(12,308)</u>
Operating profit	5	11,572	8,476
Finance costs	9	<u>(1,003)</u>	<u>(1,011)</u>
Profit before tax		10,569	7,465
Tax on profit	10 & 19	<u>3,457</u>	<u>2,243</u>
Profit and total comprehensive income for the year		<u>14,026</u>	<u>9,708</u>

There were no recognised gains and losses for 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021.

The notes on pages 12 to 27 form part of these financial statements.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)
REGISTERED NUMBER: 11188766

BALANCE SHEET
AS AT 31 DECEMBER

	Note	2021 £'000	2020 £'000
Fixed assets			
Goodwill	11	17,055	17,055
Intangible assets	12	7,220	6,700
Tangible assets	13	837	999
		<u>25,112</u>	<u>24,754</u>
Current assets			
Debtors (including £20.9m (2020: £17.5m) due after more than one year)	14 & 19	64,669	48,047
Cash at bank and in hand	15	2,067	2,333
		<u>66,736</u>	<u>48,380</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(24,653)	(21,392)
Net current assets		<u>42,083</u>	<u>26,988</u>
Total assets less current liabilities		<u>67,195</u>	<u>51,742</u>
Creditors: amounts falling due after more than one year	17	(23,206)	(22,032)
Net assets		<u>43,989</u>	<u>29,710</u>
Capital and reserves			
Called up share capital	21	-	-
Other reserves		436	183
Profit and loss account		43,553	29,527
Shareholders' funds		<u>43,989</u>	<u>29,710</u>

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



Christopher Murray
Director
8 July 2022

The notes on pages 12 to 27 form part of these financial statements.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Other reserves	Profit and loss account	Total equity
	£'000	£'000	£'000
As at 31 December 2019	83	19,819	19,902
Share-based payment	100	-	100
Total comprehensive income for the year	-	9,708	9,708
As at 31 December 2020	183	29,527	29,710
Share-based payment	253	-	253
Total comprehensive income for the year	-	14,026	14,026
As at 31 December 2021	<u>436</u>	<u>43,553</u>	<u>43,989</u>

The notes on pages 12 to 27 form part of these financial statements.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Company is a private limited company, which is incorporated and registered in England and Wales (no. 11188766). The address of the registered office is Midpoint, Alencon Link, Basingstoke, Hampshire, RG21 7PP.

The principal activity of the Company during the period is the provision of third-party technology-based qualification and accreditation services.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 and ("UK adopted IFRS"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90,91 and 93 of IFRS 16 Leases
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment

2.3 Changes in accounting policy

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.4 Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2021, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Directors have concluded that it is appropriate to adopt the going concern basis having considered the financial projections of the Company for at least 12 months from the date of signing the accounts. These considerations included the outlook of the UK construction and infrastructure markets, the Company's liquidity position and borrowing facilities and the risk mitigation options that are within the control of the Directors.

At the balance sheet date the Company had net assets of £44.0 million (2020: £29.7 million), including deferred income balances of £15.9 million (2020: £12.9 million), and a cash position of £2.1 million (2020: £2.3m million).

Throughout the 2020 and 2021 Coronavirus pandemic, the Company showed resilience and continued growth and positive cash generation, bolstered by continued demand for its products and services. Since the launch of the new

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

2.4 Going concern (continued)

UK platform in 2020, we have continued to work with our customers to make relevant changes and feature additions and thereby to continue to provide a vital service in our key markets of UK Construction, Facilities and Rail infrastructure.

The outlook for 2022 continues to be positive, with the launch of new Marketplace services in the UK adding significant new product functionality and continued recurring revenue growth.

The Directors remain vigilant to the ongoing risks of economic uncertainty manifested by COVID lockdown, inflation and geopolitical uncertainty. In order to mitigate risks outside of the Company's control, the Directors continue to maintain tight cost controls and close management of cash flows while still investing for growth. In addition, the Directors are confident that the market is strong with increasing demand for the Company's services and they also have the ability to flex and reduce costs further if necessary.

Having reviewed current performance, forecasts and risks, the Directors are confident that the Company can continue in operation, have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of the approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rendering of services

The Company's primary source of revenues are from yearly subscriptions fees, from verified members (both "buyers" and "suppliers"), for access to the online platform. The platform provides supply chain risk management, qualification and accreditation services. The platform acts as a register for pre-qualified contractors and consultants. The performance obligations are the initial verification of the status, access to the online platform and ongoing monitoring over the period of membership, generally 12 months. Members are billed in advance of the start of a yearly membership and revenues are recognised over time equally, on a monthly basis over the 12 months of the contract. No refunds are offered.

A variety of levels of verification are available on the Company's online platform. Members pay a standard fee per level of verification.

A buyer or a supplier can upgrade to a higher level of verification during the 12 months contract period. The new contract runs for 12 months from the date of the upgrade. In this situation, revenue is only recognised for the period of time the supplier spent on the lower level of verification level and then for the 12 months at the upgraded level.

Lapse provision

In the event that a Member cancels their subscription within the acceptance period and to the extent that they are entitled to a refund, the Company recognises a provision. The provision is estimated based on accumulated experience and the validity of the assumptions used are reassessed during each reporting period.

Deferred revenue consists of fees invoiced but not yet recognised at the end of each period.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

2.6 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 5 years.

Internally developed software

The costs of internally developing software are recognised as an expense until the operation of the software is technologically feasible, the future benefits from using the software in the business are probable, there is clear intent and an ability to use or sell the software, there are resources available to complete the implementation/development of the software, and the actual implementation/development cost can be measured reliably. From this point, eligible costs are capitalised. Software costs are also capitalised if they can be hosted on another server, are portable and the end user has sole rights to the software.

Costs capitalised are those that are directly attributable to developing and implementing the software so that it is capable of operating in the manner intended by management. Time costs of internal resources working on the development/implementation project are capitalised based on a reasonable allocation method. Costs of training staff to use the developed software are not capitalised.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

The estimated useful life of the intangible assets are follows:

Technology – internally generated 3 - 5 years

Amortisation is included within administrative expenses.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

2.8 Finance income and expenses

Financing expenses include interest payable, charges on lease liabilities recognised in the statement of comprehensive income using the effective interest method and unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Finance expenses relating to debt are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Financing income comprise interest receivable on funds invested. Interest income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.11 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed, and equity instalments issued. Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired. Any impairment charges are reflected after considering appropriate sensitivities.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

2.12 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

The estimated useful lives range as follows:

Technology – 3 – 5 years

Amortisation is included within administrative expenses.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment - 33% straight line
Fixtures and fittings - 20% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.14 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment and when circumstances indicate that the carrying value may be impaired.

Assets that are subject to depreciation or amortisation

These non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash-generating units'). Non-financial assets that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date. If any such indication exists, then the asset's recoverable amount is estimated.

Goodwill, and intangible assets that have indefinite useful lives

For these non-current assets, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

2.14 Impairment of non-financial assets (continued)

The recoverable amount is calculated with reference to its value in use. Cash flows beyond the five year period are extrapolated using the estimated growth rates appropriate to the industry. The average growth rate of 10.6% (2020: 5.9%) and is based on a combination of historical performance and management's judgements. The discount rate reflects appropriate adjustments relating to market risk and specific risk factors of business. The key assumptions of this calculation are shown below by CGU:

	2021	2020
Period on which management approved forecasts are based	5 Years	5 Years
Growth rate (per annum) applied beyond approved forecast period	2.5%	2.0%
Discount rate	10.3%	8.2%

The sensitivity of goodwill carrying values to reasonably possible changes in key assumptions has been performed. The assumptions most sensitive are the discount rate and the EBITDA margin. The breakeven point is indicated below.

	Used		Breakeven point	
	2021	2020	2021	2020
Discount rate	10.6%	6.7%	11.8%	11.8%
EBITDA margin (average over the period)	60.0%	55.3%	24.1%	45.2%

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.17 Creditors

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

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

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

2.18 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.19 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Impairment

The Company assesses at each reporting date whether there is any objective evidence that a financial instrument or a group of financial instruments is impaired. A financial instrument or a group of financial instruments is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial instrument or the group of financial instruments that can be reliably estimated.

The Company recognises 12 months credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15).

12-month ECL represents the portion of a lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The ECL on these financial assets are estimated based on the Company's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both current and forecast direction of conditions at the reporting date.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence for a portfolio of receivables could include the Company's past experience of collectible payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with increased default risk on receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

2.20 Share-based payment

Equity-settled share-based incentives to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. The fair value determined at the grant date of the equity-settled share-based incentives is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

2.21 Government grant: Job Retention Scheme

Government grants are included within deferred income in the balance sheet and credited to the profit and loss account on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

The Company has not received any Government grants in the current year. In the prior period, the Company has presented grants related to income as a reduction to the related expense line.

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

The application of the Company's accounting policies requires the directors to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and of income and expense. These estimates and associated assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making judgments about the net book amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and based on historic experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

Impairment of goodwill

The Company tests goodwill for impairment annually. Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Further details are given in Note 11.

Intangible assets

The Company recognises intangible assets acquired from business combination and also internally developed software. There is judgement in relation to which costs to capitalise under IAS 38. Additionally, there is an estimate in respect of the useful economic life of all intangible assets on which the Company bases the useful economic life of related assets.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

4. Revenue

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
UK subscription services	27,026	22,522

All revenue arose within the United Kingdom and from a single business segment.

The Company's primary source of revenue is from yearly subscriptions fees. Members are billed in advance of the start of a yearly membership and revenues are recognised on a monthly basis over the 12 months of the contract with deferred revenue consisting of fees not been recognised.

The amount of revenue recognised in current period from performance obligations satisfied in the previous year was £Nil (2020: £Nil)

Contract balances

Contract liability relates to the advance consideration received from members but not recognised as revenue at the period end and consists of deferred income (note 16) and the balance at 31 December 2021 was £15.9 million, all billed in 2021 (2020: £12.9 million, billed 2020 and recognised in 2021).

The Company had no contract assets at the period end.

5. Operating profit

The operating profit is stated after charging:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Intangible fixed assets – amortisation (note 12)	3,020	3,685
Tangible fixed assets – depreciation (note 13)	259	253
Restructuring costs	145	378

6. Auditors' remuneration

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Audit of these financial statements	86	81

These fees were paid by the Company but recharged to the Company's immediate parent company, Fortius Bidco Group Limited.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent company.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Wages and salaries	7,616	5,773
Social security costs	858	635
Share-based payment	253	100
Cost of defined contribution scheme	177	139
Furlough credit received	-	(334)
	<u>8,904</u>	<u>6,313</u>

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

	Year ended 31 December 2021	Year ended 31 December 2020
Sales and marketing	20	27
Operations and client services	70	64
Technology	34	19
Finance and administration	26	17
	<u>150</u>	<u>127</u>

8. Directors' remuneration

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Aggregate emoluments and fees	651	699
Pension and other staff costs	81	78
Loss of office compensation	-	42
Share-based payment	154	83
	<u>886</u>	<u>902</u>

The emolument, excluding pension contributions, of the highest paid director was £420,000 (2020: £475,000). His pension cost was £Nil (2020: £Nil).

Directors' emoluments were paid by the Company but recharged to the Company's immediate parent company, Fortius Bidco Group Limited.

There were 2 directors (2020: 1) accruing benefits in a defined contribution pension scheme.

9. Finance costs

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Interest on loans from group undertakings (see note 17)	950	952
Interest expense on lease	53	59
	<u>1,003</u>	<u>1,011</u>

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

10. Taxation

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Current tax		
UK corporate tax for current financial period	-	-
Adjustment in respect of prior periods	-	(1,467)
Deferred tax		
Origination and reversal of timing differences	1,559	1,546
Adjustment in respect of prior periods	4	(355)
Effect of increased/decreased tax rate on opening balance	(5,020)	(1,967)
Tax credit for the period	<u>(3,457)</u>	<u>(2,243)</u>

The following table reconciles the tax charge at the standard rate (19%) to the actual tax charge:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit before tax expense	10,569	7,465
Tax expense at UK standard rate of 19% (2020: 19%)	2,008	1,418
Effects of		
Group relief claimed	(1,041)	(144)
Fixed assets differences	-	-
Expenses not deductible for tax purposes	141	99
Adjustments to tax charge in respect of previous periods	-	(1,467)
Adjustments to tax charge in respect of previous periods - deferred tax	4	(355)
Temporary differences not recognised in the computation	-	178
Remeasurement of deferred tax for changes in tax rates	(4,669)	(1,972)
Total tax credit for the period	<u>(3,457)</u>	<u>(2,243)</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that, from 1 April 2023, the main rate of corporation tax of 25% will be effective and was substantively enacted on 24 May 2021. The Company has considered the impact of the proposed change in the main rate of corporation of 25% on both its future tax liabilities and future deferred tax position. The Company does not consider the change in rate to have a material impact on the Company's future tax liabilities, however, it has revised its deferred tax position during the year for the change in rate.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

11. Goodwill

	£'000
Cost	
On acquisition of a business	17,055
At 31 December 2021 & 31 December 2020	<u>17,055</u>
Net book value	
At 31 December 2021 & 31 December 2020	17,055
Cash generating units	
Goodwill is allocated to the Company's cash generating unit as follows:	
	£'000
Fortius Limited (formerly Supplier Assessment Services)	
At 31 December 2021 & 31 December 2020	17,055

12. Intangible assets

	Technology £'000	Total £'000
Cost		
At 31 December 2020	18,679	18,679
Transfer from other group company	73	73
Additions	3,474	3,474
At 31 December 2021	<u>22,226</u>	<u>22,226</u>
Amortisation		
At 31 December 2020	11,979	11,979
Transfer from other group company	7	7
Charge for the year	3,020	3,020
At 31 December 2021	<u>15,006</u>	<u>15,006</u>
Net book value		
At 31 December 2021	7,220	7,220
At 31 December 2020	6,700	6,700

The addition for the period includes £Nil (2020: £23,000) assets under construction.

The net book value of assets assessed as having an indefinite useful life is £nil.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

13. Tangible fixed assets

	Right of use assets	Computer equipment	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 December 2020	854	279	368	1,501
Additions	-	97	-	97
At 31 December 2021	854	376	368	1,598
Depreciation				
At 31 December 2020	184	168	150	502
Charge for the period	92	94	73	259
At 31 December 2021	276	262	223	761
Net book value				
At 31 December 2021	578	114	145	837
At 31 December 2020	670	111	218	999

14. Debtors

	2021 £'000	2020 £'000
Trade debtors	3,183	2,978
Amounts owed by group undertakings	37,835	23,766
Deferred tax assets	20,948	17,491
Prepayments and accrued income	456	245
Corporation tax	2,234	1,525
Other debtors	13	42
	64,669	46,047
Amounts falling due within one year	43,721	28,556
Amounts falling due after more than one year	20,948	17,491

Amounts owned by Group undertakings are interest free and repayable on demand.

15. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	2,067	2,333

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

16. Creditors: Amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	142	93
Amounts owed to group undertakings	5,039	4,049
Other taxation and social security	880	2,198
Accruals	1,570	1,280
Deferred income	15,904	12,879
Lease liabilities	87	81
Other creditors	1,031	812
	<u>24,653</u>	<u>21,392</u>

Amounts owed to Group undertakings are interest free and repayable on demand.

17. Creditors: Amounts falling due over one year

	2021 £'000	2020 £'000
Amounts owed to group undertakings*	22,652	21,357
Lease liabilities	554	675
Deferred tax liability	-	-
	<u>23,206</u>	<u>22,032</u>

*The loan was taken out with Fortius Bidco Group Limited in July 2018 at an interest rate of 5% with the full amount repayable in 2024.

18. Financial Instruments

	2021 £'000	2020 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	42,968	32,540
Financial assets measured at fair value through profit or loss	2,067	2,333
	<u>45,035</u>	<u>34,873</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(31,075)	(28,347)

Financial assets measured at fair value through profit or loss comprise cash at bank. Financial assets that are debt instruments measured at amortised cost comprise trade debtors excluding bad debt provision, amounts owed by group undertakings, and other debtors.

Financial liabilities measured at amortised cost comprise of trade and other creditors, amounts owing to group undertakings, accruals, lease liabilities payable within and over 1 year and other creditors.

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

19. Deferred taxation

Deferred tax assets	2021	2020
	£'000	£'000
Provision at the start of the period	(26)	(27)
Pension	9	4
Intangible on business combination	<u>20,965</u>	<u>17,514</u>
	<u>20,948</u>	<u>17,491</u>
Deferred tax liabilities	2021	2020
	£'000	£'000
Short term temporary differences	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Movement on deferred tax:	2021	2020
	£'000	£'000
Opening balance	17,491	16,715
Charge for the period	<u>3,457</u>	<u>776</u>
As at 31 December	<u>20,948</u>	<u>17,491</u>

Deferred tax assets have not been recognised in respect of temporary differences of £40.9 million (2020: £40.9 million) for intangible assets recoverable through sale because it is not probable that there will be sufficient future taxable profits available against which the Group can use the benefits therefrom

FORTIUS LIMITED (FORMERLY SUPPLIER ASSESSMENT SERVICES LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

20. Share-based payment

Certain employees of the Company participated in a share incentive plan ("the Plan"), issued by the ultimate parent company, Fortius Tiered Topco Limited. As at 31 December 2021 219,544 (2020: 218,040) shares had been awarded under the Plan at a fair value of £24.73 per share (2020: £1 per share) which represents the weighted average exercise price for both the D Shares and the E Shares. Shares vest on an exit event. The Monte Carlo model was used to value the awards, using a volatility of 32% and an estimated vesting period of 3 years. At 31 December 2021, the estimated weighted average remaining contractual life is 2.5 years.

21. Share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
1 Ordinary share of £1 issued at par	-	-
	-	-

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £177,000 (2020: £139,000). Contributions totalling £35,000 (2020: £24,000) were payable to the fund at the balance sheet date and are included in creditors.

23. Controlling party

The immediate parent is Fortius Bidco Group Limited (formerly Align Bidco Limited), a company registered in England and Wales. The registered office is Midpoint, Alencon Link, Basingstoke, Hampshire RG21 7PP.

The consolidated accounts of Fortius Midco 2 Limited (formerly Align Midco 2 Limited) is the smallest level consolidation of the Group. Accounts are available from the registered address at Midpoint, Alencon Link, Basingstoke, Hampshire RG21 7PP.

The ultimate parent is Fortius Tiered Topco Limited (formerly Align Tiered Topco Limited), a company incorporated and registered in Jersey, Channel Islands. The registered office is 22 Grenville Street, St Helier, Jersey, JE4 8PX.

The consolidated accounts of Fortius Tiered Topco Limited is the highest-level consolidation of the Group. Accounts are available at PO Box 6441, Basingstoke, Hampshire, RG21 7FN, United Kingdom.

The ultimate controlling party are various private equity funds within the portfolio of Warburg Pincus, LLC.