Registered number:
12068263

ASPIRE TOPCO LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ASPIRE TOPCO LIMITED

COMPANY INFORMATION

Directors	George Earp Joseph Sultana Stewart Smythe Philip Male Benjamin Charles Hudson *Simon Hitchcock* James Whitehouse (appointed 19 May 2022)
Registered number	12068263
Registered office	Desklodge House Redcliffe Way Bristol BS1 6NL
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 101 Cambridge Science Park Milton Road Cambridge CB4 0FY

ASPIRE TOPCO LIMITED

CONTENTS

ASPIRE TOPCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for the period ended 31 December 2021.

Review of the business

Aspire Topco Limited and its subsidiaries are a digital transformation business involved in the provision of Software Development Services, Data Science Services, Dedicated Software Resourcing and Software Solutions.

Aspire Topco Limited and its subsidiaries are hereafter referred to as "the Group".

Turnover was £25.9 million (2020- £19.0 million) for the year ended 31 December 2021. The group's loss for the year ended 31 December 2021 was £1.4 million (2020 loss - £1.1 million) and as at 31 December 2021 its total assets were £38.4 million (2020 - £39.9 million).

The statutory results for the period ended 31 December 2021 are set out on page 15.

Going concern

The Directors have considered the effects of the Covid-19 pandemic including the impact of recent trading results on the Group and Company budget for the year ended 31 December 2022. The strong Group and Company liquidity position coupled with the limited reduction of revenues caused by Covid-19, mean the Group and Company are very stable from a profit perspective. At the time of approval of this report the company's trading performance has remained in line with budget for the year ended December 2022. The business forecasts the group financial performance out up to 12 months in advance to ensure that the groups liquidity is maintained. The long-term nature of many of the engagements with customers allows the business to accurate forecast revenue and cashflows. These forecasts are used to review compliance with our banking covenants. These forecasts and sales pipeline are review by the board on a regular basis and are confident that the business will continue grow and meet its obligations.

While the longer-term impact of the Covid-19 pandemic on the economy remains uncertain, we are confident that the company is well placed to withstand any economic downturn should this occur. The Group has long-standing and supportive relationships with its bankers and continues to have access to sufficient working capital and acquisition facilities which the company can access if required. We have strong controls in place for the recovery of trade debtors and management of working capital. Having modelled a number of potential scenarios we are confident that the company will continue to operate as a going concern and that we are well placed during this uncertain time to meet customer demand and continue growth.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Future developments and post balance sheet events

The Group continues to expand its operations across its three development centres whilst maintaining control of costs. We are focused on providing world class service to our customers. We continue to invest in recruitment and training of our people and the maintenance of robust internal policies and procedures ensures that we are adequately prepared to grow the business from our current buoyant market.

Key performance indicators

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Revenue (including other income)	25,919,772	19,037,122
Management EBITDA	4,906,141	3,876,671
Management EBITDA margin	19%	20%

Management EBITDA represents the basis on which Management review the performance of the Group, taking account of non-trading and exceptional items. It may be reconciled as follows:

	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Profit/Loss before adjustment	(1,384,361)	(1,127,189)
Adding back:		
Tax	580,142	248,167
Interest	851,854	1,188,734
Depreciation	679,409	548,618
Amortisation (including debt fee amortisation)	2,428,637	1,788,424
Transaction related costs	422,599	1,941,390
Impact of recognising rents as they fall due	(483,250)	(449,341)
Impact of foreign exchange (gains)/losses	(31,901)	116,305
Management exceptional	1,843,012	(378,437)
Management EBITDA	4,906,141	3,876,671

Management EBITDA is a non-GAAP measure used to monitor the performance of the business and is defined as operating profit before depreciation, amortisation and management exceptional items.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Management exceptional	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Ownership charges	197,513	202,000
Professional fees	116,551	89,000
Property costs	114,253	152,000
Redundancy	77,321	51,000
Accrued contingent consideration	-	120,000
Deferred contingent consideration revision	-	(1,025,000)
Other non recurring	1,337,374	32,563
Management exceptional	1,843,012	(378,437)

Principal risks and uncertainties

The longer-term impact of the Covid-19 pandemic on the economy could impact future revenues. To date however the demand for the Group's services has maintained and continues to grow, the Group's ability to meet customer demand has remained strong, and overall sales are in line with budget.

On 1 January 2021 the UK left the EU (Brexit) and entered a UK-EU trade agreement following the end of an 11-month transition period. Whilst the delivery of the business' services remains largely unaffected by the UK-EU trade agreement, the business continues to assess the potential of the new trading arrangements to impact a number of areas of our business, including movement of employees and additional costs. Risks and uncertainties will be monitored and managed by the Board as appropriate.

The business will be exposed to operational risk as the business continues to expand such as loss of key employees and inability to recruit employees. This risk is being managed however by ongoing investment in our talent retention and recruitment teams along with investment in infrastructure, systems and processes.

The business could also be impacted by exchange rate fluctuations with its overseas development centres. The business actively monitors exchange rate on a regular basis and where possible look to move currency around the group to minimise losses and gains due to foreign exchange (FX).

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Section 172(1) Statement

The Board of Directors always consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in s172(1) (a) - (f) of the Companies Act 2006, in the decisions taken during the year ended 31 December 2021.

Our plan is designed to have a long-term beneficial impact on the group and to contribute to its success in delivering a high quality of service across all of our business divisions.

Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our team members is one of our primary considerations in the way we conduct our business. Engagement with suppliers and customers is also key to our success. We meet with our major customers and suppliers regularly and take the appropriate action, when necessary, to prevent involvement in modern slavery, corruption, bribery and breaches of competition law.

Our plan considers the impact of the Company's operations on the community and environment and our wider social responsibilities, and in particular how we comply with environmental legislation and pursue waste-saving opportunities and react promptly to local concerns.

As the Board of Directors, our intention is to behave in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan. The intention is to nurture our reputation, through both construction and delivery of our plan that reflects our values, beliefs and culture. As the Board of Directors, our intention is to behave responsibly towards all our enlightened shareholders and treat them fairly and equally, so they too may benefit from the successful delivery of our plan.

On behalf of the Board

BEN HUDSON

B Hudson

Director

Date 27/7/2022

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the period ended 31 December 2021.

Principal activity

The principal activity of Aspire Topco Limited's subsidiaries is the provision of Software Development Services, Data Science Services, Dedicated Software Resourcing and Software Solutions.

Results and dividends

The results of the group are detailed in the strategic report. The directors do not propose the payment of a dividend.

Directors

The directors who served during the year were:

Joseph Sultana (appointed 29 November 2019)
Stewart Smythe (appointed 14 November 2019)
Matthew Morris (appointed 14 November 2019 and resigned on 19 January 2022)
Philip Male (appointed 29 November 2019)
Benjamin Hudson (appointed 29 November 2019)
Simon Hitchcock (appointed 14 November 2019)
George Earp (appointed 29 November 2019)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 and profit or loss of the company and the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and United Kingdom Accounting Standards, including FRS 101, have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Business review and future developments

Review of the business performance and future developments for the company are detailed in the strategic report.

Employee engagement

The Strategic report sets out statement of employee engagement. Further details of these can be found on Section 172(1) Statement section in the Strategic report.

Business relationships

The Strategic report sets out statement of business relationships. Further details of these can be found on Section 172(1) Statement section in the Strategic report.

Disclosure of information to auditor

The directors confirm that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is 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 and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

BEN HUDSON

B Hudson

Director

Date 27/7/2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPIRE TOPCO LIMITED

Opinion

We have audited the financial statements of Aspire Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cashflows 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 international accounting standards in conformity with the requirements of UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of UK-adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPIRE TOPCO LIMITED (CONTINUED)

Conclusions relating to going concern (continued)

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section 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. We have nothing to report in this regard.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPIRE TOPCO LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent 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.

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPIRE TOPCO LIMITED (CONTINUED)

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.

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

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).
The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and Parent Company and the industry in which they operate, including relevant tax compliance regulations. We determined that the following laws and regulations were most significant: UK-adopted international accounting standards and the Companies Act 2006. In addition, we concluded that laws and regulations in respect of bribery and corruption, health and safety, employment and environmental matters may have an effect in the determination of the amounts and disclosure in the financial statements;
- We assessed the susceptibility of the Group's and the Parent Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing journal entries, with a focus on material journals as well as those posted at the end of the reporting period; and
  - Assessing the extent of compliance with relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASPIRE TOPCO LIMITED (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team, included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the Group and Parent Company operate; and understanding of the legal and regulatory requirements specific to the Group and the Parent Company.

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.

Timothy Taylor

Timothy Taylor FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
101 Cambridge Science Park
Milton Road
Cambridge
CB4 0FY

Date: 27/7/2022

ASPIRE TOPCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	As at 31 December 2021 £	Period from 25 June 2019 to 31 December 2020 £
Revenue	4	25,919,772	19,037,122
Cost of sales		(20,436,447)	(11,137,733)
Gross profit		5,483,325	7,899,389
Administrative expenses		(5,474,991)	(7,993,514)
Other income		39,301	393,231
Operating profit	6	**47,635**	**299,106**
Finance income	8	-	10,606
Finance expense	9	(851,854)	(1,188,734)
Net finance costs		**(851,854)**	**(1,178,128)**
Profit before tax		**(804,219)**	**(879,022)**
Income tax expense	10		
Current tax expense		38,908	(685,249)
Deferred tax income/(expense)	22	(619,050)	437,082
Profit/ (loss) for the financial year/ period		**(1,384,361)**	**(1,127,189)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		14,431	145,282
Total comprehensive income for the year/ period		14,431	145,282
Total comprehensive profit / (loss) for the year/ period		(1,369,930)	(981,907)

The notes on pages 22 to 62 form part of these consolidated financial statements.

ASPIRE TOPCO LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	31 December 2021 £	31 December 2020 £
Assets			
Non-current			
Property, plant and equipment	12	344,657	232,290
Right of use assets	11	1,467,779	2,576,712
Goodwill	13	16,412,762	16,383,000
Intangible assets	13	13,774,996	15,254,647
Total non-current assets		32,000,194	34,446,649
Current assets			
Trade and other receivables	15	4,169,651	3,699,898
Cash and cash equivalents	16	2,232,517	1,731,978
Total current assets		6,402,168	5,431,876
Total assets		**38,402,362**	**39,878,525**
Liabilities			
Non-current liabilities			
Borrowings	18	15,513,915	14,681,812
Lease liabilities	18	1,491,941	1,998,451
Deferred tax	22	3,276,552	2,654,787
Total non-current liabilities		20,282,408	19,335,050
Current liabilities			
Trade and other payables	17	3,287,088	3,381,910
Contract liabilities		1,275,987	1,171,219
Corporation tax	10	262,360	621,487
Borrowings	18	412,960	425,000
Deferred consideration		-	444,000
Lease liabilities	18	463,190	701,560
Total current liabilities		5,701,585	6,745,176
Total liabilities		**25,983,993**	**26,080,226**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

Equity	Notes	31 December 2021	31 December 2020 £
Share capital	23	94,133	94,133
Share premium	24	9,281,615	9,291,584
Capital redemption reserve		-	-
Merger reserve	24	5,394,520	5,394,520
Treasury shares reserve	24	(62)	(31)
Foreign exchange reserve	24	159,713	145,282
Retained earnings	24	(2,511,550)	(1,127,189)
Equity attributable to parent		12,418,369	13,798,299
Total equity		12,418,369	13,798,299
Total equity and liabilities		**38,402,362**	**39,878,525**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The notes on pages 22 to 62 form part of these consolidated financial statements.

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

BEN HUDSON

B Hudson

Director

Date 27/7/2022

ASPIRE TOPCO LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	31 December 2021	31 December 2020 £
Assets			
Non-current			
Investment in subsidiaries	**14**	1	1
Total non-current assets		1	1
Current assets			
Trade and other receivables	**15**	14,895,205	14,905,205
Total current assets		14,895,205	14,905,205
Total assets		**14,895,206**	**14,905,206**
Liabilities and equity			
Current liabilities			
Trade and other payables	**17**	125,000	125,000
Total current liabilities		125,000	125,000
Total liabilities		**125,000**	**125,000**
Equity			
Share capital	**23**	94,133	94,133
Share premium	**24**	9,281,615	9,291,584
Treasury shares	**24**	(62)	(31)
Capital redemption reserve		-	-
Merger Reserve	**24**	5,394,520	5,394,520
Retained earnings		-	-
Total equity		14,770,206	14,780,206
Total equity and liabilities		**14,895,206**	**14,905,206**

As permitted by section 408 of the Companies Act 2006, the company income statement is not presented in the financial statements. There is no profit or loss for the parent company for the period.

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

BEN HUDSON

B Hudson

Director

Date 27/7/2022

ASPIRE TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021

	Notes	Share capital	Share premium account	Capital redemption reserve	Foreign exchange reserve	Treasury share reserve	Merger reserve	Retained Earnings	Equity attributable to owners of parent	Total Equity
		£	£	£	£	£	£	£	£	£
Comprehensive income:										
Loss for the period		-	-		-	-	-	(1,127,189)	(1,127,189)	(1,127,189)
Foreign exchange movement through other comprehensive income		-	-		145,282	-	-	-	145,282	145,282
Total comprehensive income for the period		-	-	-	145,282	-	-	(1,127,189)	(981,907)	(981,907)
Transactions with owners in their capacity as owners:										
Issue of share capital	23	94,133	9,291,584		-	(31)	-	-	9,385,686	9,385,686
Arise from merger relief		-	-		-		5,394,520	-	5,394,520	5,394,520
Total transactions with owners in their capacity as owners:		94,133	9,291,584	-	-	(31)	5,394,520	-	14,780,206	14,780,206
Balance at 31 December 2020		94,133	9,291,584	-	145,282	(31)	5,394,520	(1,127,189)	13,798,299	13,798,299
Comprehensive income:										
Loss for the year		-	-		-	-	-	(1,384,361)	(1,384,361)	(1,384,361)
Foreign exchange movement through other comprehensive income		-	-		14,431	-	-	-	14,431	14,431
Total comprehensive income for the period		-	-	-	14,431	-	-	(1,384,361)	(1,369,930)	(1,369,930)
Transactions with owners in their capacity as owners:										
Repurchase of own shares	23		(9,969)	-	-	(31)	-	-	(10,000)	(10,000)
Total transactions with owners in their capacity as owners:		-	(9,969)	-	-	(31)	-	-	(10,000)	(10,000)
Balance at 31 December 2021		94,133	9,281,615	-	159,713	(62)	5,394,520	(2,511,550)	12,418,369	12,418,369

The notes on pages 22 to 62 form part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Treasury share reserve £	Merger reserve £	Retained earnings £	Total Equity £
Comprehensive income:							
Loss for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	-
Transactions with owners in their capacity as owners:							
Issue of share capital	23	94,133	9,291,584	(31)	-	-	**9,385,686**
Arise from merger relief		-	-	-	5,394,520	-	**5,394,520**
Total transactions with owners in their capacity as owners:		94,133	9,291,584	(31)	5,394,520	-	**14,780,206**
Balance at 25 December 2020		**94,133**	**9,291,584**	**(31)**	**5,394,520**	**-**	**14,780,206**
Comprehensive income:							
Loss for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	-
Transactions with owners in their capacity as owners:							
Repurchase of own shares	23	-	(9,969)	(31)	-	-	**(10,000)**
Arise from merger relief		-	-	-	-	-	-
Total transactions with owners in their capacity as owners:		-	(9,969)	(31)	-	-	**(10,000)**
Balance at 31 December 2021		**94,133**	**9,281,615**	**(62)**	**5,394,520**	**-**	**14,770,206**

The notes on pages 22 to 62 form part of these financial statements

ASPIRE TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31 December 2021	Period to 31 December 2020
		£	£
Cash flows from operating activities			
Profit / (Loss) for the year/period		(1,384,361)	(1,127,189)
Taxation	10	580,142	248,167
Finance income	8	-	(10,606)
Finance costs (incl. amortisation of debt fees)	9	851,854	1,188,734
Operating Profit/(Loss)		**47,635**	**299,106**
Adjustments for non-cash:			
Depreciation of right of use assets net of exchange difference	11	546,847	457,394
Depreciation and impairment of property, plant and equipment	12	132,562	91,224
Amortisation of acquired intangibles and transaction related costs	13	1,804,560	1,724,000
Amortisation and impairment of intangible assets	13	14,160	117,653
Gain on remeasurement of contingent consideration payable		-	(1,025,000)
Working capital adjustments:			
Increase in trade and other receivables	15	(469,753)	(3,094,161)
Decrease in contract liabilities		104,768	546,253
Decrease/Increase in trade and other payables	17	(94,823)	24,780
Decrease/ Increase in deferred consideration and others	17	(465,085)	432,277
Cash generated from underlying operations		1,620,871	(426,474)
Income tax paid		(317,504)	(152,011)
Net cash flows generated from operating activities		**1,303,367**	**(578,485)**
Investing activities			
Purchase of property, plant and equipment (net of foreign exchange difference)	12	(244,929)	(131,694)
Capitalised software enterprise application software	13	(368,831)	(574,300)
Acquisition of subsidiaries, net of cash acquired /		-	(25,044,000)
Interest received		-	10,606
Net cash flows used in investing activities		**(613,760)**	**(25,739,388)**
Financing activities			
Issue of shares	23	-	14,780,206
Buy- back of treasury shares	23	(10,000)	-
Interest paid		(630,940)	(1,030,728)
Debt fees		(134,874)	(867,066)
Proceeds from borrowings	26	1,245,063	16,000,000
Repayment of borrowings	26	(425,000)	(463,000)
Repayment of lease liabilities	26	(268,834)	(434,614)
Net cash flows generated/(used) from financing activities		**(224,585)**	**27,984,798**
Net increase in cash and cash equivalents		465,022	1,666,925
Cash and cash equivalents at beginning of period		1,731,978	-
Effects of exchange rate changes on cash and cash equivalents		35,517	65,053
Cash and cash equivalents at end of period	16	**2,232,517**	**1,731,978**

The notes on pages 22 to 62 form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

1. Corporate information

Aspire Topco Limited ('the Company') is a private limited company, limited by shares, incorporated and domiciled in the England and Wales, registered number 12068263. The address of its registered office and its principal place of business is Desklodge House, Redcliffe Way, Bristol, England – BS1 6NL.

The principal activity of Aspire Topco Limited and its subsidiaries (together referred to as the 'Group') is the provision of Software Development Services, Data Science Services, Dedicated Software Resourcing and Software Solutions.

2. Significant accounting policies

The significant accounting policies that have been applied consistently to all periods presented, unless otherwise stated, in the preparation of these consolidated financial statements are summarised below.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with United Kingdom ("UK") adopted International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRIC) and The Companies Act 2006 as applicable to companies using IFRS. The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 ('FRS 101').

The consolidated financial statements have been prepared under the historical cost convention, except where adopted IFRS requires an alternative treatment.

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own income statement for the period. The company reported profit for the year ended 31 December 2021 £1,247,715 (2020 – Loss £981,907).

An individual Company cash flow statement has not been prepared as FRS 101: 8(h) allows qualifying entities to take exemption from the requirements of IAS 7 'Statement of Cash Flows' in its entirety.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each period. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

2.2 Basis of consolidation (continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The results of subsidiaries acquired during the period are included in the consolidated income statement from the date the Company gains control unless this date is within sufficient proximity to the period end to result in an immaterial impact to the financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. An applicable share of total comprehensive income is attributed to non-controlling interests.

2.3 Adoption of accounting standards

The company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2021:

- Amendments to IFRS 3 "Definition of a Business".
- Amendments to IAS 1 and IAS 8 "Definition of Material"; and
- Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform".

Certain new 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. None of these are expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

2.4 Going concern

Liquidity is managed at Group level using long-term group bank facilities. Access to this cash is made available as needed to ensure the business remains a going concern.

The directors have considered the effects of the current macroeconomic uncertainties arising from Brexit, Covid-19, inflationary pressures and the war in Ukraine, and the impact on trading forecasts for the Group and Company for the year ended 31 December 2023. The strong Group and Company liquidity position coupled with the limited impact of such factors upon the Group's ability to trade profitably, mean that the Group and Company are very stable from a profit perspective.

While the longer-term impact of the Covid-19 pandemic on the economy remains uncertain, we are confident that the company is well placed to withstand any economic downturn should this occur. The Group has long-standing and supportive relationships with its bankers and continues to have access to sufficient working capital and acquisition facilities which the company can access if required. We have strong controls in place for the recovery of trade debtors and management of working capital. Having modelled a number of potential scenarios we are confident that the company will continue to operate as a going concern and that we are well placed during this uncertain time to meet customer demand and continue growth.

Having considered these risks and the current uncertain economic environment, the Directors believe that the Company has adequate resources to continue in operational existence as a trading company for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

2.5 Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to Other comprehensive income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The Group conducts annual impairment tests on the carrying value of goodwill, the recoverable amount is determined from a combination of value-in-use calculations and observable relevant market transactions. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) which for the Group results in there being two cash generating units: the Core Ascent businesses (those acquired in November 2019 plus integrated acquisitions to date), and Mango Business Solutions which was acquired in November 2020.

The key assumptions in the value-in-use calculations are the discount rate applied, the long-term operating margin (EBITDA) and the long-term growth rate of net operating cash flows. In all cases, the approved budget for the following financial year formed the basis for the cash flow projections. The approved cash flow projections in the three financial years following the budget year reflected management's expectations of the medium-term operating performance of the business and growth prospects in the market. These assumptions have been further considered in light of the Covid-19 pandemic including detailed sensitivity analysis being performed to ensure there are no indicators of impairment.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.6 Deferred consideration

Deferred consideration arises when settlement of all or part of the cost of a business combination falls due after the date the acquisition was completed.

Where the payment of deferred consideration is not contingent upon continuing employment of the vendors by the Group, deferred consideration is stated at the fair value of the total consideration outstanding. In these cases, all deferred consideration has been treated as part of the cost of investment. At each balance sheet date deferred consideration comprises the fair value of the remaining deferred consideration valued at acquisition.

Where the payment of deferred consideration is contingent upon the continuing employment of vendors by the Group, it is treated as a remuneration expense and accounted for as an employment benefit under IAS 19. A charge is made through the Consolidated Income Statement as a cost of employment. The cost associated with each payment is accrued over the period it is earned. At each balance sheet date, the contingent deferred consideration balance comprises the accrual for unsettled remuneration which has been expensed to the balance sheet date.

2.7 Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

2.8 Fair value measurement

Financial instruments measured at amortised cost are disclosed in note 20.

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or
- liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties, and for non-recurring measurement, such as assets held for distribution in discontinued operations. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per its accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

2.8 Fair value measurement (continued)

The Group also compares each change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Group's review includes a discussion of the major assumptions used in the valuations. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.9 IFRS 9: Expected Credit Loss

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are also considered. We have assessed that there is no material adjustment to provisions required to reflect the lifetime expected loss.To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

2.10 Revenue and income recognition

In recognising revenue under IFRS 15, Management have followed the five step model and considered identification of the contract with a customer; identification of performance obligations of each contract; transaction price; allocation of transaction price to performance obligation and recognition of revenue at the point the performance obligation has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue represents invoiced software development services income, software licence fee income, support and maintenance income and other services income.

Perpetual software licence fee income is recognised in full on delivery of the licence and the issue of authorisation codes to activate the software. Support and maintenance income is deferred at the date of invoicing and released to the income statement over the duration of the maintenance contract. The balance of maintenance income not released to the income statement is carried in the Statement of Financial Position within contract liabilities.

Services income is recognised in the month the services are performed.

Training and implementation revenue is recognised when delivered, or by reference to the stage of completion of the transaction at the end of the reporting period. This assessment is made by comparing the proportion of contract costs incurred to date to the total expected costs to completion.

Subscription and cloud-based Software as a Service (SaaS) income is recognised in the month the service is available to the customer.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.11 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised..

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-

2.11 Taxes (continued)

assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2.12 Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in Sterling, which is the functional currency of the parent company. All values are rounded to the nearest pound.

Transactions and balances

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency monetary items are translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in Other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in Other comprehensive income.

2.12 *Foreign currencies (continued)*

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into sterling at the rate of exchange prevailing at the reporting date and their income statements are translated at the average rates of exchange during the period. The exchange differences arising on translation for consolidation are recognised in Other comprehensive income. On disposal of a foreign operation, the component of Other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.13 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by (for final dividends) or paid to (for interim dividends) the Company's shareholders.

2.14 Intangible assets

Intangible assets arising on business combinations are revalued at acquisition date and stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the Income statement on a straight-line basis over their estimated useful lives as follows:

Enterprise application software	-	15 years
Brand	-	15 years
Development expenditure	-	5 to 10 years
Customer relationships	-	7 to 13 years

2.14 Intangible assets (continued)

Research & development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development, and
- The ability to use the intangible asset generated

Where the Directors are satisfied as to the technical, commercial and financial viability of individual projects, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. Amortisation relates to the period in which future cash flows are expected to arise which is expected to be five years.

2.15 Property, plant and equipment

Property, plant and equipment is stated at cost net of depreciation and any provision for impairment. Depreciation is provided on a straight line basis at the following annual rates in order to write off the cost less residual value of each category of asset over its estimated useful life as follows:

Leasehold improvements	-	the lower of 10%-17% and the period of the leasehold
Computer equipment	-	25%
Fixtures and fittings	-	10%

2.16 The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. The interest rate of Revolving Credit Facility is used by the Group as incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

2.16 The Group as lessee (continued)

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

2.17 Investments

Fixed asset investments are stated at cost less provision for impairment.

2.18 Treasury shares

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold, the proceeds up to the cost of purchase is recognised as an increase in equity and any excess is credited to the share premium.

2.19 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested 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.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Income Statement.

2.20 Financial instruments

Financial assets and liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provision of the instrument.

Financial assets are unrecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is unrecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Trade receivables from contracts with customers

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional less provision for impairment. Because of their short term nature the carrying amount of trade receivables approximates to their fair value.

2.20 Financial instruments (continued)

Cash and cash equivalents

For the purpose of preparation of the Consolidated Cash Flow Statement and the Consolidated Statement of Financial Position, cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of a subsidiary's cash management are included in cash and cash equivalents where they have a legal right of set-off and there is an intention to settle net, against positive cash balances, otherwise bank overdrafts are classified as borrowings.

Trade payables

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of borrowing on an effective interest basis.

2.21 Borrowing costs

Where borrowing costs are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale they are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

2.23 Post-employment benefits

The Group operates a personal defined contribution pension scheme which is open to all employees in the UK. The assets of the scheme are held separately from those of the Group in independently administered funds. Contributions payable to the scheme in respect of the period are recognised as an operating cost in the income statement. Similar schemes exist in the other countries the Group operates in.

2.24 Exceptional items

Exceptional items reflect items which individually or, if of a similar type, in aggregate, are disclosed separately due to their size or incidence in order to obtain clear and consistent presentation of the Group's performance.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Group's accounting policies.

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Critical judgements in applying the Group's accounting policies

Capitalisation of development cost

The Group capitalizes internal costs of software development, where the Directors are satisfied as to the technical, commercial, and financial viability of individual projects. Judgement is required in determining whether a project is suitable for capitalization and in determining the useful economic life (note 2.14).

Lease term

In determining lease terms, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Critical accounting estimates and assumptions

Acquisition accounting

Accounting for acquisitions requires a fair value exercise to assess the assets and liabilities acquired, including any separately identifiable intangible assets. The process of determining fair values may require management to make estimates which are subjective in nature. For each acquisition an appropriate discount & royalty rates were determined, along with detailed expected future cashflows to calculate the fair value of each identified intangible asset.

Impairment - goodwill and other intangibles

IFRS requires management to perform impairment tests to determine whether goodwill and other intangible assets are impaired on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable.

3. Critical accounting estimates and judgements (continued)

Impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including management's initial expectations of EBITDA, the long-term growth rate of net operating cash flows and an appropriate discount rate to reflect the risks involved. These assumptions have been further considered considering the Covid-19 pandemic including the impact recent trading results on the Group's budget for the year ended 31 December 2021 as well as on longer term forecasts and growth rates given the uncertainties in the current environment.

Changing the assumptions selected by management, in particular growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation, and hence reported assets and profits or losses. Further details, including a sensitivity analysis, are included in note 13 "Intangible Assets".

Uncertain tax provisions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group seeks the advice of external professional advisors where appropriate when assessing uncertain tax positions. The Group recognises provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits from the Group to settle the obligation. Uncertain tax positions are assessed and measured on an issue-by-issue basis within the jurisdictions that it operates in either using management's estimate of the most likely outcome where the issues are binary, or the expected value approach where the issues have a range of possible outcomes (see note 2.11).

Contingent Consideration

Any deferred contingent consideration is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, are recognised either in the income statement or in other comprehensive income, in accordance with IAS 39. Depending on the conditions of these future consideration payments, judgements are made as at the acquisition date and then subsequently updated at the balance sheet date. These include profit related consideration for which detailed forecasts are produced and the fair value of the likely payments are calculated using an appropriate discount rate.

4. Revenue

Revenue reported for the year relates solely to revenue from contracts with customers, with customers sometimes paying in advance at start of the contract. When revenue recognised in respect of a customer contract exceeds amounts received or receivable from a customer at that time, a contract asset is recognised. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised.

Revenue and profit before taxation in respect of continuing operations arise from the principal activities of the Group. Management identify and report results for the Group across operating segments at a Revenue level with management structures in place to lead each. The 4 main segments across the Group are:

1. The provision of Software Development Services;
2. Dedicated Software Resourcing;
3. Software Solutions

The Group derives all revenue from the transfer and delivery of services and licences over time.

	Year ended 31 December 2021	Period from 25 June 2019 to 31 December 2020
	£	£
Over time - Services transferred	25,919,772	19,037,122
Total revenue	**25,919,772**	**19,037,122**

Liabilities relating to contracts with customers

Contract liabilities represent revenue received up front for contracts which are recognised over the contract term, generally 12 months. Materially all of the £1,275,987 (2020 - £1,171,219) recorded as current contract liabilities at 31 December 2021 and 31 December 2020 respectively will be recognised as revenue during the following year.

	Year ended 31 December 2021	Period from 25 June 2019 to 31 December 2020
Assets	£	£
Contract assets	35,735	28,747
Liabilities		
Contract liabilities - current	(1,275,987)	(1,171,219)

ASPIRE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

5. Segmental reporting

Revenue and profit before taxation in respect of continuing operations arise from the principal activities of the Group. Management identifies and report results for the Group across operating segments at a Revenue level with management structures in place to lead each. The 3 main segments across the Group are:

1. The provision of Software Development Services.
2. Dedicated Software Resourcing.
3. Software Solutions
4. Data services

During the period, £2,412,000 (2020 - £2,661,000 or 17%) or 9% of the Group's revenues depended on a single customer in the services segment.

The profit or loss measures reported in the internal reporting to the chief operating decision-maker for monitoring and strategic purposes can be reconciled to the annual IFRS financial statements as follows:

	Services	Dedicated	Solutions	Data services	Other	Total
Year ended 31 December 2021	**£**	**£**	**£**	**£**	**£**	**£**
Europe	5,084,773	-	1,065,618	56,726	320,660	6,527,776
UK	8,919,948	4,360,978	57,770	6,053,300	-	19,391,996
Total revenue	**14,004,721**	**4,360,978**	**1,123,387**	**6,110,026**	**320,660**	**25,919,772**

	Services	Dedicated	Solutions	Data services	Other	Total
Period from 25 June 2019 to 31 December 2020	**£**	**£**	**£**		**£**	**£**
Europe	5,642,843	-	1,352,087	-	-	6,994,930
UK	7,173,092	4,678,276	190,824	-	-	12,042,192
Total revenue	**12,815,935**	**4,678,276**	**1,542,911**	**-**	**-**	**19,037,122**

6. Material profit or loss items

The group has identified a number of items which are material due to the significance of their nature and/or amount.

	Year ended 31 December 2021 £	Period from 25 June 2019 to 31 December 2020 £
Depreciation and amortisation	1,951,282	2,337,042
Acquisition costs	422,599	867,066
Foreign currency differences	(31,901)	116,305
Ownership charges	197,513	202,000
Redundancy cost	77,321	51,000
Onerous lease costs	114,253	152,000

There are no research and development expenses charged to statement of comprehensive income other than those capitalised in the period.

The analysis of auditor's remuneration is as follows:

	Year ended 31 December 2021 £	Period from 25 June 2019 to 31 December 2020 £
Fees payable to the Group's auditor for the audit of the consolidated financial statements	25,000	42,000
Fees payable to the Group's auditor for the audit of the Group's subsidiaries	83,025	74,000
Total assurance fees	108,025	116,000
Non-audit services	25,320	16,050
Total fees	**133,345**	**132,050**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021 (Continued)

7. Employees and directors

The company had no employees other than the directors. The average number of persons employed by the Group (including Directors) during the reporting period, analysed by category, was as follows:

Average monthly number of people employed (incl. Directors)	Year ended 31 December 2021	Period from 25 June 2019 to 31 December 2020
Technical	272	220
Sales	13	5
Administrative	46	35
Total	**331**	**260**

Their aggregate remuneration comprised:

Staff costs (including Directors on service contracts)	Year ended 31 December 2021 £	Period from 25 June 2019 to 31 December 2020 £
Wages and salaries	14,021,290	9,615,752
Social security	1,203,753	889,772
Post-employment benefits	180,683	325,830
Total	**15,405,726**	**10,831,354**

The directors are considered to be the key management personnel of the group. Two directors are within pension scheme. Their remuneration is disclosed below:

Aggregate Director compensation	Year ended 31 December 2021 £	Period from 25 June 2019 to 31 December 2020 £
Wages, salaries and short-term benefits	694,127	736,384
Post-employment benefits	9,963	3,764
Sub Total - Companies Act Disclsosure	**704,090**	**740,148**
Social security costs	68,925	66,475
Total	**773,015**	**806,623**

8. Finance income

Finance income	Year ended 31 December 2021 £	Period from 25 June 2019 to 31 December 2020 £
Bank interest receivable	-	10,606

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

9. Finance expense

Finance expense	Year ended 31 December 2021 £	Period from 25 June 2019 to 31 December 2020 £
Interest expense on loan notes	765,814	1,098,438
Interest on lease liabilities	86,040	90,296
Total interest expense	**851,854**	**1,188,734**

10. Income tax

	Year ended 31 December 2021 £	Period from 25 June 2019 to 31 December 2020 £
Current income tax:		
Current tax on profit for the year	265,809	685,249
Adjustment in respect of prior period	(304,717)	-
Current tax	(38,908)	685,249
Deferred tax:		
Current period	(317,822)	(437,082)
Adjustment in respect of prior period	145,159	-
Effect of changes in tax rates	791,713	-
Total deferred tax	619,050	(437,082)
Total tax charge	**580,142**	**248,167**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

10. Income tax (continued)

Analysis of charge in the period

The effective tax rate for the period is higher than the standard rate of corporation tax in the UK for the period ended 31 December 2021 of 19%. The differences are explained below:

	Year ended 31 December 2021	Period from 25 June 2019 to 31 December 2020
	£	£
Profit / (Loss) on ordinary activities	(804,219)	(879,022)
Tax on loss at standard UK rate of 19% (2020: 19%)	(152,802)	(167,014)
Effect of:		
Expenses not deductible	823,609	761,039
Income not taxable	(233,104)	(456,667)
RDEC	-	330
Tax rate changes	791,713	198
Unrecognised deferred tax	(356,121)	1,617
Impact of IFRS 16 adjustments in a year	-	70,086
Super deductions	(2,485)	-
Adjustment in respect of prior period	(159,558)	
Differences in overseas tax rates	(131,110)	38,524
Total tax charge	**580,142**	**248,167**

11. Right of use assets

Group	Property	Total
	£	£
Cost		
At 25 June 2019	-	-
Arising on acquisition	3,034,106	3,034,106
At 31 December 2020	**3,034,106**	**3,034,106**
Disposals	(353,987)	(353,987)
Exchange difference	(208,099)	(208,099)
At 31 December 2021	**2,472,020**	**2,472,020**
Depreciation		
At 25 June 2019	-	-
Charge for the Period	457,394	457,394
At 31 December 2020	**457,394**	**457,394**
Charge for the Period	546,847	546,847
Exchange difference	-	-
At 31 December 2021	**1,004,241**	**1,004,241**
Net book value		
At 31 December 2020	**2,576,712**	**2,576,712**
Net book value		
At 31 December 2021	**1,467,779**	**1,467,779**

Right-of-use assets relate to property leases held by the Group. The interest charge on right-of-use assets has been included in finance costs within Note 9 and the charge for amortisation included in the table above. The amortisation charge in the period is included within administrative expenses.

Amounts recognised in the statement of profit or loss	31 December 2021	Period from 25 June 2019 to 31 December 2020
	£	£
Depreciation	546,847	457,394
Interest expense	86,040	90,296
Short term lease expense	212,140	47,819
Low-value lease expense	6,511	54,889

The total cash outflow for leases during the reporting period was £268,834 (2020 - £434,614).

Of the five property leases making up the above right-of-use assets none of them have extension options or termination penalties and management expect to see out the full lease durations. Three of them have rental payments that are increased in later years through inflation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

12. Property, plant and equipment

Group	Leasehold improvements	Computer equipment	Fixture and fittings	Total
	£	£	£	£
Cost				
At 25 June 2019	-	-	-	-
Arising on acquisition	85,293	620,766	195,612	901,671
Additions	909	116,154	14,631	131,694
At 31 December 2020	86,202	736,920	210,243	1,033,365
Additions	-	283,686	-	283,686
Foreign exchange	-	(38,757)	-	(38,757)
At 31 December 2021	86,202	981,849	210,243	1,278,294
Depreciation				
At 25 June 2019	-	-	-	-
Arising on acquisition	30,494	565,507	113,850	709,851
Charge for the period	5,074	66,037	20,113	91,224
At 31 December 2020	35,568	631,544	133,963	801,075
Charge for the period	4,384	111,132	17,046	132,562
At 31 December 2021	39,952	742,676	151,009	933,637
Net book value				
At 31 December 2020	50,634	105,376	76,280	232,290
At 31 December 2021	46,250	239,173	59,234	344,657

13. Intangible assets

Group	Goodwill	Internally generated Enterprise	Brand	Customer relationships	Total
	£	£	£	£	£
Cost					
At 25 June 2019	-	-	-	-	-
Arising on acquisition	14,932,000	565,000	1,114,000	14,843,000	31,454,000
Additions	1,451,000	574,300	-	-	2,025,300
Disposal	-	-	-	-	-
At 31 December 2020	16,383,000	1,139,300	1,114,000	14,843,000	33,479,300
Arising on acquisition					
Additions	-	373,810	-	-	373,810
Foreign currency difference	29,787	(34,766)	-	-	(4,979)
Disposal	-	-	-	-	-
At 31 December 2021	16,412,787	1,478,344	1,114,000	14,843,000	33,848,131
Amortisation					
At 25 June 2019	-	-	-	-	-
Arising on acquisition	-	39,069	-	-	39,069
Charge for the period	-	99,424	79,000	1,610,000	1,788,424
Impairment for the period	-	14,160	-	-	14,160
At 31 December 2020	-	152,653	79,000	1,610,000	1,841,653
Amortisation for the period	-	92,579	131,467	1,594,675	1,818,720
At 31 December 2021	-	245,232	210,467	3,204,675	3,660,373
Net book value					
At 31 December 2020	16,383,000	986,647	1,035,000	13,233,000	31,637,647
At 31 December 2021	16,412,787	1,233,112	903,533	11,638,325	30,187,758

13. Intangible assets (continued)

Amortisation has been included within administration expenses in the consolidated statement of comprehensive income.

The Group tests enterprise application software, development expenditure, brand and customer relationships annually for impairment, or more frequently if there are indications that such intangible assets might be impaired.

All amortisation charges relating to continuing operations in the period have been charged through administrative expenses.

During the period, goodwill was reviewed for impairment in accordance with IAS 36 "Impairment of Assets" and includes the potential impact from the COVID-19 pandemic, which was considered a triggering event under IAS 36. For the purposes of this impairment review, goodwill for continuing operations has been valued on the basis of discounted future cash flows.

The economic goodwill arising from the acquisitions relates to the ability to generate revenue growth from new customers going forward, and the high proportion of future revenue and EBITDA growth from new customers. The accounting goodwill in the Mango acquisition is impacted by the fact the loan note element of the purchase consideration is excluded (i.e., treated as remuneration).

The Group is managed and marketed as one range of offerings, with acquisitions subsumed into the main Group over time. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units), which for the Group results in there being two cash generating units: the Core Ascent businesses (businesses acquired in November 2019) and Mango Business Group. The carrying value of goodwill at the end of the period is shown below:

	31 December 2020 and 2021 **£**
Core Ascent businesses (businesses acquired in November 2019)	14,932,000
Mango Business Group	1,451,000
Total goodwill	**16,383,000**

The Group conducts annual impairment tests on the carrying value of goodwill, the recoverable amount is determined from a combination of value-in-use calculations and observable relevant market transactions. The key assumptions in the value-in-use calculations are the pre-tax adjusted discount rate applied, EBITDA and the long-term growth rate of net operating cash flows. In all cases, the approved budget for the following financial period formed the basis for the cash flow projections. The approved cash flow projections in the four financial periods following the budget period reflected management's expectations of the medium-term operating performance of the business and growth prospects in the market. These assumptions have been further considered in light of the Covid-19 pandemic including detailed sensitivity analysis being performed to ensure there are no indicators of impairment.

13. Intangible assets (continued)

Period ended 31 December 2021

The table below shows key assumptions used in the value in use calculations for those CGUs with significant goodwill allocated them.

	31 December 2021		31 December 2020	
	Key assumptions		Key assumptions	
	Core Ascent businesses	Mango	Core Ascent businesses	Mango
Pre-tax adjusted discount rate	13.1%	13.1%	13.1%	13.1%
Five-year CAGR in adjusted EBITDA to December 2025	17.0%	17.0%	24.0%	24.0%
Long-term growth rate of net operating cash flows	2.0%	2.0%	2.0%	2.0%

The discount rate applied represents a pre-tax rate that reflects the market assessment of the time value of money at the end of the period and the risks specific to the Group.

The estimated recoverable amount of the Group's Core Ascent and Mango businesses exceed their carrying values by £33.3m (126%) (2020- £32.9 million (121%)) and £34.3m (1,214%) (2020 - £16 million (1,006%)) respectively. If the assumptions used in the impairment review were changed to a greater extent than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognised for the period ended 31 December 2021.

	Change required for carrying value to equal recoverable amount		Change required for carrying value to equal recoverable amount	
	Core Ascent businesses	Mango	Core Ascent businesses	Mango
Pre-tax adjusted discount rate	65.0%	>100%	45.0%	>100%
Five-year CAGR in adjusted EBITDA to December 2025	4%	-3.0%	11.0%	8.0%
Long-term growth rate of net operating cash flows	-37.0%	>200%	-36.0%	-170%

Management considered the following reasonably possible changes in the key adjusted EBITDA and long-term growth rate assumptions, leaving all other assumptions unchanged. The sensitivity analysis presented below is prepared on the basis that the reasonably possible change in each key assumption would not have a consequential impact on other assumptions used in the impairment review.

Management believes that no reasonably possible or foreseeable change in any of the above key assumptions would cause the difference between the carrying value and recoverable amount for any cash-generating unit to be materially different to the base case disclosed below.

13. Intangible assets (continued)

	Recoverable amount less carrying value	
	Core Ascent businesses	Mango
	£m	£m
Base case at 31 December 2020	32.9	16
Change in 5-year CAGR in adjusted EBITDA to December 2025		
Decrease by 2pp	26.1	13.5
Increase by 2 pp	40.2	18.7
Change in long term growth rate of net operating cash flows		
Decrease by 2pp	29.4	14.6
Increase by 2 pp	37.2	17.7
Change in pre-tax adjusted discount rate		
Decrease by 2pp	29.5	14.7
Increase by 2 pp	37	17.6

14. Investment in subsidiary

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Investments	**31 December 2021**	**31 December 2020**
	£	**£**
Shares in subsidiary	1	1

14. Investment in subsidiary (continued)

Subsidiaries	Registered address and country of incorporation	*Activity*	Holding (Ordinary shares)	Ownership at 31 December 2021
Aspire Holdco Limited [1]	England & Wales	Holding Company	Direct	100%
Aspire Midco Limited [1]	England & Wales	Holding Company	Indirect	100%
Aspire Bidco Limited [1]	England & Wales	Holding Company	Indirect	100%
Ascent Software (UK) Limited [2]	England & Wales	Software Development	Indirect	100%
Ascent Software Limited [2]	England & Wales	Software Development	Indirect	100%
Ascent Software Holdings Malta Limited [2]	Malta	Holding Company	Indirect	100%
Ascent Software Limited [2]	Malta	Software Development	Indirect	100%
Ascent Solutions Limited [2]	Malta	Software Development	Indirect	100%
TechHuddle Holding Limited [1]	England & Wales	Holding Company	Indirect	100%
TechHuddle Limited [1]	England & Wales	Software Development	Indirect	100%
TechHuddle EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-AS EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-TX EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-TD EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-OD EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-FL EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-PS EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-KL EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-BL EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-BP EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-BO EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-MC EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-MS EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-EM EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-DM EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-GL EOOD [3]	Bulgaria	Software Development	Indirect	100%
TH-HX EOOD [3]	Bulgaria	Software Development	Indirect	100%
Mango Business Group Limited (dissolved 19th April 2022)[4]	England & Wales	Holding Company	Indirect	100%
Ascent Digital Services UK Limited (formerly Mango Business Solutions Limited) [4]	England & Wales	Software Development	Indirect	100%

[1] Subsidiary registered address: Desklodge House, Redcliffe Way, Bristol, BS1 6NL
[2] Subsidiary registered address: 1st Floor, Brettenham House 2-19 Lancaster Place London WC2E 7EN
[3] Subsidiary registered address: 1113 Sofia, Sofia Municipality, Izgrev District, 28 Samokov Street
[4] Subsidiary registered address: Desklodge House, Redcliffe Way, Bristol, BS1 6NL

15. Trade and other receivables

Group	31 December 2021 £	31 December 2020 £
Trade receivables	3,403,260	3,138,660
Provisions for impairment	(193,550)	(67,145)
Trade receivables - net	3,209,710	3,071,515
Accrued income	35,140	28,747
Prepayments	850,097	455,926
Other receivables	74,704	143,710
Total trade and other receivables	**4,169,651**	**3,699,898**

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

Information about the impairment of trade receivables and the Group's exposure to credit risk and foreign currency risk can be found in note 25.

16. Cash and cash equivalents

	31 December 2021 £	31 December 2020 £
Cash and cash equivalents	2,232,517	1,731,978

17. Trade and other payables: Amounts falling due within one year

Group	31 December 2021 £	31 December 2020 £
Trade payables	969,414	721,790
Other taxation and social security	940,569	1,254,527
Accruals	1,335,568	1,123,059
Other payables	41,537	282,534
Total trade and other payables	**3,287,088**	**3,381,910**

Company	31 December 2021 £	31 December 2020 £
Amount owed to group companies	125,000	125,000
Total trade and other payables	**125,000**	**125,000**

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

18. Borrowings

Liabilities due after more than one year

Group	**31 December 2021**	**31 December 2020**
Current liabilities	**£**	**£**
Borrowings	412,960	425,000
IFRS 16 lease liabilities	463,190	701,560
	876,150	**1,126,560**
	31 December 2021	**31 December 2020**
Non current liabilities	**£**	**£**
Borrowings	15,513,915	14,681,812
IFRS 16 lease liabilities	1,491,941	1,998,451
	17,005,856	16,680,263
Total borrowings	**17,882,006**	**17,806,823**

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets (<£25,000). Payments made under such leases are expensed on a straight-line basis.

On establishment of the Group in November 2019, £16 million of Senior Loan Facilities were drawn down to finance the acquisitions of Ascent Malta, Purepoint & TechHuddle. Available facilities include an Acquisition Credit Facility of £10 million and a Revolving Credit Facility of £1.5 million.

Senior bank loan	**Effective interest rate**	**Maturity**	**At 31 December 2021 £**	**At 31 December 2020**
Facility A	LIBOR +3.00% to +3.75% margin	Quarterly repayments until Nov 2025	2,600,000	3,025,000
Facility B	LIBOR +3.50% to +4.25% margin	Nov 2025	12,800,000	12,800,000
Acquisition Facility	LIBOR +3.50% to +4.25% margin	Nov 2025	-	-
Revolving Credit Facility	LIBOR +3.00% to +3.75% margin	Nov 2025	-	-
Facility utilised			**15,400,000**	**15,825,000**

19. Borrowings – maturity

An analysis of the maturity of the loans is set out below:

Borrowings	Senior	Total At 31 December 2021
	£	£
In less than one year	540,955	540,955
In more than one year but not more than two years	625,000	625,000
In more than two years but not more than five years	15,344,235	15,344,235
In more than five years	-	-
Total borrowings	**16,510,190**	**16,510,190**
Unammortised borrowing costs	(583,315)	(583,315)
Net Total borrowings	**15,926,875**	**15,926,875**

Security for the Senior liabilities takes the form of debentures giving fixed and floating charges over the assets of certain Group undertakings which have acceded to a cross-guarantee structure.

During the year the Group has incurred issue costs amounting to £765,814 (2020: £867,066) in respect of these facilities. Interest is allocated against the balance outstanding and the costs plus interest are allocated to the income statement over the term of the facility using the straight line method.

At 31 December 2021, the facilities have a remaining term of between 3 months and 5 years. The Revolving Credit facility will assist the Group to achieve its growth ambitions both organically and by further acquisitions.

20. Financial Instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Cash and short-term deposits
- Trade and other receivables
- Trade payables
- Accrued interest
- Accruals
- Lease liabilities
- Loans and borrowings

Financial assets at amortised cost	31 December 2021 £	31 December 2020 £
Cash and cash equivalents	2,232,517	1,731,978
Contract assets	35,140	28,747
Trade and other receivables	3,284,414	3,215,225
Financial assets at amortised cost	**5,552,071**	**4,975,950**

Financial liabilities at amortised cost	31 December 2021	31 December 2020 £
Trade payables	969,414	721,790
Accruals	1,335,568	1,123,059
Accrued interest	10,211	9,128
Lease liabilities	1,955,131	2,700,011
Other liabilities	673,475	126,426
Borrowings	15,926,875	15,106,812
Financial liabilities at amortised cost	**20,870,674**	**19,787,225**

Financial liabilities at fair value through profit or loss	31 December 2021 £	31 December 2020 £
Deferred consideration	-	444,000
Financial liabilities at fair value through profit or loss	**-**	**444,000**

Financial assets and liabilities not measured at fair value

Financial assets and liabilities not measured at fair value includes cash and short-term deposits, and contract liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates to their fair value.

Loans and borrowings are carried at amortised cost which approximates to their fair value.

21. Financial Instruments (continued)

Financial assets and liabilities not measured at fair value

Financial assets and liabilities not measured at fair value includes cash and short-term deposits.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates to their fair value.

Loans and borrowings are carried at amortised cost which approximates to their fair value.

Financial instruments at fair value

The table below analyses financial instruments carried at fair value by valuation method. Accounting standards require us to disclose them into different levels as follows:

- Level 1 - Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Fair values measured using inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly (from prices) or indirectly (derived from prices)
- Level 3 - Fair values measured using inputs for the asset or liability that are not based on observable market data

	At 31 December 2021			
	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value	**£**	**£**	**£**	**£**
Deferred consideration	-	-	-	-
Total financial liabilities measured at fair value	-	-	-	-

	At 31 December 2020			
	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value	**£**	**£**	**£**	**£**
Deferred consideration	-	-	444,000	444,000
Total financial liabilities measured at fair value	-	-	**444,000**	**444,000**

Deferred consideration arises when settlement of all or part of the cost of a business combination falls due after the date the acquisition was completed, usually through an earn-out based on post-acquisition performance and is stated at the fair value of the total consideration outstanding. At 31 December 2021, the deferred consideration payable is nil and it is based on meeting a minimum threshold of £1.5M margin for the Hive business. The sensitivity is that an amount would have only been payable if the margin were £219K higher, which based on the 52% margin for FY21 would be another £420K (about 2 months' revenue). The fair value of deferred consideration was assessed using actual performance to date against earn-out targets together with an assessment of future financial performance based on the Group's approved budget.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

22. Deferred taxation

	31 December 2021	31 December 2020
	£	£
Balance as at 1 January	2,654,787	-
On acquisition balances	-	3,091,869
Adjustment in respect of prior years	2,715	-
Deferred tax recognised in the income statement	619,050	(437,082)
Balance as at 31 December	**3,276,552**	**2,654,787**
Consisting of :		
Fixed assets	(7,162)	15,353
Temporary differences trading/ non trading	3,483,771	2,870,316
Losses	(200,056)	(230,882)
Balance as at 31 December	**3,276,552**	**2,654,787**

Unrecognised deferred tax		
Losses	**(63,490)**	**(396,242)**

23. Share capital

Class	Nominal value	31 December 2021 Number	31 December 2021 £	31 December 2020 £
A Ordinary shares[1]	£0.01	356,195	**3,562**	3,562
A Preference Shares[2]	£0.01	8,803,097	**88,031**	88,031
B Ordinary shares[3]	£0.01	139,379	**1,394**	1,394
C1 Ordinary shares[4]	£0.01	99,113	**991**	1,022
C2 Ordinary shares[5]	£0.01	12,390	**124**	124
		9,410,174	**94,102**	94,133
Treasury Shares			-	(31)
Share Premium			**9,281,584**	9,281,584
Merger Reserve			**5,394,520**	5,394,520
Total share capital issued & allotted			**14,770,206**	**14,770,206**

On incorporation the Company issued 1 ordinary share of £1 at par. On 14th November 2019, this ordinary share was redesignated as an A ordinary share and then this A ordinary share was sub-divided into 100 A ordinary shares of £0.01 each.

On 29th November 2019, a further 356,095 A ordinary £0.01 shares were issued at £1 each. Also, on this date 8,803,097 A preference £0.01 shares were issued at £1 each, 139,379 B ordinary £0.01 shares were issued at £38.71 each, 96,016 C1 ordinary £0.01 shares were issued for £3.23 each and 12,390 C2 ordinary £0.01 shares were issued at £3.23 each.

23. Share capital (continued)

On 27th February 2020, a further 3,097 C1 ordinary £0.01 shares were issued for £3.23 each.

On 1st September 2020, a further 3,097 C1 ordinary £0.01 shares were issued for £3.23 each.

On 4th May 2021, the company paid £10,000 and 3,097 C1 ordinary shares were placed into treasury (2020 - 17th December 2020, the company paid £10,000 and 3,097 C1 ordinary shares were placed into treasury).

[1] One vote per share. Each share ranks equally for any distribution made on a winding up. Provides a right to dividends and a right to capital. The shares are not redeemable.

[2] No voting rights. Each share ranks equally for any distribution made on a winding up. Provides a right to dividends and a right to capital. The shares are redeemable.

[3] One vote per share. Each share ranks equally for any distribution made on a winding up. Provides a right to dividends and a right to capital. The shares are not redeemable.

[4] One vote per share. Each share ranks equally for any distribution made on a winding up. Provides a right to dividends and a right to capital. The shares are not redeemable.

[5] One vote per share. Each share ranks equally for any distribution made on a winding up. Provides a right to dividends and a right to capital. The shares are not redeemable.

24. Reserves

Share premium account
Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Merger reserve
Merger reserve has arisen as a result of the company issuing shares in consideration for the shares of acquired companies in the period.

Foreign exchange reserve
Gain/losses arising on retranslating the net assets of overseas operations into pounds sterling.

Retained earnings
All other net gains and losses and transactions with owners not recognized elsewhere.

25. Financial risk management

The Group's principal financial liabilities comprise loans and borrowings, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- foreign currency risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from clients. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The largest customer in the Group represents more than 17% of revenue.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

25. Financial risk management (continued)

Trade receivables

The Group's credit risk on trade and other receivables is primarily attributable to trade receivables. The Group considers the credit quality of trade and other receivables collectively and believes that the carrying value of the trade and other receivables that is disclosed in the financial statements gives a fair presentation of the credit quality of the assets. The Directors estimate that the carrying value of financial assets within trade and other receivables approximated to their fair value.

Customer credit risk is managed subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored for collectability. The Directors believe there is a low risk of default due to the high number of recurring customers and credit control policies; thus, the carrying value is expected to be the final value received. The Group has no significant concentrations of credit risk since the risk is spread over a number of unrelated counterparties.

Total trade receivables from contracts with customers (net of allowances) held by the Group at 31 December 2021 amounted to £3,209,710 (2020 - £3,071,515). The gross trade receivables from contracts with customers at 31st December 2021 amounted to £3,403,260 and the ECL reserve for the same is £193,550.

The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets.

Liquidity risk

The Group manages its exposure to liquidity risk by reviewing the cash resources required to meet its business objectives through both short and long-term cash flow forecasts. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other borrowings. The Group's treasury function has a policy of optimising the level of cash in the businesses in order to minimise external borrowings.

The maturity profile of the anticipated future cash flows including interest in relation to the Group's non-derivative financial liabilities on an undiscounted basis which, therefore, differs from both the carrying value and fair value, is as follows:

	Less than one year	Between 1 - 2 years	Between 2- 5 years	More than 5 years	Total contractual cash flows	Carrying amount of liabilities
At 31 December 2021	**£**	**£**	**£**	**£**	**£**	**£**
Trade and other payables	1,010,951				1,010,951	1,010,951
Borrowings	540,955	625,000	15,344,235	-	16,510,190	15,926,875
Lease liabilities	527,982	568,897	572,987	609,827	2,279,693	1,955,131

	Less than one year	Between 1 - 2 years	Between 2- 5 years	More than 5 years	Total contractual cash flows	Carrying amount of liabilities
At 31 December 2020	**£**	**£**	**£**	**£**	**£**	**£**
Trade and other payables	848,215	-	-	-	848,215	848,215
Borrowings	425,000	525,000	2,075,000	12,800,000	15,825,000	15,106,812
Lease liabilities	806,377	460,329	997,829	808,196	3,072,731	2,700,011

25. Financial risk management (continued)

The current Senior loan facility of £15.4 million (2020 - £15.25 million) (see note 18) includes a leverage covenant which required the leverage (the ratio of Senior Debt to Adjusted EBITDA) at the period end to not exceed 4.08x (2020 - 4.56x). At period end the leverage was substantially below this level at 3.10x. (2020 - 3.72x).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency) and the Group's net investments in foreign subsidiaries.

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Currency Units, was as follows:

At 31 December 2021	GBP	EUR	BGN	USD
Trade receivables	2,721,228	788,013	-	-
Trade payables	(841,947)	(144,363)	(8,011)	-
Cash and cash equivalents	1,664,148	337,436	14,635	286,492
Borrowings	(14,816,685)	-	-	-

Sensitivity analysis

Financial instruments affected by interest rate and foreign currency risks include borrowings and derivative financial instruments.

The following analysis is intended to illustrate the sensitivity to changes in market variables, being Sterling interest rates and Sterling/Euro & Sterling/Lev exchange rates.

The sensitivity analysis assumes reasonable movements in foreign exchange and interest rates before the effect of tax. The Group considers a reasonable interest rate movement in LIBOR to be 0.25%, based on interest rate history. Similarly, sensitivity to movements in Sterling/Euro & Sterling/Lev of 10% are shown reflecting changes of reasonable proportion in the context of movement in that currency pairs over the last year.

Using the above assumptions, the following table shows the illustrative effect on the Consolidated income statement and equity.

25. Financial risk management (continued)

	Income (losses)/gains	Equity (losses)/gains
0.25% increase in market interest rates	(55,015)	(55,015)
0.25% decrease in market interest rates	55,015	55,015
10% strengthening of sterling versus other currencies	(100,616)	136,229
10% weakening of sterling versus other currencies	82,322	(111,460)

Capital Management

The group's objectives when managing capital are to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the Group's capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or amend its debt arrangements.

26. Analysis of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Liabilities from financing activities		
	Borrowings £	Leases £	Sub total £
Net debt at 31 December 2020	**15,106,812**	**2,700,011**	**17,806,823**
Cashflows:			
Repayment	(425,000)	(268,834)	(693,834)
Proceeds	1,245,063	-	1,245,063
Payment of debt arrangement fees	-	-	-
Non-cash:			
Fair value	-	-	-
Lease modification (Disposal and exchange fluctuation)	-	(562,086)	(562,086)
Interest accrual	-	86,040	86,040
Net debt at 31 December 2021	**15,926,875**	**1,955,131**	**17,882,006**

	Liabilities from financing activities		
	Borrowings £	Leases £	Sub total £
Net debt at 25 June 2019			
Cashflows:			
Repayment	(463,000)	(420,895)	(883,895)
Proceeds	16,000,000	-	16,000,000
Payment of debt arrangement fees	(867,066)	-	(867,066)
Non-cash:			
Fair value	288,000	3,030,610	3,318,610
Amortisation of debt fees	148,878	-	148,878
Interest accrual	-	90,296	90,296
Net debt at 31 December 2020	**15,106,812**	**2,700,011**	**17,806,823**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

27. Related party transactions

The Group considers its material related parties to be its subsidiary undertakings and Executive Committee members. The Group has taken advantage of the exemption available under IAS 24, "Related Party Disclosures", not to disclose details of transactions with its subsidiary undertakings.

Compensation paid to key management by subsidiaries is disclosed in note 7.

Supplier transactions occurred during the period between the Group and Horizon Capital LLP. Transactions relate to providing the services of the Directors and recharged costs associated with acquisitions in the period. During the period ended 31 December 2021, £150,000 (2020 - £238,995) related to these transactions was charged through administrative expenses. There were outstanding amounts payable of £180,000 (2020 - £180,000) as at 31 December 2021.

28. Controlling party

According to the register maintained by the Company, a number of limited partnerships which are managed by Horizon Capital LLP (holding through a nominee company) held a significant interest in the ordinary shares of the Company as at 31 December 2021 and subsequently to the date of approval of the financial statements. The Directors deem there not to be an ultimate controlling party as none of the limited partners in the limited partnerships managed Horizon Capital LLP has an ownership of more than 20% of the issued share capital of the Company.