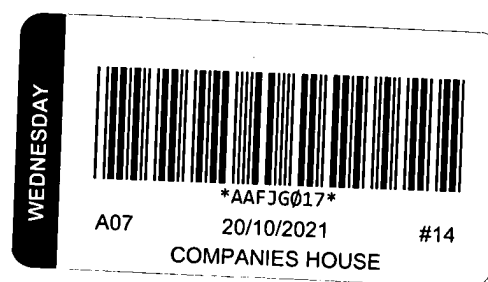


Skillcast Group PLC

Consolidated Audited Annual Report and Financial Statements – 31 December 2020



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General Information

Company	Skillcast Group PLC
Directors	Catriona Razic (appointed 8/11/2019) Anthony Miller (appointed 25/11/2019) Vivek Dodd (appointed 25/11/2019) Christopher Backhouse (appointed 2/8/2021) Richard Amos (appointed 2/8/2021) Isabel Napper (appointed 2/8/2021) Sally-Ann Tilleray (appointed 2/8/2021)
Secretary	MSP Corporate Services Limited (appointed 2/8/2021)
Registered office	80 Leadenhall Street London EC3A 3DH
Principal place of business	80 Leadenhall Street London EC3A 3DH
Company registration number	12305914
Area in which registered	England and Wales
Type of company	Public limited by shares
Auditor	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW

Skillcast Group PLC

Directors' report

The directors present their report and the consolidated audited financial statements of Skillcast Group PLC ('Company') for the period ended 31 December 2020. This is the first report and financial statements the Company has presented since it was incorporated on 8 November 2019. However the Company presents a prior year for comparison as the introduction of the Company is considered to be a restructuring arrangement. The restructuring took place on 22 November 2019 when the Company gained control over Inmarkets Group Ltd through a share swap.

Up to the 28 June 2021 the Company was a private limited company. On the 28 June 2021 the Company re-registered as a public company under the name Skillcast Group PLC. The Company did this in preparation for potential admission to the Alternative Investment Market.

Principal activity

The Company is the ultimate parent of Inmarkets Ltd, Inmarkets Group Ltd and Inmarkets International Ltd. This report and financial statements reflect the activities and transactions of the Company and consolidates the other group companies, ('Group'). The Company is primarily involved in providing management services to other entities in the group. The Group is primarily involved in providing clients with staff compliance training.

Review of the business and dividends

The statement of comprehensive income is set out on page 9.

During the period under review, the Group generated a profit before tax of £1,022,748. No dividends were declared in the year to 31 December 2020. However, during 2019 the Group declared a first dividend of £400,000, and in advance of the Group restructuring, a further dividend of £400,000, the first of which was paid in 2019 and the second, in 2020.

The Group's policy is to maintain dividend payments and in future the Board expects annual dividend declarations to be made consistently.

Future developments

The directors consider that the period-end financial position was satisfactory and that the Group is well-placed to sustain the present level of activity in the foreseeable future.

To facilitate the future development of the Group the directors are in the process preparing the Company for admission to the Alternative Investment Market. This is expected to be achieved in the latter part of 2021.

Financial risk management

The successful management of risk is essential to enable the Group to achieve its objectives. The ultimate responsibility for risk management rests with the directors who evaluate the Company's risk appetite and formulates policies for identifying and managing such risks. There are a number of financial risks that could potentially impact the activities of the Group and these include, but are not limited to, the following: credit risk, foreign currency risk, liquidity risk, etc. The Group's objective in managing such risks is the creation and protection of shareholder value. In order to manage and mitigate such risks, the Group employs a number of risk management tools in its day-to-day operation.

Coronavirus (COVID-19) pandemic

The directors have considered the impact that the ongoing outbreak of COVID-19 might have on the Company and its future business and financial position, considering especially its development plans, customer base, financing and daily operations. While there remain many uncertainties, at present the directors do not foresee any material negative impact on the Company's operations or plans.

The Group is well placed to assess any increased credit risk due to the potential impact of COVID-19 on group companies clients' businesses. The directors will continue to monitor the terms of trade and ensure that the Group maintains robust credit collection policies and procedures.

Otherwise and to the Group's benefit, demand for services offered by group companies such as online training of staff working from home and for compliance solutions, has increased during the COVID-19 confinement.

Skillcast Group PLC

Directors' report continued

Directors

The following persons served as directors during the year:

- Catriona Razic
- Anthony Miller
- Vivek Dodd

The following persons were appointed after the year end:

- Christopher Backhouse (appointed 2/8/2021)
- Richard Amos (appointed 2/8/2021)
- Josephine Napper (appointed 2/8/2021)
- Sally-Ann Tilleray (appointed 2/8/2021)

Statement of directors responsibilities

The directors are required by the Companies Act which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss of the Company for the year then ended. In preparing the financial statements, the directors should:

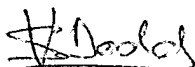
- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable;
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business as a going concern;
- Account for income and charges relating to the accounting period on the accrual basis;
- Value separately the components of asset and liability items; and
- Report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and which enable the directors to ensure that the financial statements comply with the Companies Act. This responsibility includes designing, implementing and maintaining 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. The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Crowe UK LLP have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the board on 20/10/2021 and signed on its behalf.



Vivek Dodd
Director

Independent Auditor's Report to the Members of Skillcast Group PLC

Opinion

We have audited the financial statements of Skillcast Group PLC (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2020 which comprise Statement of Comprehensive income, Statement of financial position, Statement of cash flows, Statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and international accounting standards in conformity with the requirements 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 2020 and of the group's profit 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 the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with the provisions of the Companies Act 2006; 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information contained within the annual report. 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.

Independent Auditor's Report to the Members of Skillcast Group PLC continued

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept 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

Other matters

The prior year figures for the consolidated financial statements were presented in the accounts of the acquiree, Inmarkets Group Limited and these were audited in accordance with International Standards on Auditing (ISAs) as issued by the International Auditing and Assurance Standards Board (IAASB) rather than ISAs UK.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report to the Members of Skillcast Group PLC continued

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our procedures involved enquiries with management, review of the reporting to the directors with respect to compliance with laws and regulation, review of board meeting minutes and review of legal correspondence.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements. Our tested included by were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- testing of journal postings made during the year to identify potential management override of controls;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the company's 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.



Leo Malkin
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW
20/10/2021

Skillcast Group PLC

Consolidated statement of profit or loss and other comprehensive income

For period ended 31 December 2020

	Note	2020 £	2019 restated £
Revenue	3	7,292,685	6,761,212
Cost of sales	4	(2,264,608)	(1,472,047)
Gross profit		5,028,077	5,289,165
Administrative expenses	5	(3,995,031)	(3,931,362)
Operating profit		1,033,046	1,357,803
Finance income		392	381
Finance expense		(10,690)	(20,186)
Profit before tax		1,022,748	1,337,998
Income tax expense	7	(118,630)	261,238
Total comprehensive income		904,118	1,599,236
Basic EPS	20	0.05	0.08

The notes on pages 13 to 27 form an integral part of the financial statements.

Skillcast Group PLC

Consolidated statement of financial position


As at 31 December 2020

	Note	2020 £	2019 £
Assets			
Non-current assets			
Property, plant and equipment	10	118,753	91,483
Right-of-use assets	11	263,353	470,690
		<u>382,106</u>	<u>562,173</u>
Current assets			
Trade and other receivables	8	3,474,349	2,785,721
Cash and cash equivalents	9	3,799,804	3,358,202
		<u>7,274,153</u>	<u>6,143,923</u>
TOTAL ASSETS		<u><u>7,656,259</u></u>	<u><u>6,706,096</u></u>
Issued capital and reserves attributable to owners			
Share capital	16	2,000	2,000
Retained earnings		3,874,738	2,970,620
Total equity		<u><u>3,876,738</u></u>	<u><u>2,972,620</u></u>
Liabilities			
Current liabilities			
Trade and other payables	12	728,178	755,142
Contract liability	13	2,292,947	1,789,618
Current lease liabilities		123,620	195,196
Income tax payable	14	504,114	695,223
		<u>3,648,859</u>	<u>3,435,179</u>
Non-current liabilities			
Long-term lease liabilities		135,774	289,606
Deferred tax liability	15	(5,112)	8,691
		<u>130,662</u>	<u>298,297</u>
Total liabilities		<u><u>3,779,521</u></u>	<u><u>3,733,476</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>7,656,259</u></u>	<u><u>6,706,096</u></u>

The notes on pages 13 to 27 form an integral part of the financial statements.

The financial statements on pages 9 to 12 were approved and authorised for issue by the Board of Directors on 20/10/2021.

Signed on behalf of the Board of Directors by



Vivek Dodd
Director

Skillcast Group PLC

Consolidated statement of changes in equity

For period ended 31 December 2020

	Share capital £	Retained earnings £	Total equity £
1/1/2019	2,000	2,171,384	2,173,384
Comprehensive Income for the period			
Profit	-	1,599,236	1,599,236
Total comprehensive Income for the period	-	1,599,236	1,599,236
Contributions by and distributions to owners			
Dividends	-	(800,000)	(800,000)
Total contributions by and distributions to owners	-	(800,000)	(800,000)
31 December 2019	2,000	2,970,620	2,972,620
1/1/2020	2,000	2,970,620	2,972,620
Comprehensive Income for the period			
Profit	-	904,118	904,118
Total comprehensive Income for the period	-	904,118	904,118
31 December 2020	2,000	3,874,738	3,876,738

The notes on pages 13 to 27 form an integral part of the financial statements.

Skillcast Group PLC

Consolidated statement of cash flows

For period ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit before tax	1,022,748	1,337,998
Adjustments for:		
Depreciation of property, plant and equipment	48,039	50,026
Amortisation of right-of-use assets	172,340	207,092
Finance income	(392)	(381)
Finance expense	10,690	20,186
	<u>1,253,425</u>	<u>1,614,921</u>
Increase/ (decrease) in trade and other receivables	(688,628)	(1,049,399)
Increase/ (decrease) in trade and other payables	876,365	356,849
Cash generated from operations	<u>1,441,162</u>	<u>922,371</u>
Income taxes (paid)/ received	(323,542)	566,250
Net cash flows from operating activities	<u>1,117,620</u>	<u>1,488,621</u>
Investing activities		
Purchases of property, plant and equipment	(75,307)	(42,948)
Interest received	392	381
Net cash used in investing activities	<u>(74,915)</u>	<u>(42,567)</u>
Financing activities		
Principal paid on lease liabilities	(190,413)	(192,979)
Dividends paid	(400,000)	(400,000)
Interest paid on lease liabilities	(10,690)	(20,186)
Net cash (used in)/from financing activities	<u>(601,103)</u>	<u>(613,165)</u>
Net increase in cash and cash equivalents	441,602	832,889
Cash and cash equivalents at beginning of period	3,358,202	2,525,313
Cash and cash equivalents at end of period	<u>3,799,804</u>	<u>3,358,202</u>

The notes on pages 13 to 27 form an integral part of the financial statements.

Skillcast Group PLC

Notes to the consolidated financial statements

31 December 2020

1 GENERAL INFORMATION

Skillcast Group PLC ('Company') is registered in the United Kingdom with registration number 12305914 and is limited by shares. Its registered office is at 80 Leadenhall Street, London, England, EC3A 3DH. The Company is the ultimate parent of Inmarkets Ltd, Inmarkets Group Ltd and Inmarkets International Ltd.

This report and financial statements reflect the consolidated activities and transactions of the Company and other group companies ('Group'). This report and financial statements reflect the restructuring of the Group. This involved; the incorporation of Skillcast Group Ltd, its positioning at the head of the Group, the transfer of ownership of Inmarkets Ltd from Inmarkets Group Ltd to Skillcast Group Ltd, and the swap of the shares of Inmarkets Group Ltd with the shares of Skillcast Group Ltd. This is the first report and financial statements of the Company but as it reflects a restructuring of the group it presents a consolidated position as if Skillcast Group PLC had been incorporated and the head of the Group since 1 January 2019.

Up to the 28 July 2021 the Company was a private limited company. On the 28 July 2021 the Company re-registered as a public company under the name Skillcast Group PLC. The Company did this in preparation of admission to the Alternative Investment Market.

The Company is primarily involved in providing management services to other entities in the group. The Group provides software and content subscriptions and related professional services to enable companies to transform their staff compliance. Operating from its two bases, in London and Malta, the Group helps companies across a broad spectrum of industry sectors in the UK, EU and in the rest of the world, to train their staff and demonstrate compliance with various laws, regulations, and standards that are relevant for their business.

2.1 Basis of preparation and statement of compliance

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. They have been prepared under the historical cost convention and on a going concern basis. The financial statements are presented in Pounds Sterling, which is the Group's presentation currency.

A subsidiary is defined as an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations other than the share for share acquisition of Inmarkets Group Ltd by Skillcast Group PLC in 2019 are accounted for under the acquisition method and merger relief has been taken on recognising the shares issued on acquisition, where applicable.

Under the acquisition method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the financial statements. The cost of acquisition is measured at the aggregate of the fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any excess of the purchase consideration of the business combination over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill. Goodwill, if any, is not amortised but reviewed for impairment at least annually. If the consideration is less than the fair value of assets and liabilities acquired, the difference is recognised directly in the statement of comprehensive income. Acquisition related costs are expensed as incurred.

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Intragroup losses may indicate an impairment which may require recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted for the annual reporting period ended 31 December 2020. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Skillcast Group PLC

Notes to the consolidated financial statements continued

31 December 2020

2.3 Summary of significant accounting policies

Revenue recognition

Software as a Service (SaaS) subscriptions

The Group provides right of access of content to clients for subscription periods ranging from six to twelve months.

Revenue is recognised evenly over the contractual period of the subscription as the client simultaneously receives and consumes the benefits of the Group's services.

The balance of the revenue which has not been recognised at the reporting date is deferred as a contract liability in current liabilities, until it is due to be recognised as revenue.

Where a contract includes multiple performance obligations, the transaction price is allocated to each performance obligation based on the stand-alone selling prices where available.

Professional services

The Group provides customised and standard content to its clients provided under fixed-price contracts which is generally non-recurring revenue.

Fixed price contracts are recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case contract revenue is only recognised to the extent of contract costs incurred that are recoverable. This is because either the Group is creating an asset with no alternative use to it and the contract contains the right to payment for work completed to date, or the client is simultaneously receiving and consuming the benefits of the Group's services as it performs.

Business development costs incurred as part of a bid or tender process are expensed as incurred. There are no material costs incurred during the period between the contract being awarded and service delivery commencing.

For fixed-price contracts, the client pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, an amount recoverable on contracts asset is recognised. Conversely, if the payments exceed the services rendered, a liability is recognised.

Amounts recoverable on contracts are included in current assets and represent revenue recognised on account.

Segmentation

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker (which takes the form of the Board of Directors of the Group), in order to allocate resources to the segment and to assess its performance. The Directors of the Group consider the Group is organised as one business unit and all assets, liabilities, revenues and expenditure are retained and recorded as such. However, the Group does segment revenue by type of revenue, namely SaaS subscriptions and Professional Services, and on a geographic basis.

Foreign currencies

The financial statements are presented in the Group's functional currency, Pounds Sterling, being the currency of the primary economic environment in which the Group operates. Transactions denominated in currencies other than the functional currency are translated at the rates of exchange ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in the statement of comprehensive income, except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate.

Taxes

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Skillcast Group PLC

Notes to the consolidated financial statements continued

31 December 2020

Taxes continued

Current tax assets and liabilities are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In Malta, Inmarkets Group Ltd is able to reclaim a proportion of the corporation tax paid by its subsidiary, Inmarkets International Ltd, as long as it meets certain criteria laid down by the Maltese tax authorities. The criteria include that the relevant corporation tax has been paid by Inmarkets International Ltd and that dividends to Inmarkets Group Ltd have been declared by Inmarkets International and are payable to non-Maltese tax resident shareholders. It is Group policy to reclaim Maltese corporation tax to the fullest extent permissible and to recognise this income in Inmarkets Group Ltd based upon dividends declared, or that will be declared once tax returns are completed, for the financial year. The reclaimed corporation tax is presented as netted off with the income tax expense and in other receivables.

Property, plant and equipment

The Group's property, plant and equipment is classified as furniture and fittings, computer hardware and software, and office equipment. Property, plant and equipment is:

- initially measured at cost. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.
- stated at cost less any accumulated depreciation and any accumulated impairment losses.
- derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in the profit or loss in the period of derecognition.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

Computer hardware	25% per annum
Computer software	33% per annum
Furniture and fittings	10% per annum
Office equipment	25% per annum

The depreciation method applied, residual value and useful life, are reviewed and adjusted, if appropriate, at the end of each reporting period.

Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Skillcast Group PLC

Notes to the consolidated financial statements continued

31 December 2020

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and are subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as follows:

- Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) The Group has transferred substantially all the risks and rewards of the asset, or (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

For trade receivables the Group reviews receivables for signs of risk of default. This review covers each receivable by client taking into account length of debt, client communications and circumstances. Provisions and write offs are recognised. The review takes place regularly and at least at the reporting date.

Impairment of non-financial assets

At the end of each reporting period the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in profit or loss. An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss.

Skillcast Group PLC

Notes to the consolidated financial statements continued

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Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

Employee benefits

The Group contributes towards the state pension in accordance with local legislation. The only obligation of the Group is to make the required contributions. Costs are expensed in the period in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position.

2.4 Significant accounting judgements, estimates and assumptions

In preparing the financial statements, the directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted for in the period the change becomes known.

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

Skillcast Group PLC

Notes to the consolidated financial statements continued

31 December 2020

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact on the Group unfavourably as at the reporting date. An estimate of the future impact of the COVID-19 pandemic is not practical to undertake. This matter is regularly reviewed.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped, based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

3 Revenue

	2020 £	2019 £
<i>Major product lines</i>		
Software as a Service (SaaS) subscriptions (i)	4,091,819	3,390,784
Professional services (ii)	3,200,866	3,370,428
	<u>7,292,685</u>	<u>6,761,212</u>

(i) SaaS subscriptions - The Group provides right of access of content to the customer over time for the subscription period ranging from 6 to 12 months. The revenue recognition is deferred for the remaining period of subscription. This revenue includes subscriptions to: (a) Skillcast Portal - the Group's integrated compliance management application that comes with a broad range of tools, namely SELMS, Policy Hub, Compliance Declarations, Surveys, Compliance Registers, Training 360, Events Management and SMCR 360; and (b) the Skillcast OTS course libraries, namely Essentials, FCA Compliance, Insurance Compliance and Risk.

(ii) Professional services - The Group provides customised and standard content to its clients provided under fixed-price contracts. This non-recurring revenue includes: (a) bespoke e-learning development projects for large corporates; (b) translations of those bespoke courses; (c) customisation of OTS courses for subscription clients; and (d) other content and technology consultancy.

	2020 £	2019 £
<i>Geographic split</i>		
UK	5,454,852	4,743,890
Europe	1,272,496	1,525,489
Rest of world	565,337	491,832
	<u>7,292,685</u>	<u>6,761,212</u>

Non-current assets in which they are based are shown below:

Property, plant and equipment

UK	58,565	52,158
Malta	60,189	39,326
	<u>118,753</u>	<u>91,483</u>

Right of use assets

UK	93,602	240,165
Malta	169,751	230,525
	<u>263,353</u>	<u>470,690</u>

4 Cost of sales

	2020 £	2019 £
<i>Profit before income tax includes the following cost of sales</i>		
Staff cost	1,346,602	744,656
Subcontracted services	875,157	576,466
Direct costs	42,849	150,927
	<u>2,264,608</u>	<u>1,472,048</u>

Skillcast Group PLC

Notes to the consolidated financial statements continued

31 December 2020

5 Administrative expenses

	2020	2019
	£	£
<i>Profit before income tax includes the following expenses</i>		
Staff costs	2,361,136	2,252,675
Director's compensation	512,040	467,673
Professional fees	189,329	88,007
Depreciation of property, plant and equipment (Note 10)	48,039	50,025
Depreciation of right-of-use asset (Note 11)	172,340	207,092
Net exchange differences	7,409	(453)
Auditor's remuneration	7,200	20,000
Advertising	336,400	349,662
Other expenses	411,178	521,353
	<u>4,045,071</u>	<u>3,956,035</u>

6 Staff costs and employee information

	2020	2019
	£	£
Salaries & wages (ex directors)	3,225,488	2,596,092
Social security costs	415,398	314,178
Other payroll costs	66,852	87,061
	<u>3,707,738</u>	<u>2,997,331</u>

The Group companies contribute towards the state pension in accordance with local legislation. The only obligation of the companies is to make the required contributions. Costs are expensed in the period in which they are incurred.

Number of staff

Average number of staff during the period (ex directors)	63	51
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7 Income tax expense

The tax expense for the period is composed of the following:

	2020	2019
	£	£
Current tax expense	117,308	(261,238)
Deferred tax expense	1,322	-
	<u>118,630</u>	<u>(261,238)</u>

In 2019 a current tax rebate in Malta of £585,984 is netted off against the income tax expense.

8 Current assets - trade and other receivables

	2020	2019
	£	£
Trade receivables	2,511,043	1,863,360
Less: Allowance for expected credit losses	(67,800)	(12,379)
	<u>2,443,243</u>	<u>1,850,981</u>
Prepayments and accrued income	242,664	149,711
Other receivables	788,442	1,025,457
	<u>1,031,106</u>	<u>1,175,168</u>

Other receivables includes a tax rebate due from the Matlese government of £693,240 (2019: £585,984).

Skillcast Group PLC

Notes to the consolidated financial statements continued

31 December 2020

9 Current assets - cash and cash equivalents

	2020 £	2019 £
Cash at bank	3,799,758	3,358,023
Cash at hand	46	180
	<u>3,799,804</u>	<u>3,358,202</u>
<i>Reconciliation to cash and cash equivalents at the end of the financial year</i>		
Balances as above	3,799,804	3,358,202
Balance as per statement of cash flows	3,799,804	3,358,202

10 Non-current assets - property, plant and equipment

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Computer Software & Hardware	Furniture and Fixtures	Office Equipment	Total
Balance at 1 January 2019	30,908	64,369	3,285	98,562
Additions	37,895	2,114	2,938	42,947
Disposals	-	-	-	-
Depreciation expense	(33,035)	(15,202)	(1,789)	(50,026)
Balance at 31 December 2019	<u>35,768</u>	<u>51,281</u>	<u>4,434</u>	<u>91,483</u>
Balance at 1 January 2020	35,768	51,281	4,434	91,483
Additions	57,089	17,666	554	75,309
Disposals	-	-	-	-
Depreciation expense	(35,378)	(6,748)	(5,913)	(48,039)
Balance at 31 December 2020	<u>57,479</u>	<u>62,199</u>	<u>(925)</u>	<u>118,753</u>

11 Non-current assets - Right-of-use assets

Reconciliations of the written down values at the beginning and end of the current and previous financial periods are set out below:

	Leasehold property	Car leases	Total
Balance at 1 January 2019	-	-	-
Additions	652,528	25,254	677,782
Disposals	-	-	-
Depreciation expense	(192,860)	(14,232)	(207,092)
Balance at 31 December 2019	<u>459,668</u>	<u>11,022</u>	<u>470,690</u>
Balance at 1 January 2020	459,668	11,022	470,690
Additions	(41,972)	6,975	(34,997)
Disposals	-	-	-
Depreciation expense	(163,436)	(8,904)	(172,340)
Balance at 31 December 2020	<u>254,260</u>	<u>9,093</u>	<u>263,353</u>

The Group leases its offices for three years with an option to extend. On renewal, the terms of the lease are renegotiated. Prior to 2019 the Group recognised expenditure related to office rents in relation to the period to which it related. From 2019 it recognised right-of-use assets in accordance with IFRS 16.

Skillcast Group PLC

Notes to the consolidated financial statements continued

31 December 2020

12 Current liabilities - trade and other payables

	2020 £	2019 £
Trade payables	165,130	107,349
Accruals	-	3,197
Amount due to shareholders	(7,562)	471
Sales and payroll taxes	478,422	-
Other payables	-	128,792
	<u>635,990</u>	<u>239,809</u>

13 Current liabilities - Contract liability

	2020 £	2019 £
Deferred revenue	2,292,947	1,789,618
Contract liabilities represent subscription revenue that has not recognised revenue at the reporting date as performance obligations remain. Revenue is recognised over the subscription period, which is generally 12 months.		

14 Current liabilities - Income tax

	2020 £	2019 £
Corporation tax payable	504,114	695,223

15 Non-current liabilities - Deferred tax

The deferred tax (liability)/asset for the year is analysed as follows.

	2020 £	2019 £
At beginning of the period	(8,691)	(3,203)
Credited to statement of comprehensive income	13,803	(5,488)
At end of the period	<u>5,112</u>	<u>(8,691)</u>
Deferred tax asset		
Temporary differences - on non-current assets due to accelerated tax depreciation	5,112	
Deferred tax liability - on non-current assets due to accelerated tax depreciation		(8,691)

16 Equity - issued capital

	2020 £	2019 £
Number	20,000,000	20,000,000
Par value per share	0.0001	0.0001
Total	2,000	2,000

All the shares in the Company are fully paid up. The shares in the Company were swapped for shares in Inmarkets Group Ltd on 22 November 2019. The shares in Inmarkets Group Ltd were fully paid up.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of, and amounts paid, on the shares held. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Skillcast Group PLC

Notes to the consolidated financial statements continued

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17 Key management personnel

The key management personnel are:

Catriona Razic	Director	(appointed 8/11/2019)
Anthony Miller	Director	(appointed 25/11/2019)
Vivek Dodd	Director and owns more than 50% of the shares in the parent company.	(appointed 25/11/2019)
Christopher Backhouse	Director and provides key management personnel services through Enterprise FD Ltd, see note 18.	(appointed 2/8/2021)
Richard Amos	Director	(appointed 2/8/2021)
Isabel Napper	Director	(appointed 2/8/2021)
Sally-Ann Tilleray	Director	(appointed 2/8/2021)

	2020	2019
	£	£
Compensation for key management personnel.	512,040	467,673
Employer pension contributions for key management personnel.	5,985	5,487

18 Related party transactions

The Group related party companies are:

Inmarkets Group Ltd	Limited liability company registered in Malta. Company registration number is C73909. Registered office is 1, Sqaq il-Ghadam, Mriehel, Birkirkara BKR3000, Malta. 100% subsidiary of The Company.
Inmarkets International Ltd	Limited liability company registered in Malta. Company registration number is C39269. Registered office is 1, Sqaq il-Ghadam, Mriehel, Birkirkara BKR3000, Malta. 100% subsidiary of Inmarkets Group Ltd.
Inmarkets Ltd	Limited liability company registered in England and Wales. Company registration number is 04267842. Registered office is 80 Leadenhall Street, London, EC3A 3DH, UK. 100% subsidiary of Skillcast Group PLC.

Transactions and outstanding balances in relation to related Group parties have been eliminated in preparing these financial statements.

Other related party companies are:

Enterprise FD Ltd	Limited liability company registered in England and Wales. Company registration number is 11201000. Registered office is 10 Ashfern Drive, Sutton Coldfield, B76 1JD, UK Provides services to the Group. Chris Backhouse is both a director of Enterprise FD Ltd and a member of the key management personnel of the Group, see note 17.
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	2020	2019
	£	£
Group expenditure with Enterprise FD Ltd	50,040	24,673
This expenditure is included in the total compensation to key management personnel in note 17.		
Outstanding payables of Group with Enterprise FD Ltd	8,120	2,870

Skillcast Group PLC

Notes to the consolidated financial statements continued

31 December 2020

19 Events after the reporting period

As referred to in note 2.4 the impact of the COVID-19 pandemic is ongoing and while the Group has not been significantly financially affected up to 31 December 2020 it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the UK Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend declared as disclosed in note 21, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations; or the Group's state of affairs in future financial years.

20 Earnings per share

Earnings per share (EPS) is calculated on the basis of profit attributable to equity shareholders divided by the weighted average number of shares in issue for the year.

	2020	2019
Profit after tax (GBP)	904,118	1,599,236
Weighted average number of ordinary shares	20,000,000	20,000,000
Basic earnings per share (GBP expressed in pence)	0.05	0.08

21 Dividends

	2020 £	2019 £
Dividend declared	-	800,000
Dividend paid	400,000	400,000

During the period under review, the Group generated a profit before tax of £1,022,748. No dividends were declared in the year to 31 December 2020. However, during 2019 the Group declared a first dividend of £400,000, and in advance of the Group restructuring, a further dividend of £400,000, the first of which was paid in 2019 and the second, in 2020. The Group's policy is to maintain dividend payments and in future the Board expects annual dividend declarations to be made consistently.

22 Financial instruments

The Group's activities are exposed to a variety of risk including foreign currency, credit and liquidity risk. The Group's overall financial risk management policy focuses on minimising potential adverse effects on its financial performance.

Financial risk management policies

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Pounds Sterling. The currency giving rise to this risk is primarily the Euro. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital and operational expenditure in the Euro.

Credit risk

The Group's exposure to credit risk arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating institutions.

The expected loss rates are based on the historical payment profiles of sales and the credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information. The loss allowance is shown in Note 9.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

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 maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. All current liabilities are repayable within one year.

Skillcast Group PLC

Notes to the consolidated financial statements continued

31 December 2020

Liquidity risk continued

Below summarises the maturity profile of the Group's financial lease liabilities, including interest payments, based on contractual undiscounted payments.

	Less than one year	1-2 years	2-3 years	> 3 years	Total
Year ended 31 December 2020	131,007	50,525	45,790	46,655	273,978
Year ended 31 December 2019	208,897	131,007	50,525	92,446	482,875

Capital risk management

The aim of the Group's capital management policy is to ensure the Group's ability to continue as a going concern, maintain a strong capital base in order to provide confidence to investors and creditors, and to sustain the future development of the business.

The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt in order to maintain the capital structure.

Capital is regarded as total equity, as recognised in the statement of financial position, plus cash less debt. Debt includes lease liabilities.

	2020 £	2019 £
Total equity	3,876,738	2,972,620
Plus: cash	3,799,804	3,358,202
Less debt: lease liability	259,394	484,802
Capital	<u>7,935,936</u>	<u>6,815,624</u>

There have been no events of default on the financing arrangements during the financial year.

23 Financing cash flows

A reconciliation of the financing cash flow is set out below:

	2020 £	2019 £
<i>Lease liability</i>		
At 1 January	484,802	-
Additions	-	677,781
Interest expense	10,690	20,186
Lease payments	(201,103)	(213,165)
Disposal	(34,995)	-
At 31 December	<u>259,394</u>	<u>484,802</u>
<i>Dividend liability</i>		
At 1 January	400,000	-
Dividends declared	-	800,000
Dividend payments	(400,000)	(400,000)
At 31 December	<u>-</u>	<u>400,000</u>
Net financing payments	(601,103)	(613,165)
Financing per statement of cash flows	(601,103)	(613,165)

Skillcast Group PLC

Notes to the consolidated financial statements continued

31 December 2020

24 Restatement

The introduction of Skillcast Group Ltd at the head of the group is considered to be a restructuring and as such the sale of Inmarkets Ltd by Inmarkets Group Ltd to Skillcast Group Ltd has been disregarded in the preparation of the financial statements. As a result the Group has restated its financial statements for 2019. Additional adjustments are detailed below.

The impact of the restatement on the statement of profit and loss and other comprehensive income.

	2019 as previously stated	2019 restated	Variance
Revenue	6,761,212	6,761,212	-
Cost of sales	(1,474,476)	(1,472,047)	(i) 2,429
Gross profit	5,286,736	5,289,165	2,429
Administrative expenses	(3,950,290)	(3,931,362)	(ii) 18,928
Operating profit	1,336,446	1,357,803	21,357
Other income	947,396	-	(iii) (947,396)
Loss on disposal of subsidiary	(1,260,101)	-	(iv) 1,260,101
Finance income	381	381	-
Finance expense	-	(20,186)	(v) (20,186)
Profit before tax	1,024,122	1,337,998	313,876
Income tax expense	(412,917)	261,238	(iv) 674,155
Total comprehensive income for the year	611,205	1,599,236	988,031

(i) Cost of sales

Reclassification of expenditure.

(ii) Administrative expenses

Reclassification of expenditure.

(iii) Other income

A proportion of the tax rebate due from the Maltese government has been deferred until adequate criteria exist for its recognition. This is expected to be fulfilled in 2021 when the entire amount will be recognised and reflected in the financial statements of 2021.

(iv) Loss on disposal of subsidiary

The disposal of Inmarkets UK by Inmarkets Group Ltd to Skillcast Group Ltd has been reversed and the loss reversed.

(v) Finance expense

Reclassification of expenditure.

(iv) Income tax expense

An adjustment for corporation and deferred tax to correct the previously stated figures.

Skillcast Group PLC

Notes to the consolidated financial statements continued

31 December 2020

24 Restatement continued

The impact of the restatement on the Statement of Financial Position.

	2019 as previously stated	2019 restated		Variance
Non-current assets				
Property, plant and equipment	39,326	91,483	(i)	52,157
Right of use asset	230,523	470,690	(ii)	240,167
Deferred tax asset	636	-	(iii)	(636)
	<u>270,485</u>	<u>562,173</u>		291,688
Current assets				
Trade and other receivables	2,270,216	2,785,721	(iv)	515,505
Cash and cash equivalents	2,107,357	3,358,202	(v)	1,250,845
	<u>4,377,573</u>	<u>6,143,923</u>		1,766,350
Equity attributable to equity holders				
Share capital	2,000	2,000		-
Retained earnings	1,967,390	2,970,620	(vi)	1,003,230
	<u>1,969,390</u>	<u>2,972,620</u>		1,003,230
Non-current liabilities				
Lease liability	238,052	484,802	(vii)	246,750
Deferred tax liability	-	8,691	(viii)	8,691
	<u>238,052</u>	<u>493,493</u>		255,441
Current liabilities				
Trade and other payables	1,724,425	2,944,760	(ix)	1,220,335
Current tax liability	716,191	695,223	(x)	(20,968)
	<u>2,440,616</u>	<u>3,639,983</u>		1,199,367

(i) Property, plant and equipment

(ii) Right of use asset

(iii) Deferred tax asset

(iv) Trade and other receivables

(v) Cash and cash equivalents

(vi) Retained earnings

(vii) Lease liability

(viii) Deferred tax liability

(ix) Trade and other payables

(x) Current tax liability

Adding back of Inmarkets UK's PPE.

Adding back of Inmarkets UK's leased assets.

Deferred tax adjustment.

Add back disposal of Inmarkets UK and reduction for value of Maltese corporation tax rebate noted above.

Adding back of Inmarkets UK's cash.

Impact on retained earnings of other transactions.

Adding back of Inmarkets UK's leased liability.

Adding back Inmarket UKs deferred tax and adjustment to correct deferred tax.

Adding back of Inmarkets UK's payables.

Adding back Inmarket UKs corporation tax and adjustment to correct corporation tax.

Skillcast Group PLC

Notes to the consolidated financial statements continued

31 December 2020

25 EBITDA and adjusted EBITDA

EBITDA is not defined or recognised under IAS. EBITDA is defined by the Group as 'earnings before interest, tax, depreciation and amortisation'. EBITDA is presented below as 'operating profit' plus all depreciation added back.

The Group also presents 'adjusted EBITDA' as the directors believe it presents a more meaningful measure of performance. The Group incurred leasehold depreciation in 2019 and 2020. In calculating 'adjusted EBITDA' an amount equivalent to the rent of the leased items has been deducted from EBITDA in 2019 and 2020. The Group incurred certain administrative expenses in anticipation of the Placing and Admission so as to deliver the anticipated growth in the business post-Admission. Had the decision to undertake the Placing and Admission not been taken by the Group, then such expenditure would not have been incurred. In calculating 'adjusted EBITDA' such 'non-recurring expenditure' has been added back to EBITDA.

	2020	2019
	£	£
Operating profit	1,033,046	1,357,803
Depreciation	220,379	257,118
EBITDA	1,253,425	1,614,921
Rent equivalent	(208,897)	(205,957)
Non-recurring expenditure	24,500	-
Adjusted EBITDA	1,069,028	1,408,964

Skillcast Group PLC

Company statement of financial position

As at 31 December 2020

	Note	2020 £
Assets		
Non-current assets		
Investment	3	74,500
Current assets		
Trade and other receivables	4	105,600
Total assets		180,100
Issued capital and reserves attributable to owners		
Share capital	7	2,000
Retained earnings		34,114
TOTAL EQUITY		36,114
Liabilities		
Current liabilities		
Trade and other payables	5	135,984
Income tax payable	6	8,002
Total liabilities		143,986
TOTAL EQUITY AND LIABILITIES		180,100

The notes on pages 30 to 35 form an integral part of the financial statements.

The financial statements on pages 28 to 29 were approved and authorised for issue by the Board of Directors on 20/10/2021.

Signed on behalf of the Board of Directors by



Vivek Dodd
Director

Skillcast Group PLC

Company statement of changes in equity

For period ended 31 December 2020

	Share capital	Retained earnings	Total equity
	£	£	£
8/11/2019	-	-	-
Comprehensive Income for the period			
Profit	-	34,114	34,114
Total comprehensive Income for the period	-	34,114	34,114
Contributions by and distributions to owners			
Contributions of equity, net of transaction costs	2,000	-	2,000
Total contributions by and distributions to owners	2,000	-	2,000
31 December 2020	2,000	34,114	36,114

The notes on pages 29 to 34 form an integral part of the financial statements.

Skillcast Group PLC

Notes to the company financial statements

31 December 2020

1 General information

Skillcast Group PLC ('Company') is registered in the United Kingdom with registration number 12305914 and is limited by shares. Its registered office is at 80 Leadenhall Street, London, England, EC3A 3DH. The Company is the ultimate parent of Inmarkets Ltd, Inmarkets Group Ltd, Inmarkets International Ltd. Together referred to as the 'Group'.

This report and financial statements reflect the activities and transactions of the Company. This is the first report and financial statements of the Company and covers the period from the Company's incorporation on 08 November 2019 to 31 December 2020.

Up to the 28 June 2021 the Company was a private limited company. On the 28 June 2021 the Company re-registered as a public company under the name Skillcast Group PLC. The Company did this in preparation of admission to the Alternative Investment Market.

The Company is primarily involved in providing management services to other entities in the Group.

2.1 Basis of preparation and statement of compliance

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. They have been prepared under the historical cost convention and on a going concern basis. The financial statements are presented in Pounds Sterling, which is the Companies presentation currency.

2.2 Changes in accounting policies and disclosures

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted for the annual reporting period ended 31 December 2020. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2.3 Summary of significant accounting policies

Revenue recognition

Professional services

Revenue is recognised as the client simultaneously receives and consumes the benefits of the Companies services.

Foreign currencies

The financial statements are presented in the Group's functional currency, Pounds Sterling, being the currency of the primary economic environment in which the Group operates. Transactions denominated in currencies other than the functional currency are translated at the rates of exchange ruling on the date of transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year end. Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in the statement of comprehensive income, except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate.

Taxes

Current tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Fixed asset investments

Fixed asset investments in Group undertakings are carried at cost less any provision for impairment.

Skillcast Group PLC

Notes to the company financial statements continued

31 December 2020

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and are subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, Inmarkets initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as follows:

- Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) The Company has transferred substantially all the risks and rewards of the asset, or (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive.

For trade receivables the Group reviews receivables for signs of risk of default. This review covers each receivable by client taking into account length of debt, client communications and circumstances. Provisions and write offs are recognised. The review takes places regularly and at least at the reporting date.

Impairment of non-financial assets

At the end of each reporting period the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Skillcast Group PLC

Notes to the company financial statements continued

31 December 2020

Impairment of non-financial assets continued

Impairment losses are recognised immediately in profit or loss.

An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Impairment reversals are recognised immediately in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

2.4 Significant accounting judgements, estimates and assumptions

In preparing the financial statements, the directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted for in the period the change becomes known.

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

Skillcast Group PLC

Notes to the company financial statements continued

31 December 2020

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact on the Company unfavourably as at the reporting date. An estimate of the future impact of the COVID-19 pandemic is not practical to undertake. This matter is regularly reviewed.

3 Investments

	2020
	£
Acquisition of Inmarkets Ltd from Inmarkets Group Ltd on 31 December 2019.	72,500
100% acquisition of Inmarkets Group Ltd through a share swap on 22 November 2019.	<u>2,000</u>
	74,500

4 Current assets - Trade and other receivables

	2020
	£
Due from Group companies	105,600
No impairment allowance is considered necessary for these receivables.	

5 Current liabilities - Trade and other payables

	2020
	£
Due to Group companies	126,384
Sales and payroll taxes	<u>9,600</u>
	135,984

6 Current liabilities - Income tax

	2020
	£
Corporation tax payable	8,002

7 Equity - issued capital

		2020
		£
Ordinary shares issued on incorporation	1	-
Ordinary A shares issued to acquire the Company's subsidiary (note 8)	19,659,999	1,966
Ordinary B shares issued to acquire the Company's subsidiary (note 8)	<u>340,000</u>	<u>34</u>
Ordinary shares as at 31 December 2020	20,000,000	2,000
Par value per share		0.0001

All the shares in the Company are fully paid up. The shares in the Company were swapped for shares in Inmarkets Group Ltd on 22 November 2019. The shares in Inmarkets Group Ltd were fully paid up.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of, and amounts paid, on the shares held. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Skillcast Group PLC

Notes to the company financial statements continued

31 December 2020

8 Key management personnel

The key management personnel are:

Catriona Razic	Director	(appointed 8/11/2019)
Anthony Miller	Director	(appointed 25/11/2019)
Vivek Dodd	Director and owns more than 50% of the shares in the parent company.	(appointed 25/11/2019)
Christopher Backhouse	Director and provides key management personnel services through Enterprise FD Ltd, see note 9.	(appointed 2/8/2021)
Richard Amos	Director	(appointed 2/8/2021)
Isabel Napper	Director	(appointed 2/8/2021)
Sally-Ann Tilleray	Director	(appointed 2/8/2021)

2020

£

There was no compensation to key management personnel during the period

9 Related party transactions

The Group related party companies are:

Inmarkets Group Ltd	Limited liability company registered in Malta. Company registration number is C73909. Registered office is 1, Sqaq il-Ghadam, Mrieħel, Birkirkara BKR3000, Malta. 100% subsidiary of the Company.
Inmarkets International Ltd	Limited liability company registered in Malta. Company registration number is C39269. Registered office is 1, Sqaq il-Ghadam, Mrieħel, Birkirkara BKR3000, Malta. 100% subsidiary of Inmarkets Group Ltd.
Inmarkets Ltd	Limited liability company registered in England and Wales. Company registration number is 04267842. Registered office is 80 Leadenhall Street, London, EC3A 3DH, UK. 100% subsidiary of the Company.

2020

£

Transactions

Revenue with Inmarkets International Ltd	48,000
Revenue with Inmarkets Ltd	48,000

Balances outstanding

Amount due from Inmarkets International Ltd	48,000
Amount due from Inmarkets Ltd	3,716
Amount due to Inmarkets International Ltd	
Amount due to Inmarkets Group Ltd	72,500

Other related party companies are:

Enterprise FD Ltd	Limited liability company registered in England and Wales. Company registration number is 11201000. Registered office is 10 Ashfern Drive, Sutton Coldfield, B76 1JD, UK. Provides services to the Group. Christopher Backhouse is both a director of Enterprise FD Ltd and a member of the key management personnel of the Group, see note 8.
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There were no transactions or outstanding balances between the Company and Enterprise FD Ltd at the reporting date.

Skillcast Group PLC

Notes to the company financial statements continued

31 December 2020

10 Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

11 Earnings per share

Earnings per share (EPS) is calculated on the basis of profit attributable to equity shareholders divided by the weighted average number of shares in issue for the year.

2020

Profit after tax (GBP)	(34,114)
Weighted average number of ordinary shares	20,000,000
Basic earnings per share (GBP expressed in pence)	(0.00)

12 Dividends

No dividends were declared in the year to 31 December 2020. However, during 2019 the Group declared a first dividend of £400,000, and in advance of the Group restructuring, a further dividend of £400,000, the first of which was paid in 2019 and the second, in 2020. The Group's policy is to maintain dividend payments and in future the Board expects annual dividend declarations to be made consistently.

13 Financial instruments

The Company's activities are exposed to a variety of risk including foreign currency, credit and liquidity risk. The Company's overall financial risk management policy focuses on minimising potential adverse effects on its financial performance.

Financial risk management policies

The Company is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Pounds Sterling. The currency giving rise to this risk is primarily the Euro. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Company maintains a natural hedge whenever possible, by matching the cash inflows (revenue stream) and cash outflows used for purposes such as capital and operational expenditure in the Euro.

Credit risk

The Company's exposure to credit risk arises mainly from trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating institutions.

The Company considers each client receivable based on the length of debt, communications and client circumstances. Any loss allowance is shown in Note 4.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Company 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 Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. All current liabilities are repayable within one year.

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The Company has a capital risk management policy in place.