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**SYSTAL TECHNOLOGY SOLUTIONS LTD**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

**SYSTAL TECHNOLOGY SOLUTIONS LTD**

**COMPANY INFORMATION**

<b>Directors</b>	Douglas Cumming Neil Nicolson Gary O'Neil
<b>Registered number</b>	SC345442
<b>Registered office</b>	Rowan House 1 Robroyston Oval Nova Business Park Glasgow G33 1AP
<b>Independent auditors</b>	Anderson Anderson & Brown Audit LLP Citypoint 2 25 Tyndrum Street Glasgow G4 0JY
<b>Bankers</b>	Virgin Money 56 Murray Place Stirling FK8 2BX

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**Introduction**

The directors present their report of Systal Technology Solutions Limited ('Systal') for the year ended 31 December 2022.

**Business review**

Significant growth in 2022 has been driven by demand for Systal's market leading managed network and security services and customer focused transformation skills. Revenue increased in the year by 50% to £54.9m (2021: £36.7m). Providing agile and scalable solutions that securely solve current business challenges, Systal and its fellow subsidiaries, by the end of 2022, managed over 200,000 assets in more than 70 countries for 240 enterprise level customers. In anticipation of future growth, Systal further invested in its infrastructure in 2022, whilst establishing the platform to enhance and expand its cyber security services.

**Financial review**

Systal's balance sheet and financing benefitted, during a year of high inflation and significantly increased interest rates, from having a limited exposure to third party borrowing. Day to day activities are financed through cash reserves and an invoice financing facility, which is secured on amounts invoiced to customers.

Profit for the financial year was £1.6m (2021: £7.7m) with the Company reflecting the benefit within tax for its research and development as part of its value added transition and transformation service model.

**Principle risks and uncertainties**

The Board reviewed the principle risks and uncertainties of the Group and concluded that there were no significant changes. The Group's principle risks are its competitors, customer concentration, staff retention and cyber security. Training and developing staff, strategic actions to win new business and application of the latest software combined with targeted on-line learning sought to manage these risks during the year.

**Future developments**

Our employees are fundamental to the future of Systal and the Board would like to thank them for their immense contribution to the growth and development of Systal over the last year. Systal continues its investment strategy to support controlled growth. The decision to invest profits in 2022 to support expansion provided an operational base in its core markets of Europe, US, and Asia Pacific for future growth, whilst insuring its market leading customer experience of services.

Underpinned by extended commitments from Systal's long term customer relationships, 2023 will continue the trend of Systal investing to deliver transformational growth and advance its global scaling strategy, to deliver its ambition to substantially grow revenue, the run rate of underlying ebitda and its return to shareholders.

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

**Neil Nicolson**  
Director

Date: 26 September 2023

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

**Directors' responsibilities statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

**Directors**

The Directors who served during the year were:

Douglas Cumming  
Neil Nicolson  
Gary O'Neil

**Disclosure of information to auditors**

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

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

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

The auditors, Anderson Anderson & Brown Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

**Neil Nicolson**

Director

Date: 26 September 2023

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYSTAL TECHNOLOGY SOLUTIONS LTD**

**Opinion**

We have audited the financial statements of Systal Technology Solutions Ltd (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYSTAL TECHNOLOGY SOLUTIONS LTD (CONTINUED)**

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 2, 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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYSTAL TECHNOLOGY SOLUTIONS LTD (CONTINUED)**

**Auditors' 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 Auditors' 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.

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:

- completing a risk-assessment process during our planning for this audit that specifically considered the risk of

fraud;

- enquiry of management about the company's policies, procedures and related controls regarding compliance

with laws and regulations and if there are any known instances of non-compliance;

- examining supporting documents for all material balances, transactions and disclosures;

- enquiry of management, about litigations and claims and inspection of relevant correspondence

- evaluation of the selection and application of accounting policies related to subjective measurements and

complex transactions;

- analytical procedures to identify any unusual or unexpected relationships;

- specific audit testing on and review of areas that could be subject to management override of controls and

potential bias, most notably around the key judgments and estimates, including the amounts recoverable on

contracts, depreciation of fixed assets, carrying value of accruals and revenue recognition;

- considering management override of controls outside of the normal operating cycles including testing the

appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation

of the financial statements including evaluating the business rationale of significant transactions, outside the

normal course of business.

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are

not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all

laws and regulations - this responsibility lies with management with the oversight of the directors.

Based on our understanding of the company and industry, discussions with management and directors we

identified financial reporting standards and Companies Act 2006 as having a direct effect on the amounts and

disclosures in the financial statements.

As part of the engagement team discussion about how and where the company's financial statements may be

materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of

the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYSTAL TECHNOLOGY SOLUTIONS LTD (CONTINUED)

**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 Auditors' 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.

Angus McCuaig (Senior statutory auditor)  
for and on behalf of  
**Anderson Anderson & Brown Audit LLP**  
Statutory Auditors  
Citypoint 2  
25 Tyndrum Street  
Glasgow  
G4 0JY

29 September 2023

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	3	54,942,131	36,709,512
Cost of sales		(44,074,189)	(20,356,878)
<b>Gross profit</b>		<u>10,867,942</u>	<u>16,352,634</u>
Administrative expenses		(11,147,490)	(6,948,787)
Exceptional items	12	768,169	-
Other operating income	4	5,000	74,540
<b>Operating profit</b>	5	<u>493,621</u>	<u>9,478,387</u>
Interest payable and similar expenses	9	(353,299)	(6,278)
<b>Profit before tax</b>		<u>140,322</u>	<u>9,472,109</u>
Tax on profit	10	1,439,481	(1,782,830)
<b>Profit for the financial year</b>		<u><u>1,579,803</u></u>	<u><u>7,689,279</u></u>

The notes on pages 11 to 25 form part of these financial statements.

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	13	3,770,852	3,300,883
Investments	14	1,107	-
		<u>3,771,959</u>	<u>3,300,883</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	22,843,345	26,317,303
Cash at bank and in hand		73,444	1,318,678
		<u>22,916,789</u>	<u>27,635,981</u>
Creditors: amounts falling due within one year	16	(14,936,680)	(16,499,305)
<b>Net current assets</b>		<u>7,980,109</u>	<u>11,136,676</u>
<b>Total assets less current liabilities</b>		<u>11,752,068</u>	<u>14,437,559</u>
Creditors: amounts falling due after more than one year	17	(1,495,706)	(712,423)
<b>Provisions for liabilities</b>			
Deferred tax	21	(448,333)	(62,910)
		<u>(448,333)</u>	<u>(62,910)</u>
<b>Net assets</b>		<u><u>9,808,029</u></u>	<u><u>13,662,226</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	154	154
Share premium account		64,950	64,950
Profit and loss account		9,742,925	13,597,122
		<u><u>9,808,029</u></u>	<u><u>13,662,226</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2023.

**Neil Nicolson**  
Director

The notes on pages 11 to 25 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2021</b>	154	64,950	5,996,893	6,061,997
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	7,689,279	7,689,279
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital (Note 11)	-	-	(89,050)	(89,050)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 1 January 2022</b>	154	64,950	13,597,122	13,662,226
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,579,803	1,579,803
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital (Note 11)	-	-	(5,434,000)	(5,434,000)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2022</b>	<u>154</u>	<u>64,950</u>	<u>9,742,925</u>	<u>9,808,029</u>

The notes on pages 11 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**1. General information**

Systal Technology Solutions Limited is a private company, limited by shares, registered in Scotland. The company's registered number is SC345442 and its registered office is Rowan House, 1 Robroyston Oval, Nova Business Park, Glasgow, G33 1AP.

The principal activity of the company is the provision of managed network and security services.

The financial statements are presented in Sterling, which is also the functional currency of the company.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

**2.2 Going concern**

The company is in a strong financial position. Having considered budgets and cash flows, monthly

management accounts and available working capital, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors continue to believe the going concern basis of accounting appropriate in preparing the financial statements.

**2.3 Critical accounting judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key source of estimation uncertainty that has a significant effect on the amounts recognised in

the financial statements is the value of the amounts recoverable on contracts. Amounts recoverable on contracts results when the risks and rewards of ownership have passed for the provision of goods and services. For projects spanning the year end, amounts recoverable on contract arises based on the percentage of completion on the project. Further key judgements include the assessment and presentation of the exceptional costs and parent company loan write off reflected in exceptional administrative expenses.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**2. Accounting policies (continued)**

**2.4 Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

As the company is included in the consolidated financial statements of Sarah Topco Limited, it is entitled to take advantage of various disclosure exemptions within FRS 102. As a result, the company has elected not to prepare a cash flow statement.

**2.5 Related party exemption**

The company has taken advantage of exemption, under Section 33 of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with other group companies and to report any transactions with company directors within the consolidated group accounts.

**2.6 Revenue**

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

Turnover for the sale of goods is recognised when the company has transferred to the buyer the risks and rewards of ownership.

Turnover for the provision of services is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the stage of completion can be measured reliably.

**2.7 Grant income**

Grant income is measured at the fair value of the asset received or receivable. Grant income received in the year has been recognised by the company using the accruals method. The grant income is recognised in income on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.8 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.9 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.10 Pensions

**Defined contribution pension plan**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

**2. Accounting policies (continued)**

**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.12 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**2.13 Tangible fixed assets**

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

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**2. Accounting policies (continued)**

**2.13 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Licences	-	20%
Rental assets	-	20%
Motor vehicles	-	20%
Fixtures and fittings	-	20%
Property improvements	-	10%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.14 Hire purchase**

Rentals payable under hire purchase contracts are charged against the resultant creditor with any interest element being charged against income as the charges arise.

**2.15 Finance leased assets**

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset.

Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement.

Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

**2.16 Amounts recoverable on contracts**

Amounts recoverable on contracts results when the risks and rewards of ownership have passed for the provision of IT goods and services. For projects spanning the year end, amounts recoverable on contract arises based on the percentage of completion on the project.

## **2.17 Deferred income**

Deferred income results when payments have been received prior to the risks and rewards of ownership passing.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

**2. Accounting policies (continued)**

**2.18 Debtors**

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

**2.19 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.20 Provisions for liabilities**

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

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

Payments made are charged to the provision in the balance sheet, which is periodically re-assessed for adequacy.

**2.21 Loans**

Loans are measured initially at fair value, net of transactions costs, and are measured subsequently at amortised cost using the effective interest method.

**2.22 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**3. Turnover**

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

	2022 £	2021 £
Sales of goods and services	54,942,131	36,709,512
	<u>54,942,131</u>	<u>36,709,512</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	51,106,651	35,618,960
Rest of Europe	655,474	297,590
Rest of the world	3,180,006	792,962
	<u>54,942,131</u>	<u>36,709,512</u>

**4. Other operating income**

	2022 £	2021 £
Government grants receivable	5,000	74,540
	<u>5,000</u>	<u>74,540</u>

**5. Operating profit**

The operating profit is stated after charging:

	2022 £	2021 £
Foreign currency (gains)/losses	(229,791)	116,170
Other operating lease rentals	460,236	203,405
Depreciation	834,314	284,392
Loss on disposal of fixed assets	19,659	-
Auditors' remuneration (Note 6)	<u>32,000</u>	<u>29,000</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**6. Auditors' remuneration**

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2022 £	2021 £
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	32,000	29,000

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

**7. Employees**

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

	2022 £	2021 £
Wages and salaries	17,943,973	12,272,576
Social security costs	2,294,645	1,391,204
Pension costs	1,266,826	517,121
	<u>21,505,444</u>	<u>14,180,901</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2022 No.	2021 No.
Admin	67	28
Engineers	252	234
	<u>319</u>	<u>262</u>

**8. Directors' remuneration**

	2022 £	2021 £
Directors' emoluments	489,361	504,884
Directors national insurance	66,881	65,001
Directors' pensions	135,558	36,989
	<u>691,800</u>	<u>606,874</u>

During the year retirement benefits were accruing to 3 Directors (2021 - 4) in respect of defined contribution pension schemes.

The Directors consider themselves as the key management personnel of the company so no further disclosure required.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	17,526	48
Finance leases and hire purchase contracts	71,664	4,869
Other interest payable	264,109	1,361
	<u>353,299</u>	<u>6,278</u>

10. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	(937,235)	1,823,027
Adjustments in respect of previous periods	(887,669)	-
	<u>(1,824,904)</u>	<u>1,823,027</u>
<b>Total current tax</b>	<u>(1,824,904)</u>	<u>1,823,027</u>
<b>Deferred tax</b>		
Movement through profit and loss	385,423	(40,197)
<b>Total deferred tax</b>	<u>385,423</u>	<u>(40,197)</u>
<b>Tax on profit</b>	<u>(1,439,481)</u>	<u>1,782,830</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**10. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>140,322</u>	<u>9,472,109</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	26,661	1,799,701
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	17,224	41,614
Capital allowances for year in excess of depreciation	5,525	(18,288)
Adjustments to tax charge in respect of prior periods	(887,669)	-
Other timing differences leading to an increase (decrease) in taxation	(226,645)	-
Non-taxable income	(760,000)	-
Deferred tax movements	385,423	(40,197)
<b>Total tax charge for the year</b>	<u><u>(1,439,481)</u></u>	<u><u>1,782,830</u></u>

**11. Dividends**

	2022 £	2021 £
"A" Ordinary shares	5,434,000	89,050
	<u><u>5,434,000</u></u>	<u><u>89,050</u></u>

**12. Exceptional items**

	2022 £	2021 £
<b>Exceptional administrative items</b>		
Professional and consultancy costs	1,302,097	-
Specific bad debt	1,929,734	-
Intercompany loan write-off	(4,000,000)	-
	<u><u>(768,169)</u></u>	<u><u>-</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**13. Tangible fixed assets**

	Rental assets £	Motor vehicles £	Fixtures and fittings £	Improvements to property £	Total £
<b>Cost or valuation</b>					
At 1 January 2022	2,495,018	311,094	588,899	534,609	3,929,620
Additions	951,856	-	352,427	-	1,304,283
At 31 December 2022	<u>3,446,874</u>	<u>311,094</u>	<u>941,326</u>	<u>534,609</u>	<u>5,233,903</u>
<b>Depreciation</b>					
At 1 January 2022	181,925	88,875	164,779	193,158	628,737
Charge for the year on owned assets	556,287	62,219	162,347	53,461	834,314
At 31 December 2022	<u>738,212</u>	<u>151,094</u>	<u>327,126</u>	<u>246,619</u>	<u>1,463,051</u>
<b>Net book value</b>					
At 31 December 2022	<u>2,708,662</u>	<u>160,000</u>	<u>614,200</u>	<u>287,990</u>	<u>3,770,852</u>
<b>At 31 December 2021</b>	<u>2,313,093</u>	<u>222,219</u>	<u>424,120</u>	<u>341,451</u>	<u>3,300,883</u>

The net book value of assets held under hire purchase contracts as at 31 December 2022 was £156,254  
(2021: £211,487).

**14. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
Additions	1,107
At 31 December 2022	<u>1,107</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**15. Debtors**

	2022 £	2021 £
Trade debtors	7,838,850	12,587,573
Amounts owed by group undertakings	8,323,343	3,382,058
Other debtors	1,185,105	4,567
Prepayments	705,375	495,316
Amounts recoverable on long-term contracts	4,790,672	9,847,789
	<u>22,843,345</u>	<u>26,317,303</u>

**16. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Invoice financing	4,377,297	-
Trade creditors	3,940,574	3,215,133
Amounts owed to group undertakings	-	7,215,376
Corporation tax	-	1,423,617
Other taxation and social security	1,781,306	2,546,967
Obligations under finance lease and hire purchase contracts (Note 18)	709,658	641,597
Other creditors	1,851,657	189,757
Accruals and deferred income	2,276,188	1,266,858
	<u>14,936,680</u>	<u>16,499,305</u>

**17. Creditors: Amounts falling due after more than one year**

	2022 £	2021 £
Net obligations under finance leases and hire purchase contracts (Note 18)	1,495,706	712,423
	<u>1,495,706</u>	<u>712,423</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**18. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	709,658	350,222
Between 1-5 years	1,495,706	1,003,798
	<u>2,205,364</u>	<u>1,354,020</u>

**19. Secured debts**

	2022 £	2021 £
<b>The following secured debts are included within creditors</b>		
HP liabilities < 1 year	51,144	58,847
HP liabilities > 1 year	8,508	53,826
Finance leases < 1 year	658,514	582,750
Finance leases > 1 year	1,487,198	658,597
	<u>2,205,364</u>	<u>2,205,364</u>

Hire purchase contracts are secured against the assets which the liability relates.

Finance leases are secured against the assets which the liability relates.

Virgin Money PLC held a floating charge over the assets of the company.

**20. Financial instruments**

	2022 £	2021 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>22,211,414</u>	<u>27,140,665</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>16,432,386</u>	<u>17,208,920</u>

Financial assets measured at amortised cost relate to cash at bank and in hand and debtors falling due within one year, excluding prepayments.

Financial liabilities measured at amortised cost relate to liabilities stated in notes 16 and 17.

Total interest expenditure for financial liabilities held at amortised cost relates to costs stated in note 10.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£	£
<b>Interest income and expense</b>		
Interest payable	353,299	6,278

**21. Deferred taxation**

	2022
	£
At beginning of year	(62,910)
Charged to profit or loss	(385,423)
<b>At end of year</b>	<b><u>(448,333)</u></b>

The provision for deferred taxation is made up as follows:

	2022	2021
	£	£
Accelerated capital allowances	(473,113)	(103,107)
Timing differences	24,780	40,197
	<b><u>(448,333)</u></b>	<b><u>(62,910)</u></b>

**22. Share capital**

	2022	2021
	£	£
<b>Allotted, called up and fully paid</b>		
150 (2021 - 150) A Ordinary shares of £1.00 each shares of £1.00 each	150	150
4 (2021 - 4) B Ordinary shares of £1.00 each shares of £1.00 each	4	4
	<b><u>154</u></b>	<b><u>154</u></b>

**23. Pension commitments**

The company contributes to a defined contribution scheme on behalf of certain directors and employees.

The contributions amounted to £1,266,826 (2021: £517,121). At the year end there was £124,039 to be collected by the pension scheme providers (2021: £118,689).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**24. Commitments under operating leases**

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	342,015	172,537
Later than 1 year and not later than 5 years	814,993	958,831
Later than 5 years	328,000	-
	<u>1,485,008</u>	<u>1,131,368</u>

**25. Related party transactions**

In the year ended 31 December 2022, there was no related party transactions recognised. The non-executive director provided consultancy services that was recognised within expenses for the year ended 31 December 2021 and amounted to £5,750.

**26. Capital management**

Capital comprises of share capital and reserves stated on the Balance Sheet. The company's objective when managing capital is to provide sufficient resources to allow the continued investment in new products that is required in the rapidly changing market in which the company operates and to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders.

The company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analyses. No changes were made in the objectives, policies and processes during the year.

The company is not subject to either internally or externally imposed capital requirements.

**27. Ultimate Parent company**

Systal Holdings Limited, a company incorporated in Great Britain and registered in Scotland, is the

immediate parent company of Systal Technology Solutions Limited and Systal Holdings Limited owns 100% of the share capital of Systal Technology Solutions Limited.

The ultimate parent company of Systal Technology Solutions Limited is Sarah Topco Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements of Sarah Topco Limited are available to the public from its registered office at 47 Queen Anne Street, Marylebone, London, UK, W1G 9JG.



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