

Report of the Directors and Financial Statements
for the year ended 31 December 2019
for Asolvi UK Limited



Asolvi UK Limited

CONTENTS

	Page
Company Information	2
Report of the Directors	3-5
Report of the Independent Auditors	6-8
Income statement	9
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12-24

Asolvi UK Limited

Company Information

BOARD OF DIRECTORS

Sverre Ragnar Dreier
Pal Marius Rodseth

REGISTERED NUMBER

02136682 (England and Wales)

REGISTERED OFFICE

Swan House
Peregrine Business Park
Gomm Road
High Wycombe
HP13 7DL

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
3 Forbury Place,
23 Forbury Road,
Reading
RG1 3JH

Asolvi UK Limited

Report of the Directors for the year ended 31 December 2019

The directors present their report and the audited financial statements of the company for the year ended 31 December 2019. The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption in accordance with section 415A of the Companies Act 2006. The Company has taken the small companies exemption from preparing a strategic report as per section 414b of the Companies Act 2006.

Principal activities

The company's principal activity continues to be the development and sale of software as a service. The company offers applications that enable companies to respond quickly to market changes and use resources in a more agile way to achieve better business performance and competitive advantages. The company's products are known for being user friendly, modular in their design and flexible enough to support our customers in their way of working according to their established processes.

Future outlook

The directors are confident of the future performance of the Company.

The Company has acquired 3 businesses within the financial year leading to a significant increase in the number of customers along with the synergies and cost savings available following the aggregation of the businesses.

The acquired businesses have been established for a number of years within their markets and have a track record for longevity of customer contracts. The barriers to enter the industry is low and client retention high due to the costs and complexities with moving providers. The company acquired 3 businesses within the year, including Vantage Computing Limited, Purpose Software Limited and Personal Computing Data Services, which led to an increase in revenues for the company in the current financial year of £749,084.

Going concern

The Directors have adopted the going concern basis in preparing these financial statements having given due consideration to the net liabilities of the Company and the requirement for ongoing support from the immediate parent company, Asolvi AS.

Asolvi AS have confirmed that it will continue to provide support to the Company to enable it to meet its liabilities as they fall due for a period of at least twelve months from the date of signing of these financial statements. The Directors of the Company have considered it appropriate to place reliance on this support, based upon a review of the Group's financial position, business plan together with the cash and committed borrowing facilities available. The Directors also took into account potential contingent liabilities and other risk factors in making their assessment.

The Director believe, after due and careful enquiry, and taking into account the support of the parent company, that the Company has sufficient financial resources for its present requirements and is able to meet its liabilities as they fall due for the foreseeable future. For these purposes the foreseeable future is taken to mean a period of at least twelve months from the date of approval of these financial statements. On this basis the Directors consider it appropriate to prepare the financial statements on a going concern basis.

Financial risk management

The Company has considered all major risks to its business and considers the main risk to be liquidity risk as it relies on the support provided by the immediate parent company Asolvi AS. The Company has implemented safeguards necessary to ensure that the exposure to liquidity risk has minimal financial effect on the Company.

The company's customer base is comprised of small and medium enterprises as well as larger organisations and management has implemented appropriate credit policies prior to contracting with these clients. The Company does not have any overreliance and has a well-diversified customer base.

Asolvi UK Limited

Report of the Directors for the year ended 31 December 2019 (contd)

Research and development

The Company continues to prioritise research and development activities to ensure the production of new products and services to enhance and optimise the customers experience as well as driving any internal efficiencies. During the year to 31 December 2019 a number of individuals were employed within the company for their expertise with regards to research and development of which the costs have been expensed within the period in which they were incurred through the income statement. The aggregate amount of research and development expenditure recognised as an expense during the period was £464,747.

Post balance sheet event

The directors will continue to monitor the effects on the business as a result of COVID-19. It is not yet clear whether there will be any impact on the company's financial position as a result and therefore is considered to be a non-adjusting event at this time. The Company is yet to see any material impact on their own customer base and will continue to monitor the impact of COVID-19 on their customers.

The directors have adopted the going concern basis when preparing these financial statements based on the ongoing support from the immediate parent company Asolvi AS. The support for the foreseeable future which is taken to be at least 12 months from the date of approval of these financial statements indicates the company's intent and ability to continue to meet its liabilities as and when they fall due.

The directors have assessed the impact of Brexit with regard to any subsequent events, adjustments or disclosures. The directors consider that events since the balance sheet date have not resulted in any material adjusting or non-adjusting subsequent events.

Directors

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

Sverre Ragnar Dreier
Pal Marius Rodseth

Statement of Directors' Responsibilities

The directors are responsible for preparing the Report of the Directors 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 1A, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 (1A), 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 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.

Asolvi UK Limited

Report of the Directors for the year ended 31 December 2019 (contd)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
Mr Sverre Ragnar Dreier - Director

Independent auditors' report to the members of Asolvi UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Asolvi UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report of the Directors and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Asolvi UK Limited

Independent auditors' report to the members of Asolvi UK Limited (contd)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Asolvi UK Limited

Independent auditors' report to the members of Asolvi UK Limited (contd)

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Claire Turner

Claire Turner (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
2 July 2020

Asolvi UK Limited

Income Statement for the year ended 31 December 2019

	Note	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Revenue	3	2,610,267	1,716,799
Cost of Sales		(53,518)	(28,100)
Gross Profit		2,556,749	1,688,699
Administrative expenses		(2,986,587)	(2,058,107)
Operating loss	4	(429,838)	(369,408)
Interest payable and similar charges	6	(17,017)	-
Loss before income tax		(446,855)	(369,408)
Income tax	7	45,439	203,206
Loss for the financial year		(401,416)	(166,202)

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.
All amounts relate to continuing operations.

Statement of Comprehensive income for the year ended 31 December 2019

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Loss for the financial year	(401,416)	(166,202)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year, net of tax	(401,416)	(166,202)

Asolvi UK Limited

Statement of financial position as at 31 December 2019

	Note	As at 31 December 2019 £	As at 31 December 2018 £
Assets			
Non-current assets			
Intangible assets	8	2,554,661	17,622
Tangible assets	9	263,507	178,844
Investments	10	1	1
		2,818,169	196,467
Current assets			
Trade and other receivables	11	1,269,328	298,485
Cash and cash equivalents		19,494	6
		1,288,822	298,491
Total assets		4,106,991	494,958
Liabilities			
Non-current liabilities			
Trade and other payables – amount falling due after more than one year	12	(1,351,756)	(64,685)
		(1,351,756)	(64,685)
Current liabilities			
Trade and other payables – amount falling due within one year	13	(3,547,226)	(820,848)
		(3,547,226)	(820,848)
Total liabilities		(4,898,982)	(885,533)
Net Liabilities		(791,991)	(390,575)
Equity			
Called-up share capital	15	5,000	5,000
Accumulated losses		(796,991)	(395,575)
Total equity		(791,991)	(390,575)

The accompanying notes on pages 12 to 24 form an integral part of these financial statements.

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved by the Board of Directors and signed on its behalf by:



Mr Sverre Ragnar Dreier , Director

Dated: July 2, 2020

Asolvi UK Limited**Statement of changes in equity for the year ended 31 December 2019**

	Called-up share capital	Accumulated losses	Total Equity
Balance as at 1 January 2018	5,000	(229,373)	(224,373)
Total comprehensive loss for the year		(166,202)	(166,202)
Balance as at 31 December 2018	5,000	(395,575)	(390,575)
Total comprehensive loss for the year		(401,416)	(401,416)
Balance as at 31 December 2019	5,000	(796,991)	(791,991)

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019

1. GENERAL INFORMATION

Asolvi UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company is engaged in development and sale of software as a service (SaaS) to its customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

2.1 Basis of presentation

The principal accounting policies applied in the preparation of these financial statements, on a going concern basis, are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK issued by the Financial Reporting Council, and the Companies Act 2006. The Company has applied the amendments to FRS 102 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 and adopted the provisions of section 1A of FRS 102.

The Company meets the definition of a small entity under section 1A of FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments and presentation of a cash flow statement.

2.2 Going Concern

Asolvi AS, the immediate Parent Company, have confirmed that it will continue to provide support to the Company to enable it to meet its liabilities as the fall due for a period of at least 12 months from the date of signing these financial statements. The Directors of the Company have considered it appropriate to place reliance on this support, based upon a review of the Group's financial position, business plan together with the cash and committed borrowing facilities available. The Directors also took into account potential contingent liabilities and other risk factors in making their assessment.

The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Preparation of consolidated financial statements

The financial statements contain information about Asolvi UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

2.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents revenue from software licence fee income, support and maintenance income and services income. The turnover of the Company was generated from its principal activity and arose wholly within the United Kingdom.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity; and (e) when the specific criteria relating to the each of company's sales channels have been met, as described below.

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019 (contd)

Software license fee income is recognised rateably over the period of the licence. Support and maintenance income is deferred at the date of invoicing and released to the profit and loss account over the duration of the maintenance contracts. Income not released to the profit and loss account is carried in the balance sheet in deferred revenue. Services income is recognised in the month the services are performed.

2.5 Foreign currencies

The presentation currency of the financial statements is the Pound Sterling (£).

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet are translated using the closing rate.

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 the profit and loss account.

2.6 Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

- Short term benefits

Short term benefits, including holiday pay and other related non-monetary benefits, are recognised as an expense in the period in which the related service is received.

- Defined contribution pension plans

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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.7 Taxation

- a) Current tax

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted. Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

- b) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019 (contd)

2.8 Business Combination and Goodwill

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Recognition of intangible assets separately from goodwill is only required where they meet the recognition criteria, are separable, arise from contractual or legal rights and are categorised as any of the following;

- Licences
- Copyrights
- Trademarks
- Internet domain names
- Patented technology
- Legally protected trade secrets

If intangibles do not satisfy any of the above criteria, these are subsumed within goodwill.

Goodwill is amortised over its expected useful life which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Business combinations acquired through group reorganisations will be initially recognised at book value. In the event that the transferee business has insufficient reserves at the date of transfer, the entity will recognise the transfer at the fair value of the identifiable assets and liabilities at the date of acquisition, with any excess being included within Goodwill. Goodwill will only arise when the cost of the acquisition exceeds the fair value of the net assets at the date of acquisition

2.9 Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of three years. Development costs are being amortised evenly over their estimated useful life of five years. Amortisation begins when commercial production has commenced. Each development project is reviewed at the end of each accounting period to ensure that the recognition criteria are still met. If the criteria are no longer met, then the previously capitalised costs must be written off to the income statement immediately.

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019 (contd)

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;

- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.10 Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property - Over the lease term

Plant and machinery - 25% on cost

Fixtures and fittings - 25% on cost

2.11 Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost, less any impairments.

2.12 Financial instruments

The company has chosen to adopt the Sections 11 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, amounts due from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

2.13 Leases

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains a lease based on the substance of the arrangement.

(i) Finance Leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

(ii) Operating leased assets

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019 (contd)

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

(iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

2.14 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.15 Trade payables

Trade payables are either obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers or transaction obligations for amounts due to end customer.

Trade payables are classified as current liabilities if settlement is due within one year or less. If not, they are presented as non-current liabilities.

2.16 Provisions

Provisions are recognised when there is a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Related Party transactions

As a wholly owned subsidiary, Asolvi UK Limited is exempt under the terms of Section 33.1A of FRS 102 "Related party disclosures" from disclosing related transactions with entities that are owned wholly within Asolvi AS group. There are no related party transactions other than with entities wholly owned within the Asolvi AS group.

2.19 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, turnover and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

a.) Critical judgements in applying the entity's accounting policies

The company has not made any critical accounting judgements in preparing these financial statements.

b.) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019 (contd)

i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of tangible assets, and note 2.10 for the useful economic lives for each class of assets.

ii) Goodwill

The annual amortisation charge for the intangible assets including the business combinations of Purpose Software Limited and Personal Computer Data Services is sensitive to changes in the estimated useful economic lives and residual values of the business combinations. The useful economic lives and residual values are re-assessed annually. They are amended where necessary to reflect the current value of the customer contract values. See note 2.8 for the useful economic life of these business combinations.

iii) Development costs

The annual amortisation charge relating to the intellectual property and development costs are estimates based on the expected useful economic benefit relating to customer contracts. The directors have analysed the historic performance and longevity of customer contracts in order to make an informed judgement on the lifetime value of the relevant development costs. The useful economic lives and residual values are re-assessed annually for any impairment or any adjustments required.

3. Revenue

The revenue of the Company was generated from its principal activity and arose mainly within the United Kingdom.

Analysis of revenue by category:

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Intercompany revenue	48,575	-
External revenue	2,561,692	1,716,799
	2,610,267	1,716,799

4. Operating loss

Operating loss is stated after charging:

	Note	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Wages and salaries		1,228,605	886,956
Social security costs		132,563	90,382
Other pension costs	5	59,719	46,266
Staff Costs		1,420,887	1,023,604
Depreciation on Tangible assets	9	56,897	42,487
Amortization of Intangible assets	8	79,290	-
Operating lease rentals		123,820	123,125
Impairment of trade receivable	11	17,275	42,801
Foreign exchange loss		5,805	30
Auditors' Remuneration – Audit Services		29,895	24,645

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019 (contd)

5. Employees and directors

The average number of employees during the year was 29 (2018 - 17).

The Company operates contribution schemes for which the pension cost charges for the year amounted to £59,719 (2018: £46,266). As at 31 December 2019, £14,794 (2018: £4,959) has been included in the trade and other payables for contributions to be paid.

Directors' emoluments and key management compensation

The remuneration of Mr Sverre Ragnar Dreier and Mr Pal Marius Rodseth is paid by the parent company which makes no recharge to the company. Mr Sverre Ragnar Dreier and Mr Pal Marius Rodseth are both directors of the parent company and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, the above details include no remuneration in respect of Mr Sverre Ragnar Dreier and Mr Pal Marius Rodseth. Their total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of the parent company.

6. Interest payable and similar charges

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Finance cost	17,017	-
	<u>17,017</u>	<u>-</u>

7. Income tax expense

(a) Tax on loss on ordinary activities

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Current tax		
UK Corporation tax	-	-
Total tax expense	<u>-</u>	<u>-</u>
	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Deferred tax		
Origination/reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Total deferred tax expense	<u>-</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>

No liability to UK corporation tax arose on ordinary activities in year ended 31 December 2019 due to tax losses incurred during the same period.

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019 (contd)

(b) Reconciliation of the total tax charge

The tax charge reported in the income statement for the year is different to the standard rate of Corporation Tax in the UK of 19% (year ended 31 December 2018: 19%) The differences are reconciled below.

	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Loss on ordinary activities before taxation	(446,855)	(369,408)
Accounting profit multiplied by the UK standard corporation tax rate	(84,902)	(70,188)
Effects if:		
Expenses no deductible for tax purpose	1,700	8,513
Exempt income	(617)	(434)
Capital allowance in excess of depreciation		(13,439)
Losses carried forward not recognised	83,819	30,932
Losses surrendered in relation to R&D claim		(158,590)
Prior period R&D tax credit	(45,439)	-
Total tax expense	(45,439)	(203,206)

Factors affecting future tax charge

The company has taxable losses of £603,952 (31 Dec 2018: £162,802) available to offset against future trading profits.

8. Intangible assets

	Goodwill £	Development cost £	Intellectual property £	Total £
Cost				
At 1 January 2019	-	17,622	-	17,622
Additions	2,254,568	206,204	155,557	2,616,329
At 31 December 2019	2,254,568	223,825	155,558	2,633,951
Accumulated Amortization				
At 1 January 2019	-	-	-	-
Charge for the period	58,847	11,564	8,879	79,290
At 31 December 2019	58,847	11,564	8,879	79,290
Net book value				
At 31 December 2019	2,195,721	212,261	146,678	2,554,661
At 31 December 2018	-	17,622	-	17,622

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019 (contd)

9. Tangible assets

	Leasehold improvements £	Plant and Machinery £	Total £
Cost			
At 1 January 2019	169,432	212,070	381,502
Additions	19,830	121,730	141,560
At 31 December 2019	189,262	333,800	523,062
Accumulated Amortization			
At 1 January 2019	38,780	163,878	202,658
Charge for the period	35,639	21,258	56,897
At 31 December 2019	74,419	185,136	259,555
Net book value			
At 31 December 2019	114,843	148,664	263,507
At 31 December 2018	130,652	48,192	178,844

10. Investment

	Shares in group undertakings £
Cost at 1 January 2019 and 31 December 2019	1
Net book value at 31 December 2019	1

The company owns 100% of the issued share capital of Cranbox Corporation, a company incorporated in the United States of America. The principal activity of Cranbox Corporation is the sale of computer software products. The registered office of Cranbox Corporation is 11367 Sunset Hills Road, Suite 307, Reston, VA 20190. There are no other related entities of the company.

11. Trade and other receivables

	As at 31 December 2019 £	As at 31 December 2018 £
Trade debtors	1,089,947	166,748
Other debtors	179,381	125,879
Amounts owed by group undertakings	-	5,858
	1,269,328	298,485

Trade debtors are stated after provisions for impairment of £ 60,076 (2018: £42,801).

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

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019 (contd)

12. Trade and other payables-amount falling due after more than one year

	As at 31 December 2019 £	As at 31 December 2018 £
Amounts owed to group undertakings	1,292,144	-
Accrued rent incentive	59,612	64,685
	<u>1,351,756</u>	<u>64,685</u>

Amounts owed to group undertakings relates to intercompany loan availed from Asolvi AS. The loan including accrued interest is due for repayment at the end of five years and attract interest rate of 5% per annum

13. Trade and other payables-amount falling due within one year

	As at 31 December 2019 £	As at 31 December 2018 £
Trade payables	125,431	14,756
Amounts owed to group undertakings	2,232,359	498,057
Other taxation and social security	241,380	82,438
Accruals and deferred income	942,983	225,597
Accrued rent incentive	5,073	-
	<u>3,547,226</u>	<u>820,848</u>

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

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019 (contd)

14. Business Combination

a) Acquisition of Personal Computer Data Services ('PC Data')

On 6 July 2019, Asolvi UK Limited ('the company') acquired control of Personal Computer Data Services for a total consideration of £454,966 (net). Per the terms of the agreement the company has acquired the future benefit of the customer contracts.

PC Data is the UK's leading independent supplier of service management software for the fire & security systems industry. It is the architect of the popular Alarm Master solution and has more than 600 customers nationwide.

Prior to the acquisition the company had minimal presence in this industry. As a result of the acquisition, the company expects to increase its sales to customers. The goodwill of £653,068 arising from the acquisition is attributable to the acquired customer contracts and economies of scale expected from combining the operations into the company. Management have estimated the useful life of the goodwill to be 10 years considering average retention period of the customer contracts acquired.

The following table summarises the consideration paid by the company, the fair value of assets acquired, liabilities assumed at the acquisition date.

	As at 6 July 2019 £
Consideration at 6 July 2019	
Intercompany loan from Asolvi AS (immediate parent company)	435,028
Directly attributable cost	19,398
Total consideration	<u>454,966</u>
Recognised amounts of identifiable assets acquired and liabilities assumed at fair value	
Tangible assets	16,870
Deferred Revenue	(214,972)
Total identifiable net liabilities	<u>(198,102)</u>
Goodwill	653,068

The following amounts of assets, liabilities and contingent liabilities were recognised on the acquisition date as follows:

	Book value £	Adjustment £	Fair Value £
Fixed asset – Motor Vehicles	6,900	(30)	6,870
Fixed asset – Furniture & Equipment i)	11,148	(1,148)	10,000
Deferred revenue	(214,972)	-	(214,972)
Total	<u>(196,924)</u>	<u>(1,178)</u>	<u>198,102</u>

Adjustments on acquisition made:

- i) Reduction in value based on an independent valuation

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019 (contd)

b) Acquisition of Vantage Computing Limited and Purpose Software Limited

On 1 November 2019, Asolvi AS (immediate parent company) transferred the business of its subsidiaries Vantage Computing Limited and Purpose Software Limited to Asolvi UK Limited ('the company') through a business transfer agreement. The consideration for the transfer is payable via an inter-company account with Asolvi AS.

Vantage Computing Limited was transferred at book value in line with the company's intragroup restructuring policy.

Purpose Software Limited was transferred at fair value due to the business having insufficient reserves at the date of transfer in order to complete the transaction at book value.

The transfer of Vantage Computing Limited and Purpose Software Limited will enable many of the company's customers (typically small to mid-sized companies) to benefit from Vantage Online: Vantage Computing's cloud-based product and Purpose Software's 2serv and CBS solutions respectively.

The following table summarises the consideration paid by the company, the value of assets acquired, liabilities assumed at the acquisition date.

	Vantage Computing Limited £	Purpose Software Limited £
Consideration at 1 November 2019		
Intercompany loan from Asolvi AS	76,794	1,399,762
Directly attributable cost	-	4,403
Total consideration	76,794	1,404,165
Recognised amounts of identifiable assets acquired and liabilities assumed		
Tangible assets	27,133	19,753
Intangible assets	42,033	155,557
Trade receivable	128,921	274,004
Other receivables	28,341	112,157
Cash and Cash equivalents	169,535	268,183
Trade payable	(7,125)	(8,631)
Accruals and deferred revenue	(252,720)	(199,557)
Other payable	(59,324)	(48,060)
Intercompany loan Asolvi AS	-	(770,741)
Total identifiable net assets/(liabilities)	76,794	(197,335)
Goodwill	-	1,601,500

Asolvi UK Limited

Notes to the Financial Statements for the year ended 31 December 2019 (contd)

15. Called-up share capital

The balance on the share capital account represents the aggregate nominal value of all ordinary shares in issue. All ordinary shares have a nominal value of £1.

	No.	£
Allotted and paid		
At 1 January 2019	5,000	5,000
Issued during the year	-	-
At 31 December 2019	5,000	5,000

16. Operating lease commitments

The Company has building under non-cancellable lease agreement.
The future aggregate payments under non-cancellable commitments are as follows:

	31 December 2019 £	31 December 2018 £
Within one year	76,100	105,287
Between two and five years	139,517	256,338
After five years	-	-
	215,617	361,625

17. Controlling party

The immediate parent undertaking is Asolvi AS.

The immediate parent undertaking and the smallest and largest group to consolidate these financial statements is Asolvi AS. Copies of the Asolvi AS consolidated financial statements can be obtained from the Company Secretary at Sluppenvegen 25, N-7037 Trondheim, Norway.

The ultimate controlling party is Volpi Capital LLP.

18. Off-balance sheet arrangements

During the year Asolvi AS (immediate parent company) has availed additional borrowings from Danske Bank amounting to NOK 120 million. The debt is secured by a floating charge on all assets of Asolvi UK Limited, both present and future through a security agreement between Asolvi UK Limited and Danske Bank.

19. Events after the end of the reporting period

In early 2020, the existence of a new coronavirus ('COVID-19') was confirmed which has since spread across a significant number of countries, leading to a disruption to business and economic activity. The directors will continue to monitor the effects on the business as a result of COVID-19 and they consider the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the company or to provide a quantitative estimate of the impact.

The directors have assessed the impact of the Brexit with regard to any subsequent events, adjustments or disclosures. The directors consider that events since the balance sheet date have not resulted in any material adjusting or non-adjusting subsequent events.