

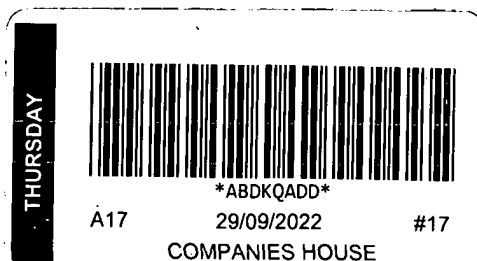
Vendigital Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 04082055



Vendigital Limited

Company Information

Directors	E S Charsley A R Williams M Humphries R R H Webster
Registered number	04082055
Registered office	91 Wimpole Street London W1G 0EF
Independent auditor	BDO LLP Bridgewater House Counterslip Bristol BS1 6BX

Vendigital Limited

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Vendigital Limited

Strategic Report For the Year Ended 31 December 2021

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2021.

Principal activity and review

Vendigital Limited (The Company) is a leading consulting company working across Europe, North America and Asia.

The Company specialises in providing accelerated data led cost transformation from unique client operational insights to blue-chip, enterprise clients looking to identify and solve complex cost problems and deliver results to their bottom lines.

The Company has deep expertise across a number of sectors including aerospace & defence, automotive, transportation, telecommunications, media and technology, consumer and industrial products. Through its inhouse digital platform, the group also provides bespoke solutions, streamlining the way in which clients collect, analyse and prioritise data, to produce actionable insights.

Business review

The Company's ongoing strategy of continued investment in people, its technology platform and customer satisfaction has resulted in a further year of growth. The Company has strengthened its position across its portfolio and continues to maintain growth through its investment in its staff development programme, business development and its technology platform. The directors consider the results for the year demonstrate a satisfactory financial performance by the Company.

While the Company continued to feel the impact on trading of the Covid-19 pandemic from reduced new client development in the preceding year, the business has been successful in landing a significant number of new blue chip clients in the year providing a solid base from which to accelerate growth in 2022.

The Company continues to recognise the importance of maintaining and continually developing its technology platform and tools to improve the delivery of projects and the client experience.

Trading revenue in the year was £13.2m (2020: £12.6m) representing growth from new client acquisition to significantly expand the customer base during the year.

Principal risks and uncertainties

The Company has budgetary, forecasting and financial reporting procedures to manage credit, liquidity and other financial risks. No transactions of a speculative nature are undertaken, and policies are in place to ensure that appropriate levels of sign-off are undertaken and reviewed regularly by the directors.

Credit Risk

The Company's main financial assets are cash and amounts due from customers. There is risk associated with trade debtors and limits are set by the directors. All clients are monitored on an ongoing risk tracking basis and exposure levels are continually reviewed by the finance team in conjunction with financial performance, debt ageing and collection history.

Vendigital Limited

Strategic Report (continued) For the Year Ended 31 December 2021

Principal risks and uncertainties (continued)

Liquidity Risk

The Company aims to mitigate liquidity risk by pro-actively managing operational cash generation and applying rigorous credit control. The Company had net cash balances and undrawn facilities at the year end and was sufficiently able to meet its working capital requirements throughout the year. The company's policy is to ensure appropriate levels of liquidity are available to invest safely and profitably. On 31 December 2020 the Company took out new borrowing facilities of £1m under the government backed CBILS lending scheme together with a further receivables finance facility of up to £3m to assist in management of working capital as the business continues to grow.

Customer risk

The market in which the Company operates is highly competitive. Through continual proactive management of client relationships and the Company's continued commitment to add value to its client's businesses through the provision of competitive yet outstanding service, Vendigital is able to keep client attrition to a minimum. The Company has also significantly increased its investment in new client development in the year to broaden the overall customer base as well as provide further opportunities for growth in FY22.

People risk

The Company's success is based upon its strong relationships with its people who are its most valuable asset. As the Company maintains its growth it is vital that we continue to attract, motivate and retain our people by providing the required culture, leadership, and behaviours to meet our purposes. We seek to actively engage with our colleagues, listen, respond and encourage their personal and professional development. We are pleased that the levels of staff turnover are very low and well below market averages.

Technology risk

The Company has always sought to invest in technology to enhance its services and has invested heavily over recent years to maintain this position. It is therefore important that the Company continues to use technology to enhance its services to clients as data and digital solutions become an increasing differentiating factor.

Economic risk

As with the majority of businesses, the Company is subject to the risk of an economic downturn, whether in the UK or globally. A significant change in the global economy could affect performance. For example, a fall in customer confidence, shorter term performance priorities or business caution over new commitments following the Russian invasion of Ukraine may all be negative factors.

Vendigital Limited

Strategic Report (continued) For the Year Ended 31 December 2021

Financial key performance indicators

The Company monitors its performance primarily through the following financial key performance indicators of revenue growth and EBITDA.

	2021 £m	2020 £m	Change £m	Change %
Trading revenue	13.2	12.5	0.7	6
EBITDA	1.4	2.3	(0.9)	(39)%
EBITDA margin %	11%	18%	-7%	(39)%
Add backs to operating (loss)/profit to derive EBITDA:				
Restructuring costs	1.5	1.0	0.5	50%

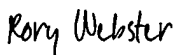
EBITDA is stated before the deduction of exceptional items and costs incurred on the restructuring of the Company. Revenue continues to grow compared to the previous year with a strong focus in the year on new client acquisition in the wake of the Covid-19 pandemic.

EBITDA declined during the year due to the investment in new client acquisition and lower margin entry points that are typically required in first phase projects to develop the case for expansion into subsequent full program delivery. Some project margins were also reduced due to post-Covid supply chain issues and rising commodity prices which adversely impacted the Group's previously successful gainshare model. This model has since been adapted and project margins returned to previous levels.

The number of new clients in the year was 30 (FY21 – 8) and the directors are satisfied with the overall performance and with the platform this has provided for more substantial growth in revenues and EBITDA in FY22.

This report was approved by the board on 28-Sep-2022

and signed on its behalf.

DocuSigned by:

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R R H Webster
 Director

Vendigital Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Principal activity

The Company specialises in providing accelerated cost transformation from unique client operational insights to blue-chip, enterprise clients looking to identify and solve complex cost problems and deliver results to their bottom lines.

Results and dividends

The loss for the year, after taxation, amounted to £384,716 (2020 -profit £993,380).

No interim dividend was paid during the year (2020 - £Nil). The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

E S Charsley
A R Williams
M Humphries
R R H Webster (appointed 4 January 2021)

Going concern

The Company is financed by a combination of bank loans, equity and working capital facilities. The directors have reviewed the detailed budgets and strategic plans for the forthcoming year and believe that the Company has sufficient financial resources available to it. Business performance is reviewed continuously throughout the year with quarterly forecasts prepared in detail and reviewed by the directors.

The directors believe that it is appropriate to prepare the accounts on a going concern basis.

Future developments

The Company has continued to invest in its people and technology assets and has seen further growth in revenues and new client acquisitions since the year end. It has created an excellent platform for continuing to build on its position as specialist digital-led consultancy in cost and operating strategy, using data science and industry experts to deliver results.

Disclosure of information to auditor

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 auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Vendigital Limited

Directors' Report (continued) For the Year Ended 31 December 2021


Post statement of financial position events

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

Auditor

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

This report was approved by the board on 28-Sep-2022 and signed on its behalf.

DocuSigned by:

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R R H Webster
Director

Vendigital Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2021

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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;
- 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 enable them to ensure that the financial statements comply with the requirements of 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.

Vendigital Limited

Independent Auditor's Report to the Members of Vendigital Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Vendigital Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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).

Basis for opinion

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

Independence

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

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.

Vendigital Limited

Independent Auditor's Report to the Members of Vendigital Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

Other Companies Act 2006 reporting

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.

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, 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.

Vendigital Limited

Independent Auditor's Report to the Members of Vendigital Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, and the Corporation Tax Act 2010. We identified these areas of laws and regulations as those that could reasonably be expected to have a material effect on the financial statements from sector experience and through discussion with the directors and other management.

We assessed compliance with these laws and regulations through enquiry with management and the Audit Committee, review of reporting to directors with respect to compliance with laws and regulations, review of board meeting minutes and review of legal correspondence and confirmations.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud including the risk of fraud in revenue recognition and management override of controls, we have performed journals testing based on a set of fraud risk criteria and tested to supporting documentation. We also incorporated unpredictability procedures as part of our response to the risk of management override of controls.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Vendigital Limited

Independent Auditor's Report to the Members of Vendigital Limited (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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

James Eastell

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James Eastell (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Bristol

United Kingdom

29 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Vendigital Limited

Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	13,187,161	12,588,196
Administrative expenses		(13,657,256)	(11,708,567)
Other operating income	5	-	122,296
Operating (loss)/profit	6	(470,095)	1,001,925
Interest receivable and similar income	10	-	1,805
Interest payable and similar charges	11	(12,838)	-
(Loss)/profit before tax		(482,933)	1,003,730
Tax on (loss)/profit	12	98,217	(10,350)
(Loss)/profit for the financial year		(384,716)	993,380

There was no other comprehensive income for 2021 (2020 - £Nil).

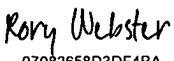
The notes on pages 14 to 28 form part of these financial statements.

Vendigital Limited
Registered number: 04082055

Statement of Financial Position
As at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	13		1,765,804		522,671
Tangible assets	14		129,933		110,182
Investments	15		-		-
			<u>1,895,737</u>		<u>632,853</u>
Current assets					
Debtors: amounts falling due within one year	16	4,693,588		6,098,090	
Cash at bank and in hand		183,374		1,830,499	
		<u>4,876,962</u>		<u>7,928,589</u>	
Creditors: amounts falling due within one year	17	(3,049,074)		(4,242,751)	
Net current assets			<u>1,827,888</u>		<u>3,685,838</u>
Total assets less current liabilities			<u>3,723,625</u>		<u>4,318,691</u>
Creditors: amounts falling due after more than one year	18		(800,000)		(1,000,000)
Provisions for liabilities					
Deferred tax	20		-		(10,350)
Net assets			<u>2,923,625</u>		<u>3,308,341</u>
Capital and reserves					
Called up share capital	21		536		536
Share premium account	22		646,988		646,988
Profit and loss account	22		2,276,101		2,660,817
Total equity			<u>2,923,625</u>		<u>3,308,341</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28-Sep-2022

DocuSigned by:

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R R H Webster
 Director

The notes on pages 14 to 28 form part of these financial statements.

Vendigital Limited

Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	536	646,988	1,667,437	2,314,961
Comprehensive income for the year				
Profit for the year	-	-	993,380	993,380
Total comprehensive income for the year	-	-	993,380	993,380
At 1 January 2021	536	646,988	2,660,817	3,308,341
Comprehensive loss for the year				
Loss for the year	-	-	(384,716)	(384,716)
Total comprehensive loss for the year	-	-	(384,716)	(384,716)
Total transactions with owners	-	-	-	-
At 31 December 2021	536	646,988	2,276,101	2,923,625

The notes on pages 14 to 28 form part of these financial statements.

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Vendigital Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company information page and the nature of the Company's operations and its principal activities are set out in the directors' report.

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 (see note 3).

The presentational and functional currency of these financial statements is GBP. Values have been rounded to the nearest pound.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

Cash Flow Statement and related notes.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The financial statements contain information about Vendigital Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Henley Topco Limited, Old Station House, Newport Street, Swindon, SN1 3DU.

2.3 Going concern

The Company is financed by a combination of bank loans, equity and working capital facilities. The directors have reviewed the detailed budgets and strategic plans for the forthcoming year and believe that the Company has sufficient financial resources available to it. Business performance is reviewed continuously throughout the year with quarterly forecasts prepared in detail and reviewed by the directors.

The directors have prepared cash flow forecasts for the business for a period of at least one year from the date of these financial statements. These forecasts show that the Company has sufficient funds to continue to meet its obligations as they fall due.

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

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'.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Research and development

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

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

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.9 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.10 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	100% on cost
Fixtures and fittings	-	33% on cost
Computer equipment	-	33% on cost

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

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

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.12 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.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.15 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.

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.16 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 reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

2.17 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 statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Current and deferred tax

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 reporting 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 reporting 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 reporting date.

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

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

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the period.

The directors have made the following judgements:

- Revenue recognition

Due to the contractual nature of revenue, any fixed element is spread evenly across the life of the contract. With regard to the variable elements of the contracts, management recognise revenue based on the level of forecast variable revenue to be generated over the life of the contract and to the extent that it has been earned at the balance sheet date. This revenue is recognised in accrued income.

4. Turnover

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

	2021 £	2020 £
Rendering of services	<u>13,187,161</u>	<u>12,588,196</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Furlough income	<u>-</u>	<u>122,296</u>

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021 £	2020 £
Other operating lease rentals	298,579	414,077
Depreciation - owned assets	91,049	95,586
Development costs amortisation	216,273	129,789
Exchange differences	<u>18,960</u>	<u>10,517</u>

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	18,900	18,000

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

8. Employees

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

	2021 £	2020 £
Wages and salaries	7,194,716	6,213,224
Social security costs	802,583	720,322
Cost of defined contribution scheme	795,442	632,494
	<u>8,792,741</u>	<u>7,566,040</u>

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

	2021 No.	2020 No.
Employees	<u>83</u>	<u>72</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	832,161	480,988
Company contributions to defined contribution pension schemes	35,956	38,411
	<u>868,117</u>	<u>519,399</u>

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £370,893 (2020 - £223,250).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,081 (2020 - £15,944).

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

10. Interest receivable and similar income

	2021 £	2020 £
Other interest receivable	-	1,805

11. Interest payable and similar charges

	2021 £	2020 £
Other interest payable	12,838	-

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(43,501)	10,350
Adjustment in respect of prior periods	(44,068)	-
Effect of tax rate change on opening balance	(10,648)	-
Total deferred tax	(98,217)	10,350
Taxation on (loss)/profit on ordinary activities	(98,217)	10,350

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	(482,933)	1,003,730
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	(91,757)	190,709
Effects of:		
Expenses not deductible for tax purposes	62,985	8,637
Fixed asset differences	(4,719)	-
Other permanent differences	430	-
R&D enhanced deduction	-	(107,679)
Adjustments to tax charge in respect of prior periods - deferred tax	(44,068)	-
Remeasurement of deferred tax for changes in tax rates	(21,088)	-
Deferred tax not recognised	-	(12,668)
Group relief	-	(68,649)
Total tax (credit)/charge for the year	(98,217)	10,350

Factors that may affect future tax charges

A change in the main UK corporation tax rate, announced in the Spring Budget 2021, was substantively enacted on 24 May 2021. From 1 April 2023 the main corporation tax rate will increase from 19% to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. Where the Company's profits fall between £50,000 and £250,000, the lower and upper limited, it will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. The deferred taxation asset has been measured using the rates expected to apply in the reporting periods when the timing differences reverse which for the Company is 25%.

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Intangible assets

	Development expenditure £
Cost	
At 1 January 2021	707,638
Additions	1,459,406
At 31 December 2021	<u>2,167,044</u>
Amortisation	
At 1 January 2021	184,967
Charge for the year	216,273
At 31 December 2021	<u>401,240</u>
Net book value	
At 31 December 2021	<u>1,765,804</u>
At 31 December 2020	<u>522,671</u>

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

14. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2021	340,886	84,570	278,884	704,340
Additions	-	-	110,800	110,800
Disposals	(340,886)	-	-	(340,886)
At 31 December 2021	-	84,570	389,684	474,254
Depreciation				
At 1 January 2021	340,886	34,232	219,040	594,158
Charge for the year	-	26,107	64,942	91,049
Disposals	(340,886)	-	-	(340,886)
At 31 December 2021	-	60,339	283,982	344,321
Net book value				
At 31 December 2021	-	24,231	105,702	129,933
At 31 December 2020	-	50,338	59,844	110,182

15. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holdings
Vendigital Inc	Procurement consultancy, supply chain consultancy	Holding	100%

The registered office of Vendigital Inc is 203 North LaSalle Street, 2100, Chicago, Illinois 60601.

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

16. Debtors: amounts falling due within one year

	2021 £	2020 £
Trade debtors	3,034,556	4,654,411
Amounts owed by group undertakings	438,486	414,854
Amounts owed by joint ventures and associated undertakings	-	5,967
Other debtors	183	107,428
Prepayments and accrued income	1,132,496	915,430
Deferred taxation	87,867	-
	<u>4,693,588</u>	<u>6,098,090</u>

Amounts owed by group undertakings are receivable on demand, non-interest bearing and unsecured.

17. Creditors: amounts falling due within one year

	2021 £	2020 £
Other bank loans	200,000	-
Trade creditors	503,004	315,101
Amounts owed to group undertakings	848,298	770,704
Other taxation and social security	802,334	1,548,407
Other creditors	77,649	391,002
Accruals and deferred income	617,789	1,217,537
	<u>3,049,074</u>	<u>4,242,751</u>

Amounts owed to group undertakings are repayable on demand, non-interest bearing and unsecured.

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

18. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Other bank loans	800,000	1,000,000
	<u>800,000</u>	<u>1,000,000</u>

There was a 12 month capital repayment holiday commencing on the Commencement Date of the other bank loan. The loan is payable in 59 equal monthly instalments of £16,666 commencing on the last day of the 13th month following the Commencement Date with a final repayment of £16,706 payable in the immediately following month provided that the then balance is repayable in full on termination of the Receivables Finance facility.

19. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Other bank loans	200,000	-
Amounts falling due 1-2 years		
Other bank loans	200,000	200,000
Amounts falling due 2-5 years		
Other bank loans	600,000	600,000
Amounts falling due after more than 5 years		
Other bank loans	-	200,000
	<u>1,000,000</u>	<u>1,000,000</u>

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

20. Deferred taxation

	2021 £
At beginning of year	(10,350)
Charged to statement of comprehensive income	98,217
At end of year	87,867

The deferred taxation asset/(liability) is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(10,873)	(10,350)
Short term timing differences	18,222	-
Losses and other deductions	80,518	-
	<u>87,867</u>	<u>(10,350)</u>

21. Share capital

	2021 £	2020 £
Authorised, allotted, called up and fully paid		
5,355,233 (2020 - 5,355,233) ordinary shares of £0.0001 each	<u>536</u>	<u>536</u>

22. Reserves

The company's capital and reserves are as follows:

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue cost.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Vendigital Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

23. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	329,955	413,540
Later than 1 year and not later than 5 years	79,942	251,918
	<u>409,897</u>	<u>665,458</u>

24. Related party transactions

The Company has taken advantage of the exemption under FRS 102 Section 33.1A whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

25. Ultimate controlling party

The immediate parent company is Vendigital Holdings Limited, a company incorporated in England and Wales.

Henley Topco Limited is the smallest and largest group in which the results of the Company are consolidated. The registered office of Henley Topco is Office 40 Basepoint Rivermead Drive, Westlea, Swindon, England, SN5 7EX.

The ultimate controlling party is Livingbridge Enterprise GP Limited, a company incorporated in England and Wales.