

Registered Number: 03237682 (England and Wales)

Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 August 2020
for
MINESOFT LIMITED



MINESOFT LIMITED

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for the year ended 31 August 2020

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MINESOFT LIMITED

Company Information

for the year ended 31 August 2020

Directors: A F Chapman-Daniel
O Daniel
R A Hyatt

Secretary: O Daniel

Registered office: Shearwater House
The Green
Richmond
Surrey
TW9 1PX

Registered number: 03237682 (England and Wales)

Auditors: Haines Watts
Chartered Accountants
Statutory Auditor
Aissela
46 High Street
Esher
Surrey
KT10 9QY

The directors present their strategic report of the company and the group for the year ended 31 August 2020.

Review of business

At the end of the last financial year we established subsidiaries in Germany and USA. They have operated throughout this year and therefore we present consolidated financial statements for the first time this year. The company continued to be under the control and management of Mr Daniel and Mrs Chapman-Daniel in this financial year. Managing the company with shareholder and business development Director Mr Hyatt and other senior staff, Minesoft Ltd finished the year with increased turnover overall and an increase of business primarily outside the UK. The subscription base of the company grew substantially, while price increases were held at minimal level. The company continues to trade in the principal activity of Minesoft, developing patent information software and solutions and related products, databases and services. The PatBase product continues its success and Minesoft continued to develop a ground-breaking, fast new Search Engine for this product throughout 2019 and 2020, in preparation for the September 2020 planned launch date. Minesoft developed new product capabilities including some aimed at remote working collaboration for other product suites aimed at the patent attorney market in industry and specialised law firms. Minesoft continued to design and develop the new advanced Patent Analytics software that is capable of analysing bulk patent data in detail. This important development and marketing work was continued throughout the Covid-19 Lockdown period, that came as such a big surprise to business generally in 2020.

Principal risks and uncertainties

The effect of UK policies and political moves towards the Eurozone may be disadvantageous to UK exporters in the years ahead, which could affect sales or destabilise existing revenue. However the company made business gains in the established Eurozone market including Germany as well as a variety of new markets, having invested this year in training and equipping the subsidiaries in USA and Germany and developing more US-centric products and marketing for the USA market. The US economy is highly competitive and business has been more volatile in this area. Minesoft has seen an uptake in subscription orders spread globally and the trend is continuing. The first half year saw strong growth and in spite of Covid-19 hitting the major markets in which the company operates, the subscription business remains steady for the company and renewal rates everywhere remain high overall, looking likely to secure much business for the coming years.


Development and performance

Minesoft experienced another good and solid year of growth overall internationally and in the Eurozone, with North European markets contributing well to European growth and solid amounts of new business everywhere with new global business awards and recognition as a most trusted brand as well as in the Legal/Tech sector. The main markets for Minesoft are in advanced manufacturing nations and new business was also won in China, Brazil and Israel. In 2020 the trend has been strong once again in innovation, with development of several key new software capabilities relating to patent information and searching, such as new advanced patent landscaping software for competitive intelligence and in the development of new text-mining capabilities to detect chemical entities and chemical structures. Several sales trips were undertaken around the world prior to the Covid-19 lockdown, when the numerous visits to clients and prospects switched to the virtual world. Significantly, the Company continued to win new business during the second half year during this extended period, where even when the UK was between lockdowns, the prospects abroad were not and travel was halted completely. This is looking promising in terms of winning new business and exploring future distribution. Minesoft continues to expand and deepen Intellectual Property coverage of key countries including China, Japan and North America, while improving coverage of other highly innovative collections of patent data and industrial designs. The company continues to develop and perform well in its core business with its own product range, developed and designed in-house at Minesoft.

Financial key performance indicators

Retracting economies overall in the West in recent years, and the impact of covid this year have slowed the very fast pace of growth experienced previously, nevertheless the company has increased its turnover and overall activities in each successive year through organic growth without any acquisition. The latest financial year shows an overall increase of 9.3% in turnover and a 12.3% increase in gross profit. The overall number of staff and distributors working in sales and significant investment is being made to lay the foundation for increased sales. The company remains highly profitable, generating substantial cash reserves that can be used to further fuel growth and accelerate new products. The overall costs of the company have been kept to a reasonable level, although costs have increased this year primarily as a result of an unfavourable FX movement and increase in staff costs related to the development of the US and German subsidiaries.

On behalf of the board:



O Daniel – Secretary

Date: 21 May, 2021

MINESOFT LIMITED

Report of the Directors

for the year ended 31 August 2020

The directors present their report with the financial statements of the company and the group for the year ended 31 August 2020.

Principal activity

The principal activity of the group in the year under review was that of software development, distribution and consultancy.

Dividends

Dividends declared during the year are as follows:

Interim dividends totalling £25,000 (£25.00 per share) were declared on the 2 September 2019 in respect of the Ordinary D shares.

Interim dividends totalling £800,000 (£18.82 per share), £100,000 (£20.00 per share) and £25,000 (£25.00 per share) were declared on the 18 June 2020 in respect of the Ordinary A shares, Ordinary B shares and Ordinary C shares respectively.

Directors

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

A F Chapman-Daniel
O Daniel
R A Hyatt

Statement of directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to 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 group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

MINESOFT LIMITED


Report of the Directors

for the year ended 31 August 2020

Auditors

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

On behalf of the board:


.....
O Daniel – Secretary

Date: 21 May 2021

Opinion

We have audited the financial statements of Minesoft Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 August 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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 group'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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 a Report of the Auditors 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.

Haines Watts

Paul Hodgett BA (Hons) FCA (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants
Statutory Auditor
Aissela
46 High Street
Esher
Surrey
KT10 9QY

Date: 21 May 2021

MINESOFT LIMITED

Consolidated Income Statement

for the year ended 31 August 2020

	Notes	2020 £	2019 £
Turnover	3	16,380,125	14,991,505
Cost of sales		<u>7,932,447</u>	<u>7,470,237</u>
Gross profit		8,447,678	7,521,268
Administrative expenses		<u>5,777,904</u>	<u>3,757,634</u>
		2,669,774	3,763,634
Other operating income		<u>451</u>	-
Operating profit	6	2,670,225	3,763,634
Interest receivable and similar income		<u>8,735</u>	<u>14,968</u>
Profit before taxation		2,678,960	3,778,602
Tax on profit	7	<u>179,732</u>	<u>367,703</u>
Profit for the financial year		<u>2,499,228</u>	<u>3,410,899</u>
Profit attributable to: Owners of the parent		<u>2,499,228</u>	<u>3,410,899</u>

The notes form part of these financial statements

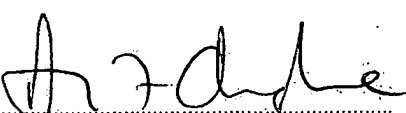
Consolidated Balance Sheet

31 August 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	10		(27,560)		34,070
Tangible assets	11		226,081		222,355
Investments	12		-		69,136
			<u>198,521</u>		<u>325,561</u>
Current assets					
Debtors	13	3,201,084		2,273,250	
Cash at bank and in hand		<u>9,225,663</u>		<u>8,655,711</u>	
		12,426,747		10,928,961	
Creditors					
Amounts falling due within one year	14	<u>4,730,327</u>		<u>4,913,737</u>	
Net current assets			<u>7,696,420</u>		<u>6,015,224</u>
Total assets less current liabilities			<u>7,894,941</u>		<u>6,340,785</u>
Provisions for liabilities	16		<u>48,250</u>		<u>48,700</u>
Net assets			<u>7,846,691</u>		<u>6,292,085</u>
Capital and reserves					
Called up share capital	17		4,978		4,968
Share premium	18		57,746		52,378
Retained earnings	18		<u>7,783,967</u>		<u>6,234,739</u>
Shareholders' funds			<u>7,846,691</u>		<u>6,292,085</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2021 and were signed on its behalf by:


O Daniel - Director


A F Chapman-Daniel - Director

The notes form part of these financial statements

MINESOFT LIMITED

Consolidated Other Comprehensive Income
for the year ended 31 August 2020

Notes	2020 £	2019 £
Profit for the year	2,499,228	3,410,899
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>2,499,228</u>	<u>3,410,899</u>
Total comprehensive income attributable to: Owners of the parent	<u>2,499,228</u>	<u>3,410,899</u>


The notes form part of these financial statements.

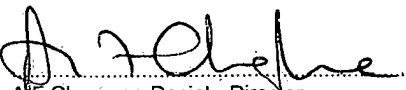
Company Balance Sheet

31 August 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	10		27,860		34,070
Tangible assets	11		226,080		222,355
Investments	12		146,968		69,136
			<u>400,908</u>		<u>325,561</u>
Current assets					
Debtors	13	3,109,163		2,273,250	
Cash at bank and in hand		<u>9,044,245</u>		<u>8,655,711</u>	
		12,153,408		10,928,961	
Creditors					
Amounts falling due within one year	14	<u>4,416,205</u>		<u>4,913,737</u>	
Net current assets			<u>7,737,203</u>		<u>6,015,224</u>
Total assets less current liabilities			<u>8,138,111</u>		<u>6,340,785</u>
Provisions for liabilities	16		<u>48,250</u>		<u>48,700</u>
Net assets			<u>8,089,861</u>		<u>6,292,085</u>
Capital and reserves					
Called up share capital	17		4,978		4,968
Share premium	18		57,746		52,378
Retained earnings	18		<u>8,027,137</u>		<u>6,234,739</u>
Shareholders' funds			<u>8,089,861</u>		<u>6,292,085</u>
Company's profit for the financial year			<u>2,742,398</u>		<u>3,410,899</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2021 and were signed on its behalf by:


O Daniel - Director


A F Chapman-Daniel - Director

MINESOFT LIMITED

Consolidated Statement of Changes in Equity
for the year ended 31 August 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 September 2018	-	4,863,840	52,378	4,916,218
Changes in equity				
Issue of share capital	4,968	-	-	4,968
Dividends	-	(2,040,000)	-	(2,040,000)
Total comprehensive income	-	3,410,899	-	3,410,899
Balance at 31 August 2019	<u>4,968</u>	<u>6,234,739</u>	<u>52,378</u>	<u>6,292,085</u>
Changes in equity				
Issue of share capital	10	-	5,368	5,378
Dividends	-	(950,000)	-	(950,000)
Total comprehensive income	-	2,499,228	-	2,499,228
Balance at 31 August 2020	<u>4,978</u>	<u>7,783,967</u>	<u>57,746</u>	<u>7,846,691</u>

The notes form part of these financial statements

MINESOFT LIMITED

Company Statement of Changes in Equity
for the year ended 31 August 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 September 2018		4,863,840	52,378	4,916,218
Changes in equity				
Issue of share capital	4,968	-	-	4,968
Dividends		(2,040,000)	-	(2,040,000)
Total comprehensive income		3,410,899	-	3,410,899
Balance at 31 August 2019	<u>4,968</u>	<u>6,234,739</u>	<u>52,378</u>	<u>6,292,085</u>
Changes in equity				
Issue of share capital	10	-	5,368	5,378
Dividends		(950,000)	-	(950,000)
Total comprehensive income		2,742,398	-	2,742,398
Balance at 31 August 2020	<u>4,978</u>	<u>8,027,137</u>	<u>57,746</u>	<u>8,089,861</u>

The notes form part of these financial statements

MINESOFT LIMITED

Consolidated Cash Flow Statement

for the year ended 31 August 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	1,912,592	3,476,301
Tax paid		<u>(315,911)</u>	<u>(261,929)</u>
Net cash from operating activities		<u>1,596,681</u>	<u>3,214,372</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(42,031)	(34,888)
Purchase of tangible fixed assets		(122,482)	(225,069)
Purchase of fixed asset investments		-	(69,136)
Interest received		8,735	14,968
Group			<u>(5,357)</u>
Net cash from investing activities		<u>(155,778)</u>	<u>(319,482)</u>
Cash flows from financing activities			
Amount introduced by directors		-	48,815
Amount withdrawn by directors		-	-
Share issue		10	-
Equity dividends paid		<u>(950,000)</u>	<u>(1,250,000)</u>
Net cash from financing activities		<u>(950,010)</u>	<u>(1,203,185)</u>
Increase in cash and cash equivalents		490,893	1,691,705
Cash and cash equivalents at beginning of year	2	8,655,711	6,964,006
Consolidation adjustment for subsidiary cash		<u>79,059</u>	
Cash and cash equivalents at end of year	2	<u>9,225,663</u>	<u>8,655,711</u>

The notes form part of these financial statements

MINESOFT LIMITED

Notes to the Consolidated Cash Flow Statement
for the year ended 31 August 2020

1. Reconciliation of profit before taxation to cash generated from operations	2020 £	2019 £
Profit before taxation	2,678,960	3,778,602
Depreciation charges	160,839	99,349
Finance income	<u>(8,735)</u>	<u>(14,968)</u>
	2,831,064	3,862,983
Increase in trade and other debtors	(957,331)	(508,512)
Increase in trade and other creditors	<u>38,859</u>	<u>121,830</u>
Cash generated from operations	<u><u>1,912,592</u></u>	<u><u>3,476,301</u></u>

2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 August 2020

	31/8/20 £	1/9/19 £
Cash and cash equivalents	<u>9,225,663</u>	<u>8,655,711</u>

Year ended 31 August 2019

	31/8/19 £	1/9/18 £
Cash and cash equivalents	<u>8,655,711</u>	<u>6,964,006</u>

3. Analysis of changes in net funds

	At 1/9/19 £	Cash flow £	At 31/8/20 £
Net cash			
Cash at bank and in hand	<u>8,655,711</u>	<u>569,952</u>	<u>9,225,663</u>
	<u>8,655,711</u>	<u>569,952</u>	<u>9,225,663</u>
Total	<u><u>8,655,711</u></u>	<u><u>569,952</u></u>	<u><u>9,225,663</u></u>

The notes form part of these financial statements

Notes to the Consolidated Financial Statements
for the year ended 31 August 2020

1. **Statutory information**

Minesoft 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 General Information page.

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

2. **Accounting policies**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared on a going concern basis. The basis is considered appropriate by the directors.

The Directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the Directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements do not include any adjustments that would be required if the going concern concept was not deemed appropriate.

Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

In the prior year the subsidiaries were not consolidated on the basis of materiality.

Key source of estimation, uncertainty and judgement

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgement that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

There is estimation uncertainty in calculating depreciation. A full line by line review of fixed assets is carried out by management regularly. Whilst every attempt is made to ensure that the depreciation policy is as accurate as possible, there remains a risk that the policy does not match the useful life of the assets.

There is estimation uncertainty in calculating deferred tax. A full line by line review of deferred tax is carried out by management regularly. Whilst every attempt is made to ensure that the deferred tax is as accurate as possible, there remains a risk that the provisions do not match the actual tax liability when the asset is disposed of.

There is estimation uncertainty in calculating bad debt provisions. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 August 2020

2. **Accounting policies - continued**

Revenue

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

Revenue relating to the licencing of the company's patent database is recognised in full at the commencement of the relevant licence period. Sales invoices are raised at this stage, at which the company has fulfilled its obligations under the sales contract.

Deferred income recognised within the balance sheet relates to invoices raised prior to the year end for licence periods commencing after the year end.

Revenue from professional services (consultancy and training) is recognised as the services are performed/delivered.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2019, is being amortised evenly over its estimated useful life of 10 years.

Intangible assets

A proportion of the data expenditure incurred by the company is capitalised each year, on the basis that the expenditure will produce future economic benefits for the company. The capitalised expenditure is amortised over 3 years on a straight line basis.

Tangible fixed assets

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

Fixtures and fittings	- 20% on cost
Computer equipment	- 33% on cost

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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 balance sheet date.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 August 2020

2. **Accounting policies - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

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 future payment obligations.

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

3. **Turnover**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	1,529,295	1,479,747
Europe	9,840,839	9,119,735
United States of America	3,628,317	3,154,765
Rest of World	1,381,674	1,237,258
	<u>16,380,125</u>	<u>14,991,505</u>

4. **Employees and directors**

	2020	2019
	£	£
Wages and salaries	4,762,909	3,712,099
Social security costs	597,230	527,424
Other pension costs	82,988	79,769
	<u>5,443,127</u>	<u>4,319,292</u>

MINESOFT LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 August 2020

4. **Employees and directors - continued**

The average number of employees during the year was as follows:

	2020	2019
Administration	27	19
Management	6	4
Research and development	8	6
	<u>41</u>	<u>29</u>

5. **Directors' emoluments**

The directors' aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	2,309,955	1,995,956
Company contribution to defined contribution pension plans	<u>23,640</u>	<u>22,950</u>

During the year retirement benefits were accruing to 3 directors (2019: 3) in respect of defined contribution pension schemes.

Remuneration of the highest paid director in respect of qualifying services:

	2020	2019
	£	£
Aggregate remuneration	1,037,957	883,617
Company contribution to defined contribution pension plans	<u>7,880</u>	<u>7,650</u>

6. **Operating profit**

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

	2020	2019
	£	£
Depreciation - owned assets	118,756	64,773
Goodwill amortisation	(6,158)	-
Computer software amortisation	48,241	34,577
Auditors' remuneration	22,500	19,500
Foreign exchange differences	<u>260,040</u>	<u>(241,177)</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 August 2020

7. **Taxation**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	180,182	336,695
Deferred tax	<u>(450)</u>	<u>31,008</u>
Tax on profit	<u>179,732</u>	<u>367,703</u>

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	<u>2,678,960</u>	<u>3,778,602</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	509,002	717,934
Effects of:		
Expenses not deductible for tax purposes	394	7,884
Capital allowances in excess of depreciation	-	(30,080)
Depreciation in excess of capital allowances	472	-
Enhanced research and development relief	(367,518)	(357,986)
Deferred Tax	(450)	31,009
Charges paid	-	(1,058)
UK foreign tax relief	(15,281)	-
Foreign income not taxed at UK rates	46,026	-
Foreign tax paid	<u>7,087</u>	<u>-</u>
Total tax charge	<u>179,732</u>	<u>367,703</u>

8. **Individual income statement**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

MINESOFT LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 August 2020

9. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2020 £	2019 £
Equity dividends on Ordinary A shares	800,000	1,000,000
Equity dividends on Ordinary B shares	-	-
Equity dividends on Ordinary C shares	100,000	250,000
Equity dividends on Ordinary D shares	<u>50,000</u>	<u>-</u>
	<u>950,000</u>	<u>1,250,000</u>

In addition to the above, no interim dividends were declared that were not paid during the year. These are as follows:

	2020 £	2019 £
Equity dividends on Ordinary A shares	-	500,000
Equity dividends on Ordinary B shares	-	5,000
Equity dividends on Ordinary C shares	-	250,000
Equity dividends on Ordinary D shares	<u>-</u>	<u>35,000</u>
	<u>-</u>	<u>790,000</u>

10. Intangible fixed assets

Group

	Goodwill £	Computer software £	Totals £
Cost			
At 1 September 2019	-	103,731	103,731
Additions	<u>(61,578)</u>	<u>42,031</u>	<u>(19,547)</u>
At 31 August 2020	<u>(61,578)</u>	<u>145,762</u>	<u>84,184</u>
Amortisation			
At 1 September 2019	-	69,661	69,661
Amortisation for year	<u>(6,158)</u>	<u>48,241</u>	<u>42,083</u>
At 31 August 2020	<u>(6,158)</u>	<u>117,902</u>	<u>111,744</u>
Net book value			
At 31 August 2020	<u>(55,420)</u>	<u>27,860</u>	<u>(27,560)</u>
At 31 August 2019	<u>-</u>	<u>34,070</u>	<u>34,070</u>

Goodwill has been recognised on consolidation, in respect of the US subsidiary, Minesoft LLC. Goodwill on consolidation is being amortised on a straight line basis over a period of ten years.

Computer software costs represents data expenditure incurred by the company, that is expected to generate future economic benefits in future years. This is amortised on a straight line basis, over a period of three years.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 August 2020

10. Intangible fixed assets - continued

Company

	Computer software £
Cost	
At 1 September 2019	103,731
Additions	<u>42,031</u>
At 31 August 2020	<u>145,762</u>
Amortisation	
At 1 September 2019	69,661
Amortisation for year	<u>48,241</u>
At 31 August 2020	<u>117,902</u>
Net book value	
At 31 August 2020	<u>27,860</u>
At 31 August 2019	<u>34,070</u>

11. Tangible fixed assets

Group

	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
Cost				
At 1 September 2019	147,836	34,524	469,150	651,510
Additions	<u>41,840</u>	<u>4,857</u>	<u>75,785</u>	<u>122,482</u>
At 31 August 2020	<u>189,676</u>	<u>39,381</u>	<u>544,935</u>	<u>773,992</u>
Depreciation				
At 1 September 2019	-	22,290	406,865	429,155
Charge for year	<u>37,935</u>	<u>6,827</u>	<u>73,994</u>	<u>118,756</u>
At 31 August 2020	<u>37,935</u>	<u>29,117</u>	<u>480,859</u>	<u>547,911</u>
Net book value				
At 31 August 2020	<u>151,741</u>	<u>10,264</u>	<u>64,076</u>	<u>226,081</u>
At 31 August 2019	<u>147,836</u>	<u>12,234</u>	<u>62,285</u>	<u>222,355</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 August 2020

11. Tangible fixed assets - continued

Company	Improvements to property £	Fixtures and fittings £	Computer equipment £	Totals £
Cost				
At 1 September 2019	147,836	34,524	469,150	651,510
Additions	<u>41,840</u>	<u>2,796</u>	<u>65,001</u>	<u>109,637</u>
At 31 August 2020	<u>189,676</u>	<u>37,320</u>	<u>534,151</u>	<u>761,147</u>
Depreciation				
At 1 September 2019		22,290	406,865	429,155
Charge for year	<u>37,935</u>	<u>4,767</u>	<u>63,210</u>	<u>105,912</u>
At 31 August 2020	<u>37,935</u>	<u>27,057</u>	<u>470,075</u>	<u>535,067</u>
Net book value				
At 31 August 2020	<u>151,741</u>	<u>10,263</u>	<u>64,076</u>	<u>226,080</u>
At 31 August 2019	<u>147,836</u>	<u>12,234</u>	<u>62,285</u>	<u>222,355</u>

12. Fixed asset investments

Group	Shares in group undertakings £
Cost	
At 1 September 2019	69,136
Consolidation adjustment	<u>(69,136)</u>
At 31 August 2020	-
Net book value	
At 31 August 2020	-
At 31 August 2019	<u>69,136</u>
Company	Shares in group undertakings £
Cost	
At 1 September 2019	69,136
Additions	<u>77,832</u>
At 31 August 2020	<u>146,968</u>
Net book value	
At 31 August 2020	<u>146,968</u>
At 31 August 2019	<u>69,136</u>

MINESOFT LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 August 2020

12. Fixed asset investments - continued

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Minesoft GmbH

Registered office: Neuss, Germany

Nature of business: Development and operation of databases

Class of shares:	%
Ordinary	holding 100.00

Minesoft LLC (f.k.a. Tempus IP LLC)

Registered office: USA

Nature of business: Development and operation of databases

Class of shares:	%
Ordinary	holding 100.00

Consolidated accounts have been prepared for the first time, in respect of the year ending 31 August 2020.

The investment of £69,136 represents shares in group undertakings held as at 31 August 2019. The accounts for that year were not consolidated on grounds of materiality.

A consolidation adjustment has been recognised this year, in order to eliminate the value of shares in group undertakings brought forward.

13. Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,851,111	1,974,662	2,774,558	1,974,662
Amounts owed by group undertakings	-	5,357	-	5,357
Other debtors	90,316	46,936	77,624	46,936
VAT	156,226	171,936	156,226	171,936
Prepayments	100,755	74,359	100,755	74,359
	<u>3,198,408</u>	<u>2,273,250</u>	<u>3,109,163</u>	<u>2,273,250</u>
Amounts falling due after more than one year:				
Other debtors	<u>2,676</u>	-	-	-
Aggregate amounts	<u>3,201,084</u>	<u>2,273,250</u>	<u>3,109,163</u>	<u>2,273,250</u>

MINESOFT LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 August 2020

14. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	837,477	802,140	837,475	802,140
Tax	192,152	327,881	177,727	327,881
Social security and other taxes	59,408	55,886	59,408	55,886
Other creditors	102,275	64,454	10,488	64,454
Directors' current accounts	-	796,815	-	796,815
Accruals and deferred income	3,539,015	2,866,561	3,331,107	2,866,561
	<u>4,730,327</u>	<u>4,913,737</u>	<u>4,416,205</u>	<u>4,913,737</u>

15. Leasing agreements

Minimum lease payments fall due as follows:

Company

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	275,456	210,381
Between one and five years	325,375	585,675
	<u>600,831</u>	<u>796,056</u>

16. Provisions for liabilities

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Deferred tax				
Accelerated capital allowances	<u>48,250</u>	<u>48,700</u>	<u>48,250</u>	<u>48,700</u>

Group

	Deferred tax
	£
Balance at 1 September 2019	48,700
Provided during year	(450)
Balance at 31 August 2020	<u>48,250</u>

Company

	Deferred tax
	£
Balance at 1 September 2019	48,700
Provided during year	(450)
Balance at 31 August 2020	<u>48,250</u>

MINESOFT LIMITED

Notes to the Consolidated Financial Statements - continued
for the year ended 31 August 2020

17. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary A shares of £0.10 each	42,500	4,250	42,500	4,250
Ordinary B shares of £0.10 each	750	75	750	75
Ordinary C shares of £0.10 each	5,000	500	5,000	500
Ordinary D shares of £0.10 each	1,000	100	1,000	100
Ordinary E shares of £0.10 each	525	53	425	43
	<u>49,775</u>	<u>4,978</u>	<u>49,675</u>	<u>4,968</u>

Ordinary A shares have full voting rights and a right to receive dividends and capital distributions.

All other share classes have a right to receive dividends and capital distributions but do not entitle the holder to voting rights.

18. Reserves

Group

	Retained earnings £	Share premium £	Totals £
At 1 September 2019	6,234,739	52,378	6,287,117
Profit for the year	2,499,228		2,499,228
Dividends	(950,000)		(950,000)
Bonus share issue	-	5,368	5,368
At 31 August 2020	<u>7,783,967</u>	<u>57,746</u>	<u>7,841,713</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 September 2019	6,234,739	52,378	6,287,117
Profit for the year	2,742,398		2,742,398
Dividends	(950,000)		(950,000)
Bonus share issue	-	5,368	5,368
At 31 August 2020	<u>8,027,137</u>	<u>57,746</u>	<u>8,084,883</u>

19. Ultimate controlling party

The ultimate controlling party is Mrs A F Chapman-Daniel and O Daniel by virtue of their joint ownership of the company's Ordinary A shares.

20. Share-based payment transactions

In order to provide incentive, the Board of Directors have granted share options to certain employees. At 31 August 2020 there were outstanding options to purchase up to 575 new ordinary E shares of 10p each granted under H M Revenue and Customs Enterprise Management Incentive Scheme Rules to 7 employees, including 1 director at £53.78 per share. Additional unapproved options to purchase up to 90 new ordinary E shares, granted under the same terms, were outstanding to 2 non UK resident employees. The options became exercisable at various dates in the prior year and lapse in May 2024 or on the earlier termination of the option holder's employment.

No charge has been made in the financial statements for the cost of the options which were granted at the market value of the shares at the date the options were granted.

During the year 80 share options were exercised by employees at an exercise price of £53.78 per share.