

Registration number: 01249803

Numerical Algorithms Group Limited

(A company limited by guarantee)

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2021

Wenn Townsend

Wenn Townsend
Chartered Accountants and Statutory Auditor
30 St. Giles
Oxford
OX1 3LE



Numerical Algorithms Group Limited

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Numerical Algorithms Group Limited

Company Information

Directors
Prof C Bischof
Mr J B Elmer
Dr C Lucas
Ms K A Robb
Mr A Tate
Prof S J Todd
Mr D J W Ulmer
Prof S M Watt

Company secretary Mr J C Higgs

Registered office 30 St. Giles
Oxford
OX1 3LE

Auditors Wenn Townsend
Chartered Accountants and Statutory Auditor
30 St. Giles
Oxford
OX1 3LE

Numerical Algorithms Group Limited

Strategic Report for the Year Ended 31 March 2021

The Directors present their strategic report for the year ended 31 March 2021.

Our business and principal activity

Since 1970, NAG has been providing industry-leading algorithms and HPC services to scientists and engineers around the globe.

Our flagship product is the NAG Library - the most rigorous and robust collection of numerical algorithms, which is a critical component of applications across commercial, government and academic institutions worldwide. A significant area of the Library is optimization, particularly important in our key market of financial services. We also provide a robust algorithmic differentiation solution.

Technical services represent a growing portion of NAG's business and focus. We have provided HPC application tuning/optimization services for three decades and are a trusted, independent name in evaluation of new technologies. With many organisations now moving their HPC to the Cloud, we offer a Cloud HPC migration service and this represents a growing business segment for the company.

Our business conditions continue to move and to change. Recognising the primary role that mathematics and HPC play in the broader economy, the company continues to invest in product management and innovation to develop future offerings that are of high value to society.

Fair review of the business

We have performed satisfactorily from an operational perspective with a varied mix of service, consultancy and product-based business with strong recurrent licencing and support income, although the reported result has been impacted by an Exceptional Item, identified below. COVID-19 has had an impact, particularly on new product business but we are seeing further opportunities emerge particularly in the Cloud services space.

The Exceptional Item has arisen as a result of our membership of the Universities Superannuation Scheme (USS). There has been a material increase in pension provisions necessary under FRS102 as the 2018 valuation of the USS scheme has projected an increased funding deficit, primarily due to the taking on of new staff. In order to reflect our share of this funding deficit we have increased our provision by £120k to £1.427m (2019 £1.307m). This has had a material impact on the result for the year. Further details of the provision can be found in Note 19 Pension and other schemes on pages 32 to 33.

The Group's key financial and other performance indicators during the year were as follows:

	Unit	2021	2020
(Deficit) / surplus for the financial year	£	223,060	535,634
Cash reserves	£	7,646,579	7,246,935
Net assets	£	5,126,891	4,965,941

We ended the year with a surplus of £223,060 compared to a surplus of £535,634 in 2019-20. The surplus before exceptional items would have been £342,525 (2020 £195,702).

Numerical Algorithms Group Limited

Strategic Report for the Year Ended 31 March 2021

Business and product strategy

We believe that product and services are increasingly complementary offerings and that NAG's blend of these two is important going forward.

We continue to invest in the traditional product line including the NAG Library. Product Managers and new internal processes align the product strategy to the perceived market interest.

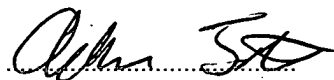
NAG's technical services remain attractive. We are seeing significant uptake for our Cloud HPC migration services which apply traditional HPC expertise to clients moving their HPC to the Cloud. We have strong relationships with all the Cloud Service Providers, through which these services are developed.

Principal risks and uncertainties

There will always be risks to NAG's continued growth and development. Those that are most prominent presently include:

- COVID-19 related economic impacts have created uncertainty around budgets in most sectors. This has impacted sales of both products and services.
- A decline in new business from the financial services sector, which is our largest product market. This affect has been exacerbated by the financial downturn due to COVID-19.
- Customer risk. We have several large customers whose loss would severely impact our business.
- Increased provision requirements to the Universities Superannuation Scheme could severely impact our Balance Sheet strength.
- Increased services business comes with a degree of volatility. Over or under provision of capacity both present risk.

Approved by the Board on 22 July 2021 and signed on its behalf by:



Mr A Tate

Numerical Algorithms Group Limited

Directors' Report for the Year Ended 31 March 2021

The Directors present their report and the consolidated financial statements for the year ended 31 March 2021.

Directors of the Group

The Directors who held office during the year were as follows:

Prof C Bischof
Dr M C Dewar (resigned 1 July 2020)
Mr J B Elmer
Dr C Lucas
Ms K A Robb
Mr A Tate
Prof S J Todd
Mr D J W Ulmer (appointed 12 February 2021)
Prof S M Watt

Dividend policy

The distribution of dividends is prohibited by our constitution. We hold a prudent level of reserves and re-invest profits to further the advancement of mathematics by developing new solutions and providing funding for innovations through our support of academia.

Employment

NAG's success depends on our ability to attract and retain world-class experts and continuing to build on our status as an employer-of-choice. We continuously try to improve the way we work to ensure that staff feel valued and perform to the best of their ability.

Quality and environment

NAG has maintained its strong commitment to quality and to the environment through its certification under ISO 9001 and 14001.

We continually strive to improve the way we work, which in turn improves the quality of what we produce and review our use of fossil fuels, water and the waste we send to landfill to minimise any negative impact on our environment.

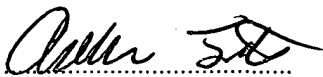
Governance

NAG's Board of Directors includes a Staff Representative Director as well as a mixture of co-opted and elected non-executive Directors evidencing our wish to meet and exceed best practice in all areas of our work.

Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 22 July 2021 and signed on its behalf by:



Mr A Tate

Numerical Algorithms Group Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual 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 Group and of the Company and of the surplus or deficit of the Group and of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Numerical Algorithms Group Limited

Independent Auditor's Report to the Members of Numerical Algorithms Group Limited

Opinion

We have audited the financial statements of Numerical Algorithms Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 March 2021 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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.

Numerical Algorithms Group Limited

Independent Auditor's Report to the Members of Numerical Algorithms Group Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our 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 Strategic Report and the Directors' Report.

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 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 original financial statements were 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.

Numerical Algorithms Group Limited

Independent Auditor's Report to the Members of Numerical Algorithms Group Limited

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.

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 specific procedures for this engagement and the extent to which our procedures are capable of detecting irregularities, including fraud are detailed below:

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

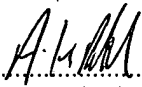
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Numerical Algorithms Group Limited

Independent Auditor's Report to the Members of Numerical Algorithms Group Limited

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.



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Ajay Bahl FCA (Senior Statutory Auditor)
For and on behalf of Wenn Townsend, Statutory Auditor

30 St. Giles
Oxford
OX1 3LE

22 July 2021

Numerical Algorithms Group Limited

Consolidated Income and Expenditure Account for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	3	9,136,724	8,930,170
Cost of sales		<u>(6,244,134)</u>	<u>(5,973,504)</u>
Gross surplus		2,892,590	2,956,666
Distribution costs		(1,270,150)	(1,502,598)
Administrative expenses		(1,897,631)	(2,233,501)
Other operating income	4	<u>343,557</u>	<u>456,681</u>
Operating surplus/(deficit)	5	<u>68,366</u>	<u>(322,752)</u>
Other interest receivable and similar income	6	8,045	35,339
Interest payable and similar charges	7	(172,248)	136,144
Exceptional item - movement on pension provision	11	<u>(119,465)</u>	<u>339,932</u>
		(283,668)	511,415
Share of surplus of equity accounted investees		<u>60,309</u>	<u>53,480</u>
(Deficit)/surplus before tax		(154,993)	242,143
Taxation	12	<u>378,053</u>	<u>293,491</u>
Surplus for the financial year		<u>223,060</u>	<u>535,634</u>
Surplus/(deficit) attributable to:			
Members		<u>223,060</u>	<u>535,634</u>

Numerical Algorithms Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2021


	Note	2021 £	2020 £
Surplus for the year		<u>223,060</u>	<u>535,634</u>
Foreign currency translation gains/(losses) on consolidation		(62,348)	29,285
Share of associates and joint ventures other comprehensive income		<u>238</u>	<u>48,230</u>
		<u>(62,110)</u>	<u>77,515</u>
Total comprehensive income for the year		<u>160,950</u>	<u>613,149</u>
Total comprehensive income attributable to:			
Members		<u>160,950</u>	<u>613,149</u>

Numerical Algorithms Group Limited

(Registration number: 01249803) Consolidated Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	70,109	112,033
Investments	14	595,647	535,679
Other financial assets	15	<u>1</u>	<u>1</u>
		<u>665,757</u>	<u>647,713</u>
Current assets			
Stocks	16	2,169	2,768
Debtors	17	2,484,427	3,319,491
Cash at bank and in hand	18	<u>7,646,579</u>	<u>7,246,935</u>
		10,133,175	10,569,194
Creditors: Amounts falling due within one year	19	<u>(3,766,037)</u>	<u>(4,358,138)</u>
Net current assets		<u>6,367,138</u>	<u>6,211,056</u>
Total assets less current liabilities		7,032,895	6,858,769
Creditors: Amounts falling due after more than one year	19	(479,471)	(585,760)
Provisions for liabilities		<u>(1,426,533)</u>	<u>(1,307,068)</u>
Net assets		<u>5,126,891</u>	<u>4,965,941</u>
Capital and reserves			
Capital fund		100,000	100,000
Income and expenditure account		<u>5,026,891</u>	<u>4,865,941</u>
Equity attributable to members		<u>5,126,891</u>	<u>4,965,941</u>
Members' funds		<u>5,126,891</u>	<u>4,965,941</u>

Approved and authorised by the Board on 22 July 2021 and signed on its behalf by:



Mr A Tate
Director

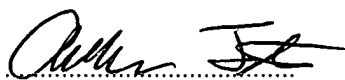
Numerical Algorithms Group Limited

(Registration number: 01249803)
Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	53,323	84,882
Investments	14	<u>162,775</u>	<u>162,775</u>
		<u>216,098</u>	<u>247,657</u>
Current assets			
Debtors	17	1,537,523	2,561,687
Cash at bank and in hand	18	<u>6,866,025</u>	<u>6,266,820</u>
		8,403,548	8,828,507
Creditors: Amounts falling due within one year	19	<u>(2,758,397)</u>	<u>(3,139,812)</u>
Net current assets		<u>5,645,151</u>	<u>5,688,695</u>
Total assets less current liabilities		5,861,249	5,936,352
Creditors: Amounts falling due after more than one year	19	(261,376)	(262,342)
Provisions for liabilities		<u>(1,426,533)</u>	<u>(1,307,068)</u>
Net assets		<u>4,173,340</u>	<u>4,366,942</u>
Capital and reserves			
Capital fund		100,000	100,000
Income and expenditure account		<u>4,073,340</u>	<u>4,266,942</u>
Members' funds		<u>4,173,340</u>	<u>4,366,942</u>

The Company made a loss after tax for the financial year of £193,602 (2020 - profit of £655,884).

Approved and authorised by the Board on 22 July 2021 and signed on its behalf by:



Mr A Tate
Director

Numerical Algorithms Group Limited

**Consolidated Statement of Changes in Equity for the Year Ended 31 March
2021**

Equity attributable to the Parent Company

	Capital fund	Income and expenditure account	Total
	£	£	£
At 1 April 2020 as originally stated	100,000	4,865,941	4,965,941
Surplus for the year	-	223,060	223,060
Other comprehensive income	-	<u>(62,110)</u>	<u>(62,110)</u>
Total comprehensive income	<u>-</u>	<u>160,950</u>	<u>160,950</u>
At 31 March 2021	<u>100,000</u>	<u>5,026,891</u>	<u>5,126,891</u>
		Income and expenditure account	Total
		£	£
At 1 April 2019	100,000	4,252,792	4,352,792
Surplus for the year	-	535,634	535,634
Other comprehensive income	-	<u>77,515</u>	<u>77,515</u>
Total comprehensive income	<u>-</u>	<u>613,149</u>	<u>613,149</u>
At 31 March 2020	<u>100,000</u>	<u>4,865,941</u>	<u>4,965,941</u>

Numerical Algorithms Group Limited

Statement of Changes in Equity for the Year Ended 31 March 2021

	Capital fund £	Income and expenditure account £	Total £
At 1 April 2020 as originally stated	100,000	4,266,942	4,366,942
Deficit for the year	-	(193,602)	(193,602)
Total comprehensive income	-	(193,602)	(193,602)
At 31 March 2021	<u>100,000</u>	<u>4,073,340</u>	<u>4,173,340</u>

	Capital fund £	Income and expenditure account £	Total £
At 1 April 2019	100,000	3,611,058	3,711,058
Surplus for the year	-	655,884	655,884
Total comprehensive income	-	655,884	655,884
At 31 March 2020	<u>100,000</u>	<u>4,266,942</u>	<u>4,366,942</u>

Numerical Algorithms Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Surplus for the year		223,060	535,634
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	50,537	52,115
Deficit on disposal of tangible assets		7,412	2,229
Finance income	6	(8,045)	(35,339)
Foreign exchange (gains) / losses	7	172,248	(136,144)
Share of profit of equity accounted investees		(60,309)	(53,480)
Income tax expense	12	<u>(378,053)</u>	<u>(293,491)</u>
		6,850	71,524
Working capital adjustments			
Decrease in stocks	16	599	94
Decrease in trade debtors	17	788,033	151,511
Decrease in trade creditors	19	(178,352)	(54,730)
Increase/(decrease) in retirement benefit obligation	20	119,465	(339,932)
(Decrease)/increase in accruals and deferred income		<u>(520,038)</u>	<u>769,517</u>
Cash generated from operations		216,557	597,984
Income taxes received		<u>386,883</u>	<u>762,809</u>
Net cash flow from operating activities		<u>603,440</u>	<u>1,360,793</u>
Cash flows from investing activities			
Interest received	6	8,045	35,339
Acquisitions of tangible assets	13	(18,539)	(32,774)
Dividend income	14	<u>38,780</u>	<u>38,780</u>
Net cash flows from investing activities		<u>28,286</u>	<u>41,345</u>
Net increase in cash and cash equivalents		631,726	1,402,138
Cash and cash equivalents at 1 April		7,246,935	5,681,319
Effect of exchange rate fluctuations on cash held		<u>(232,082)</u>	<u>163,478</u>
Cash and cash equivalents at 31 March		<u><u>7,646,579</u></u>	<u><u>7,246,935</u></u>

The notes on pages 18 to 34 form an integral part of these financial statements.

Numerical Algorithms Group Limited

Statement of Cash Flows for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
(Deficit)/surplus for the year		(193,602)	655,884
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	42,686	43,898
Deficit on disposal of tangible assets		7,412	2,229
Finance income		(7,650)	(33,885)
Foreign exchange (gains) / losses		170,179	(129,256)
Income tax expense	12	<u>(500,655)</u>	<u>(326,792)</u>
		(481,630)	212,078
Working capital adjustments			
Decrease/(increase) in trade debtors	17	1,151,480	(353,520)
Decrease in trade creditors	19	(189,893)	(3,307)
Increase/(decrease) in retirement benefit obligation	20	119,465	(339,932)
(Decrease)/increase in accruals and deferred income		<u>(192,488)</u>	<u>693,220</u>
Cash generated from operations		406,934	208,539
Income taxes received		<u>373,339</u>	<u>789,294</u>
Net cash flow from operating activities		<u>780,273</u>	<u>997,833</u>
Cash flows from investing activities			
Interest received		7,650	33,885
Acquisitions of tangible assets	13	<u>(18,539)</u>	<u>(30,339)</u>
Net cash flows from investing activities		<u>(10,889)</u>	<u>3,546</u>
Net increase in cash and cash equivalents		769,384	1,001,379
Cash and cash equivalents at 1 April		6,266,820	5,136,185
Effect of exchange rate fluctuations on cash held		<u>(170,179)</u>	<u>129,256</u>
Cash and cash equivalents at 31 March		<u><u>6,866,025</u></u>	<u><u>6,266,820</u></u>

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

1 General information

The Company is a company limited by guarantee incorporated in United Kingdom.

The address of its registered office is:

30 St. Giles
Oxford
OX1 3LE

These financial statements were authorised for issue by the Board on 22 July 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities.

Contract revenue is recognised on the following basis. Revenue represents the value of work done in the period at the agreed rate, comprising the consideration received or receivable for services provided. To the extent that this value is in excess of the amount invoiced, this is recognised as accrued income.

Licence fee income is recognised as income in the year in which the licence is issued unless the licence is for two years or more in which case it is recognised straight line over the period to which it relates. The maintenance element of licences is recognised over the term of the maintenance agreement.

Grants are credited to the income and expenditure account as related expenditure is incurred.

Rental income receivable under operating leases is recognised in the income statement on a straight line basis over the term of the lease. Income relating to future periods is carried forward as deferred income.

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March 2021.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the Group income and expenditure account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the Group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

No income and expenditure account is presented for the Company as permitted by Section 408 of the Companies Act 2006. Its deficit for the financial year was £193,602 (2020: surplus £655,884).

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Entities, other than subsidiary undertakings or joint ventures, in which the Group has a participating interest and over whose operating and financial policies the Group exercises a significant influence are treated as associates. In the Group financial statements, associates are accounted for using the equity method.

Judgements

FRS 102 makes the distinction between a Group Pension Plan and a Multi-Employer Pension Plan. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A Multi-Employer Plan is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a Multi-Employer Pension Plan where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The Directors are satisfied that the scheme provided by USS meets the definition of a Multi-Employer Pension Plan and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

Key sources of estimation uncertainty

The Directors are required to make assumptions on future staffing levels when calculating the USS pension scheme liability. These are included as best estimates at the date of calculation, but present a significant risk in potentially causing a material adjustment to the balance sheet. The carrying amount is £1,426,533 (2020: £1,307,068).

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date.

All exchange differences are included in the income and expenditure account except those arising on consolidation.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss.

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 Group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Asset class	Expected useful life
Plant and machinery	5 years
Fixtures and fittings	Over length of lease
Computer equipment	3 - 5 years

Investments

Investments in subsidiary undertakings are valued at cost less provision for impairment.

Investments in associated undertakings are stated at the amount of the Company's share of net assets. The income and expenditure account includes the Company's share of the associated Company's profits after taxation using the equity accounting basis.

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade debtors are recognised at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised at the transaction price.

Provisions

Provisions are recognised when the Group has an obligation at the reporting date as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Assets held for use in operating leases are included as a separate category in fixed assets at cost and depreciated over their useful life.

Rental income from operating leases is recognised on a straight line basis over the term of the lease.

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Defined contribution pension obligation

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

A defined contribution scheme is a pension plan under which fixed contributions are paid into a pension fund and the Group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Multi-Employer Pension Plan

The Company participates in the Universities Superannuation Scheme ("USS") on behalf of its staff. The scheme is a contributory defined benefit scheme (i.e. it provides benefits based on length of service and pensionable salary). The assets of USS are held in separate trustee-administered funds. USS is a multi-employer scheme and the Company is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. Therefore, as required by FRS 102, the Company accounts for the scheme as if it were a defined contribution scheme with a separate adjustment in respect of the net present value of agreed deficit funding contributions. USS have put in place an agreement for additional contributions to fund their past service deficits. In accordance with the provisions of FRS 102, the Company has therefore recognised a liability for the future contributions that it estimates will be payable as a result of these deficit funding agreements.

3 Revenue

The analysis of the Group's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Sale of goods and services	<u>9,136,724</u>	<u>8,930,170</u>

The analysis of the Group's turnover for the year by market is as follows:

	2021	2020
	£	£
Sales, UK	2,465,632	2,435,487
Sales, United States of America and Canada	4,898,117	5,088,218
Sales, Japan	433,340	321,437
Sales, Europe and Rest of World	<u>1,339,635</u>	<u>1,085,028</u>
	<u>9,136,724</u>	<u>8,930,170</u>

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

4 Other operating income

The analysis of the Group's other operating income for the year is as follows:

	2021	2020
	£	£
Rental income	248,471	269,483
Other operating income	95,086	187,198
	<u>343,557</u>	<u>456,681</u>

5 Operating surplus/(deficit)

Arrived at after charging/(crediting):

	2021	2020
	£	£
Depreciation expense	50,537	52,115
Research and development cost	1,890,037	1,702,748
Loss on disposal of property, plant and equipment	7,412	2,229
	<u>1,947,986</u>	<u>1,757,092</u>

6 Other interest receivable and similar income

	2021	2020
	£	£
Interest received	8,045	35,339

7 Interest payable and similar expenses

	2021	2020
	£	£
Foreign exchange losses / (gains)	172,248	(136,144)

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

8 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	5,332,113	5,420,693
Social security costs	491,557	473,734
Pension costs, defined contribution scheme	78,433	78,823
Pension costs, defined benefit scheme	570,523	507,335
	6,472,626	6,480,585

The average number of persons employed by the Group (including Directors) during the year, analysed by category was as follows:

	2021	2020
	No.	No.
Administration and support	11	13
Research and development	48	46
Distribution	11	13
	70	72

9 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	471,139	515,330
Contributions paid to money purchase schemes	-	7,384
Company contributions paid to defined benefit schemes	69,049	51,742
	540,188	574,456

During the year the number of Directors who were receiving pensions benefits was as follows:

	2021	2020
	No.	No.
Accruing benefits under defined benefit pension scheme	3	4
Accruing benefits under money purchase pension scheme	-	1
	-	-

In respect of the highest paid Director:

	2021	2020
	£	£
Remuneration	234,355	211,376
Company contributions to money purchase pension schemes	-	7,384
Company contributions to defined benefit pension schemes	38,816	-
	273,171	218,760

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

10 Auditors' remuneration

	2021 £	2020 £
Audit of these financial statements	<u>17,350</u>	<u>16,950</u>
Other fees to auditors		
Taxation compliance services	310	1,025
All other non-audit services	<u>3,893</u>	<u>310</u>
	<u>4,203</u>	<u>1,335</u>

11 Exceptional items

Movement in pension provision

The March 2018 revaluation of the USS Pension Scheme resulted in a revised deficit recovery plan. This resulted in a material decrease to the Company's pension provision for the year ended 31 March 2020 compared to an increase in 2021 as further detailed in Note 20.

12 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	(482,443)	(373,339)
UK corporation tax adjustment to prior periods	-	(3,885)
Foreign tax	<u>160,803</u>	<u>59,855</u>
	(321,640)	(317,369)
Share of associate's current tax	<u>(38,201)</u>	<u>(26,554)</u>
Total current income tax	(359,841)	(343,923)
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(18,212)</u>	<u>50,432</u>
Tax receipt in the income statement	<u>(378,053)</u>	<u>(293,491)</u>

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are reconciled below:

	2021	2020
	£	£
Surplus/(deficit) on ordinary activities before taxation	<u>(154,993)</u>	<u>242,143</u>
Corporation tax at standard rate	(29,449)	46,007
Timing differences between capital allowances and depreciation	3,687	3,102
Income not taxable for tax purposes	(11,459)	(10,161)
Expenses not deductible for tax purposes	866	732
Adjustment for higher/(lower) tax rates on overseas earnings	24,056	11,805
Adjustments to tax charge in respect of previous periods	-	(3,885)
Research and development expenditure surrendered for tax credit	155,376	100,212
Share of associate's current tax	(38,201)	(26,554)
Research and development tax relief adjustment	(466,839)	(420,579)
Increase (decrease) from tax losses for which no deferred tax asset was recognised	<u>(16,090)</u>	<u>5,830</u>
Total current tax	<u>(378,053)</u>	<u>(293,491)</u>

Deferred tax

Group and Company

Deferred tax assets and liabilities

	Asset	Liability
	£	£
2021		
Accelerated capital allowances	-	1,718
Defined benefit provision	<u>206,847</u>	<u>-</u>
	<u>206,847</u>	<u>1,718</u>
2020		
Accelerated capital allowances	-	2,608
Defined benefit provision	<u>189,525</u>	<u>-</u>
	<u>189,525</u>	<u>2,608</u>

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

13 Tangible assets

Group

	Land and buildings £	Fixtures and fittings £	Plant and machinery £	Total £
Cost or valuation				
At 1 April 2020	87,080	25,193	149,590	261,863
Additions	-	-	18,539	18,539
Disposals	(68,102)	-	(26,549)	(94,651)
Foreign exchange movements	-	(2,591)	(1,655)	(4,246)
At 31 March 2021	<u>18,978</u>	<u>22,602</u>	<u>139,925</u>	<u>181,505</u>
Depreciation				
At 1 April 2020	53,598	9,798	86,434	149,830
Charge for the year	15,738	5,247	29,552	50,537
Eliminated on disposal	(64,430)	-	(22,809)	(87,239)
Foreign exchange movements	-	(1,232)	(500)	(1,732)
At 31 March 2021	<u>4,906</u>	<u>13,813</u>	<u>92,677</u>	<u>111,396</u>
Carrying amount				
At 31 March 2021	<u>14,072</u>	<u>8,789</u>	<u>47,248</u>	<u>70,109</u>
At 31 March 2020	<u>33,482</u>	<u>15,395</u>	<u>63,156</u>	<u>112,033</u>

Included within the net book value of land and buildings above is £14,072 (2020 - £33,482) in respect of short leasehold land and buildings.

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Company

	Land and buildings £	Plant and machinery £	Total £
Cost or valuation			
At 1 April 2020	87,080	128,454	215,534
Additions	-	18,539	18,539
Disposals	<u>(68,102)</u>	<u>(20,948)</u>	<u>(89,050)</u>
At 31 March 2021	<u>18,978</u>	<u>126,045</u>	<u>145,023</u>
Depreciation			
At 1 April 2020	53,598	77,054	130,652
Charge for the year	15,738	26,948	42,686
Eliminated on disposal	<u>(64,430)</u>	<u>(17,208)</u>	<u>(81,638)</u>
At 31 March 2021	<u>4,906</u>	<u>86,794</u>	<u>91,700</u>
Carrying amount			
At 31 March 2021	<u>14,072</u>	<u>39,251</u>	<u>53,323</u>
At 31 March 2020	<u>33,482</u>	<u>51,400</u>	<u>84,882</u>

Included within the net book value of land and buildings above is £14,072 (2020 - £33,482) in respect of short leasehold land and buildings.

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

14 Investments

Group

Details of undertakings

Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiaries				
Numerical Algorithms Group Inc	USA	Ordinary	100%	100%
Nihon Numerical Algorithms Group KK	Japan	Ordinary	100%	100%
Associate				
VSN International Limited	UK	Ordinary	24%	24%

Subsidiary undertakings

Numerical Algorithms Group Inc

The principal activity of Numerical Algorithms Group Inc is computer software and services.

Nihon Numerical Algorithms Group KK

The principal activity of Nihon Numerical Algorithms Group KK is computer software and services.

Investment in associates

	2021	2020
	£	£
At 1st April	535,679	446,195
Share of profit/(loss)	98,748	128,264
Dividends received	(38,780)	(38,780)
At 31st March	<u>595,647</u>	<u>535,679</u>

Associate

The principal activity of VSN International Limited is software and services.

Company

	2021	2020
	£	£
Shares in Group undertakings and participating interests	3,112	3,112
Investment in Associate	<u>159,663</u>	<u>159,663</u>
	<u>162,775</u>	<u>162,775</u>

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

15 Other financial assets

Group

	Financial assets at cost less impairment £	Total £
Non-current financial assets		
Cost or valuation		
At 1 April 2020	60,724	60,724
Foreign exchange movements	<u>(6,246)</u>	<u>(6,246)</u>
At 31 March 2021	<u>54,478</u>	<u>54,478</u>
Impairment		
At 1 April 2020	60,723	60,723
Foreign exchange movements	<u>(6,246)</u>	<u>(6,246)</u>
At 31 March 2021	<u>54,477</u>	<u>54,477</u>
Carrying amount		
At 31 March 2021	<u>1</u>	<u>1</u>

16 Stocks

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Other inventories	<u>2,169</u>	<u>2,768</u>	<u>-</u>	<u>-</u>

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

17 Debtors

	Note	Group		Company	
		2021 £	2020 £	2021 £	2020 £
Trade debtors		1,695,369	2,223,594	739,237	1,365,346
Amounts owed by Group undertakings		-	-	66,092	486,217
Other debtors		54,936	83,476	-	2,020
Corporation tax assets		362,346	427,589	482,443	373,339
Deferred tax assets	12	205,129	186,917	205,129	186,917
Prepayments and accrued income		166,647	397,915	44,622	147,848
		<u>2,484,427</u>	<u>3,319,491</u>	<u>1,537,523</u>	<u>2,561,687</u>
Less non-current portion		<u>(18,763)</u>	<u>(41,418)</u>	-	-
		<u>2,465,664</u>	<u>3,278,073</u>	<u>1,537,523</u>	<u>2,561,687</u>

18 Cash and cash equivalents

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Cash on hand	114	150	76	79
Cash at bank	7,646,465	7,246,785	6,865,949	6,266,741
	<u>7,646,579</u>	<u>7,246,935</u>	<u>6,866,025</u>	<u>6,266,820</u>

19 Creditors

	Note	Group		Company	
		2021 £	2020 £	2021 £	2020 £
Due within one year					
Trade creditors		42,828	48,190	21,489	37,352
Social security and other taxes		203,076	300,061	177,754	275,289
Other payables		86,925	162,930	76,739	153,234
Accruals and deferred income		3,433,208	3,846,957	2,482,415	2,673,937
		<u>3,766,037</u>	<u>4,358,138</u>	<u>2,758,397</u>	<u>3,139,812</u>
Due after one year					
Deferred income		479,471	585,760	261,376	262,342
		<u>479,471</u>	<u>585,760</u>	<u>261,376</u>	<u>262,342</u>

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

20 Pension and other schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £78,433 (2020 - £78,823).

Defined benefit pension schemes

Universities Superannuation Scheme

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £570,523 (2020 - £507,335). The total movement on the provision relating to defined benefit schemes for the year was £119,465 (2020 - £(339,932)).

Multi-Employer Pension Plan

The Company participates in the Universities Superannuation Scheme, a defined benefit scheme. The liabilities are valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are accounted for on the basis of charging the cost of providing pensions over the period during which the Group benefits from the employees' service.

The Universities Superannuation Scheme is accounted for as if the scheme were a defined contribution scheme as the Group is unable to identify its share of the underlying assets and liabilities in the scheme. The scheme has put in place agreements for additional contributions to fund their past service deficits. In accordance with the provisions of FRS 102, the Group has recognised a liability for the future contributions that it estimates will be payable as a result of these deficit funding agreements.

The 2018 actuarial valuation of the scheme was finalised during the previous accounting period. The valuation reported that total assets of the scheme were £60.0bn, with total liabilities of £63.6bn – meaning a past service shortfall of £3.6bn and a funding level of 94%. This is an improvement to the 2017 valuation, which had a shortfall of £7.5bn and a funding level of 89%.

Following the completion of the 2018 actuarial valuation, a new deficit recovery plan was agreed. This amended the existing deficit recovery plan as set out in the 2017 valuation Schedule of Contributions. The new plan determined that in order to correct the shortfall of £3.6bn, the employers should make deficit contributions of 2.0% p.a. of total salaries from 1 October 2019 to 30 September 2021, at which point the rate will increase to 6.0%. Contributions towards the accrual of future service benefits including contributions to the defined contribution section would be in addition to this. The report stated that if contributions are payable at this level from 1 October 2019, this would be expected to correct the deficit by 31 March 2028.

The contribution rates were formalised in September 2019. Under the application of the cost-sharing rules in place, member and employer contributions into the scheme were adjusted as follows:

Effective Date	Employee Rate	Member Rate
01 October 2019	9.6%	21.1%
01 October 2021	11.0%	23.7%

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Multi-Employer Pension Plan (continued)

The 2020 actuarial valuation has been completed but as at the date of these accounts has not been agreed. As a result, at the date of the accounts there has been no confirmed and adopted change to the amounts or duration of any revised contribution rates resulting from the valuation. Given this, the impact on the deficit recovery liability on the balance sheet cannot be reliably estimated. However, it should be noted that the indication from the valuation report is that deficit contributions will need to significantly increase, which will likely result in a notable increase in the pension provision in the accounts in future periods.

In line with FRS 102 paragraph 28.11A, the Company has recognised a provision of £1,426,533 at 31 March 2021 (2020: £1,307,068) for the present value of the estimated future deficit funding element of the contributions payable under the agreement in place at year end. In determining the level of this provision it has been assumed that the Company will have a 26% increase in the level of employee participation in this scheme in 2022 with a constant level thereafter. It has also been assumed that the relevant earnings of these employees will increase in line with the actuary's projected long-term salary rate increases. A copy of the full actuarial valuation report and other further details on the scheme are available on the USS website, www.uss.co.uk.

USS have provided a modeller for employers to calculate the net present value of future contributions under the deficit funding scheme. Certain assumptions relating to future pay increases for staff and the number of employees active in the scheme are used to calculate this liability which is disclosed as a provision.

21 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	97,698	342,803
Later than one year and not later than five years	177,132	210,521
Later than five years	<u>75,810</u>	<u>107,730</u>
	<u>350,640</u>	<u>661,054</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £332,652 (2020 - £356,205).

Numerical Algorithms Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2021

Company

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	54,534	285,084
Later than one year and not later than five years	127,680	127,680
Later than five years	75,810	107,730
	<u>258,024</u>	<u>520,494</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £281,008 (2020 - £291,416).

22 Contingent liabilities

Company

The company is subject to a dilapidations claim having recently vacated its main premises. Neither an estimate of the financial effect, nor the timing of any potential outflow can be reliably measured.

23 Related party transactions

Group

Summary of transactions with other related parties

Independent Directors

During the year the Group paid £13,104 (2020: £14,363) in respect of Director services provided.

Company

Summary of transactions with other related parties

Independent Directors

During the year the Company paid £13,104 (2020: £14,363) in respect of Director services provided.