
FSI (FM SOLUTIONS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

FSI (FM SOLUTIONS) LIMITED

COMPANY INFORMATION

Directors	J A Ensign P J Ghilani R Telerman
Registered number	04468712
Registered office	9 King Street London EC2V 8EA
Independent auditors	Barnes Roffe LLP Chartered Accountants & Statutory Auditors Charles Lake House Claire Causeway Crossways Business Park Dartford Kent DA2 6QA

FSI (FM SOLUTIONS) LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 21

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

Introduction

The directors present their strategic report accompanying the financial statements for the period ended 31 December 2022.

Business review

The profit before tax for the year ending 31 December 2022 is £8.8m, a decrease on the prior period profit before tax of £12.4m.

Turnover increased from £35.4m for the period ended 31 December 2021 to £38.7m for the year ended 31 December 2022. Annualized, this is an increase of 9% over the prior period. This is primarily the result of an increase in recurring revenue, from new sales closed during the year.

We moved from an operating profit of £12.4m in 2021 to an operating profit of £8.8m in 2022. The reduction in operating profit is primarily the result of an increase in management charges in 2022. As a result, the directors are confident in the core financial metrics of the company.

Principal risks and uncertainties

The principal risks and uncertainties faced by the company are those of general market and economic risks in

common with other businesses in the current economic climate. The directors aim to manage these risks and uncertainties going forward in order to maintain and improve on the current level of performance.

Financial key performance indicators

The key financial performance indicators are as follows:

- Revenue per employee
- Ratio of employment costs to annually recurring revenue
- Ratio of recurring revenue to total revenue

The directors consider the above ratios to be at acceptable levels for the period ended 31 December 2022.

This report was approved by the board on 22 September 2023 and signed on its behalf.

R Telerman
Director

FSI (FM SOLUTIONS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £1,320,832 (2021 - loss £456,028).

No dividends have been paid in the year (2021 - £Nil) and the directors do not recommend the payment of a final dividend (2021 - £Nil).

Directors

The directors who served during the year were:

J A Ensign
P J Ghilani
R Teleman

Future developments

The company is budgeted to continue to trade profitably and to pursue opportunities to improve its financial performance and financial position in the year to 31 December 2023.

FSI (FM SOLUTIONS) LIMITED

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

Disclosure of information to auditors

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

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

Post balance sheet events

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

Auditors

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 September 2023 and signed on its behalf.

R Teerman

Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSI (FM SOLUTIONS) LIMITED

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSI (FM SOLUTIONS) LIMITED (CONTINUED)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSI (FM SOLUTIONS) LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with law and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussion with directors and other management, and from our commercial knowledge and experience of the software and technology sector in which the company operates;
- The specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, are as follows:
 - Companies Act 2006
 - FRS102
 - Health and Safety legislation
 - Employment legislation
 - Tax legislation
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management, reviewing board minutes and inspecting relevant legal and other correspondence; and
- Laws and regulations were communicated within the audit team at the planning meeting, and during the audit as any further laws and regulation were identified. The audit team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including

obtaining an understanding of how fraud might occur by:

- Making enquires of management as to where they consider there was susceptibility to fraud and their knowledge of actual suspected and alleged fraud;
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;
- Reviewing the financial statements and testing the disclosures against supporting documentation;
- Performing analytical procedures to identify any unusual or unexpected trends or anomalies;
- Inspecting and testing journal entries to identify unusual or unexpected transactions;
- Assessing whether judgement and assumptions made in determining significant accounting estimates, including certain year end accruals and provisions, were indicative of management bias; and
- Investigating the rationale behind significant transactions, or transactions that are unusual or outside the company's usual course of business.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FSI (FM SOLUTIONS) LIMITED (CONTINUED)

The areas that we identified as being susceptible to misstatement through fraud were:

- Management bias in the estimates and judgements made;
- Management override of controls; and
- Posting of unusual journals or transactions.

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 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 Auditors' report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mario Ciantanni (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants & Statutory Auditors
Charles Lake House
Claire Causeway
Crossways Business Park
Dartford
Kent
DA2 6QA

26 September 2023

FSI (FM SOLUTIONS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	13,167,943	12,617,897
Cost of sales		(1,084,948)	(1,706,239)
Gross profit		12,082,995	10,911,658
Administrative expenses		(10,245,168)	(10,274,205)
Other operating charges		-	(2,095,164)
Operating profit/(loss)	5	1,837,827	(1,457,711)
Tax on profit/(loss)	9	(516,995)	1,001,683
Profit/(loss) for the financial year		<u>1,320,832</u>	<u>(456,028)</u>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 11 to 21 form part of these financial statements.

FSI (FM SOLUTIONS) LIMITED
REGISTERED NUMBER: 04468712

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Current assets			
Debtors: amounts falling due within one year	10	15,863,604	13,891,306
Cash at bank and in hand	11	198,512	574,832
		<u>16,062,116</u>	<u>14,466,138</u>
Creditors: amounts falling due within one year	12	(12,658,037)	(12,382,891)
Net current assets		3,404,079	2,083,247
Total assets less current liabilities		3,404,079	2,083,247
Net assets		3,404,079	2,083,247
Capital and reserves			
Called up share capital	14	969,134	969,134
Share premium account		8,357	8,357
Profit and loss account		2,426,588	1,105,756
		<u>3,404,079</u>	<u>2,083,247</u>

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

R Telerman
Director

Date: 22 September 2023

The notes on pages 11 to 21 form part of these financial statements.

FSI (FM SOLUTIONS) LIMITED

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2022	969,134	8,357	1,105,756	2,083,247
Profit for the year	-	-	1,320,832	1,320,832
At 31 December 2022	<u>969,134</u>	<u>8,357</u>	<u>2,426,588</u>	<u>3,404,079</u>

The notes on pages 11 to 21 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2021	969,134	8,357	1,561,784	2,539,275
Loss for the year	-	-	(456,028)	(456,028)
At 31 December 2021	<u>969,134</u>	<u>8,357</u>	<u>1,105,756</u>	<u>2,083,247</u>

The notes on pages 11 to 21 form part of these financial statements.

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

1. General information

FSI (FM Solutions) Limited is a private company limited by shares and incorporated in England and Wales. The address of the registered office is 9 King Street, London, EC2V 8EA. The principal activity of the company is that of the provision of digital workplace software solutions and implementation consultancy services.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of MRI Software Limited as at 31 December 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

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

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.4 Revenue

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

Rendering of services

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

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

Licence revenue, including SaaS (Software-as-a-Service) contracts and similar contracts which include maintenance and software support, is recognised from the point at which the customer makes a commitment to purchase the product, and will then be recognised on a straight-line basis over the life of the contract.

Income from development and consultancy, including training, is recognised as these services are provided to the customer.

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

2. Accounting policies (continued)

2.5 Operating leases: the company as lessee

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

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

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

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

2.7 Pensions

Defined contribution pension plan

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

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

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

2. Accounting policies (continued)

2.8 Current and deferred taxation

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

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

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

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

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

2.9 Debtors

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

2.10 Cash and cash equivalents

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

2.11 Creditors

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

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

2. Accounting policies (continued)

2.12 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.13 Financial instruments

The company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest, discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

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

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

a) Critical judgements in applying the company's accounting policies

No significant judgements have had to be made by the company in preparing these financial statements.

b) Key accounting estimates and assumptions

Due to the nature of the company's trade the company has a significant level of the trade debtors and is therefore exposed to the risk of bad debts. As such a significant accounting estimate is the year end bad debt provision.

In addition, the company has made certain estimates in calculating the amount of accrued income to be included in the accounts in relation to service revenue earned during the year but not yet invoiced at the balance sheet date. The total amount of of accrued income recognised as at 31 December 2022 is £653,339 (2021: £119,439).

4. **Turnover**

The whole of the turnover is attributable to the principal activity of the company, which continued to be the provision of digital workplace software solutions and implementation consultancy services.

A geographical analysis of turnover has not been provided as permitted by the Companies Act 2006.

5. **Operating profit/(loss)**

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

	2022	2021
	£	£
Exchange differences	(14,039)	6,892
Other operating lease rentals	236,087	261,547
Depreciation of tangible fixed assets	-	227,640
	<u> </u>	<u> </u>

6. **Auditors' remuneration**

The annual audit fees of £18,250 (2021 - £17,550) are borne by fellow group companies. The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent company.

FSI (FM SOLUTIONS) LIMITED

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

7. Employees

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

	2022 £	2021 £
Wages and salaries	7,252,655	7,270,675
Social security costs	825,198	804,756
Cost of defined contribution scheme	241,778	242,823
	8,319,631	8,318,254

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

	2022 No.	2021 No.
Directors	3	3
Staff	108	129
	111	132

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	-	719,121
Company contributions to defined contribution pension schemes	-	62,984
	-	782,105

The highest paid director received remuneration of £NIL (2021 - £345,296).

9. Taxation

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	516,995	(1,001,683)
	516,995	(1,001,683)

FSI (FM SOLUTIONS) LIMITED

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

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit/(loss) on ordinary activities before tax	<u>1,837,827</u>	<u>(1,457,711)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	349,187	(276,965)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,716	66,302
Capital allowances for year (in excess of)/less than depreciation	(22,080)	8,951
Loss on disposal of tangible fixed assets	-	352,636
Losses utilised in the current year	(330,823)	-
Losses carried forward	-	651,883
Deferred tax movement	516,995	(1,001,683)
Employee share acquisition relief	-	(802,807)
Total tax charge for the year	<u><u>516,995</u></u>	<u><u>(1,001,683)</u></u>

Factors that may affect future tax charges

The company has carried forward losses of £375,672 (2021: £2,116,843) to utilise against future taxable profits.

In March 2021 it was announced that the UK corporation tax rate would increase to 25% from 1st April

2023 for profits over £250,000. There are no other significant factors that may affect future tax charges.

FSI (FM SOLUTIONS) LIMITED

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

10. Debtors

	2022	2021
	£	£
Trade debtors	8,785,211	3,240,967
Amounts owed by group undertakings	5,981,556	9,566,398
Other debtors	689,504	153,200
Prepayments and accrued income	74,414	80,827
Deferred taxation	332,919	849,914
	15,863,604	13,891,306
	15,863,604	13,891,306

11. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	198,512	574,832
	198,512	574,832
	198,512	574,832

12. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	73,247	49,256
Amounts owed to group undertakings	5,502,030	5,380,896
Other taxation and social security	792,711	845,524
Other creditors	3,283	150,185
Accruals and deferred income	6,286,766	5,957,030
	12,658,037	12,382,891
	12,658,037	12,382,891

FSI (FM SOLUTIONS) LIMITED

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

13. Deferred taxation

	2022 £	2021 £
At beginning of year	849,914	(151,769)
(Charged)/Credited to profit or loss	(516,995)	1,001,683
At end of year	<u>332,919</u>	<u>849,914</u>

The deferred tax asset is made up as follows:

	2022 £	2021 £
Capital allowances pool to be utilised	(156,377)	(137,431)
Other timing differences	(82,624)	(53,068)
Tax losses carried forward	(93,918)	(659,415)
	<u>332,919</u>	<u>849,914</u>

14. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
969,134 (2021 - 969,134) Ordinary shares of £1.00 each	<u>969,134</u>	<u>969,134</u>

FSI (FM SOLUTIONS) LIMITED

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

15. Commitments under operating leases

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

	2022	2021
	£	£
Land and buildings		
Not later than 1 year	213,420	213,420
Later than 1 year and not later than 5 years	853,680	853,680
Later than 5 years	2,543,255	2,756,675
	3,610,355	3,823,775
	2022	2021
	£	£
Other		
Not later than 1 year	56,667	81,423
Later than 1 year and not later than 5 years	14,883	71,606
	71,550	153,029

16. Controlling party

The ultimate parent company in the UK is MRI Software Limited, a company incorporated in England and Wales. MRI Software Limited produces financial statements incorporating the results of FSI (FM Solutions) Limited which can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

MRI Software Limited is a wholly owned subsidiary of MRI Software LLC, a limited liability company incorporated in Delaware, USA. The ultimate parent company is MRI Intermediate Holdings LLC, a limited liability company incorporated in Delaware, USA.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.