

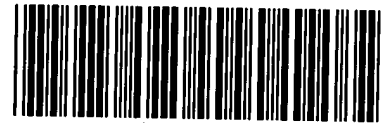
Registered number: 05558586

Equisoft Limited

(Formerly Altus Limited)

Financial Statements For the year ending 31 December 2022

FRIDAY



ACD35HJE

A94

29/09/2023

#58

COMPANIES HOUSE

CONTENTS

Company Information	1
Strategic Report	2 - 3
Directors' Report	4
Directors' Responsibilities Statement	5
Independent Auditor's Report	6 - 8
Statement of Profit and Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 30

COMPANY INFORMATION

Directors B Cosgrove
 D Jackson (resigned 19 August 2022)
 S Michaud (resigned 1 August 2023)
 K Okell (resigned 22 April 2023)
 L Romero

Registered office Bath Quays South
 1 Foundry Lane
 Bath
 BA2 3GZ

Registered number 05558586

Auditor Mazars
 90 Victoria St
 Bristol
 BS1 6DP
 United Kingdom

Equisoft Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

Established in Bath in 2005, the Equisoft UK mission is to make Financial Services faster by providing smarter systems and superior services.

Our independent consultants help clients improve operational efficiency and financial returns via a combination of robust models, technology expertise and market insight.

Where we see complex, repeated challenges across a sector, our software development team delivers innovative and highly automated solutions ranging from portfolio transfers to fund trading to pension payment.

Fair review of the business

Equisoft UK continues to grow within the Equisoft group and is beginning to enjoy some of the synergy benefits from deeper integration. The consulting team is working with several other Equisoft regions, helping them win and implement business and growing revenues in the process. This year Equisoft UK revenues have grown 28% and profits are still very healthy despite significant investment in a new HQ and further product development.

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

	2022	2021	Change
	£	£	%
Revenue	21,949,278	17,096,971	28%
Operating profit	2,364,606	2,697,033	-12%
Profit after tax	2,110,135	2,142,629	-2%
Shareholder's funds	4,526,315	2,416,180	87%
Current assets as a % of current liabilities	149%	133%	12%
Average number of employees	118	92	28%

The financial results for the year can be found on page 9 and reflect an excellent year for Equisoft. Turnover grew to almost £22m with an EBITDA of £2.9m. Our software revenues continue to grow steadily, and the consulting business benefitted from strong demand both in the UK and overseas.

Principal risks and uncertainties

Key financial and operational risks are continuously monitored across the business by the senior management team and reported to the Board on a regular basis. The most significant of these in the current reporting period are detailed below.

Financial instrument risks

Credit risk: the management of credit risk is achieved by monitoring the creditworthiness of our customers against established terms of credit and credit limits.

Liquidity risk: the liquidity of the company is monitored against each cash flow forecasts which are regularly revised and assessed for risk. The company operates within very conservative working capital management policies to ensure that it has sufficient funds available to operate.

Global Recession

Many commentators are predicting a global recession due largely to the energy crisis. The depth of that recession and its impact on Financial Services remains to be seen but Equisoft is taking a cautious approach to further expansion until that becomes clear.

Pension Dashboard

Equisoft Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Delays to the readiness of central infrastructure has led to the Pension Dashboard programme timescales being extended to October 2026. Whilst this is a setback for our software business, Equisoft UK is working hard to lock in early sales and to encourage the government to reward pension schemes that move early.

Due Diligence

Environmental and social concerns are high on the agenda for many of our large corporate clients and that is manifested in the requirements we see in the many procurement exercises we participate in. As a result, Equisoft has taken a number of practical actions, improved reporting and further strengthened policies and procedures.

Approved by the Board on 28 September 2023 and signed on its behalf by


Luis Romero (Sep 28, 2023 09:52 MDT)

Luis Romero

Director

Equisoft Limited **Directors' Report for the Year Ended 31 December 2022**

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

Results and dividends

The results for the year are set out on page 9. No dividends were declared and paid (2021: £1,250,000) during the year.

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the Strategic report on pages 2-3. These matters relate to the principal activity and financial risks.

Future developments

The directors do not foresee any material changes in the continuing operations of the business.

Directors of the company

The directors who held office during the period were as follows:

B Cosgrove
D Jackson (resigned 19 August 2022)
S Michaud (resigned 1 August 2023)
K Okell (resigned 22 April 2023)
L Romero

Directors' indemnity

The directors confirm that no qualifying third party indemnity provision in favour of any directors of the Company, as defined by Section 236 of the Companies Act 2006, either by the Company or by any other party, was in force at the time of the signing of the report, and that no such provision had been in force at any time in the financial year.

Events after the balance sheet date

No significant events affecting the Company since the end of the financial year were noted.

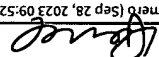
Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with s418 of the Companies Act 2006.

Approved by the Board on 28 September 2023 and signed on its behalf by:


Luis Romero (Sep 28, 2023 09:52 MDT)

Luis Romero

Director

Equisoft Limited

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. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) 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 Company's transactions and which 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.

Independent auditor's report to the members of Equisoft Limited

Opinion

We have audited the financial statements of Equisoft Limited (the 'company') for the year ended 31 December 2022 which comprise Statement of Profit and Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, 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 UK-adopted international accounting standards.

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; and
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 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 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.

Other information

The other information comprises the information included in the financial statements, other than the financial statements and our auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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.

Independent auditor's report to the members of Equisoft Limited (continued)

Matters on which we are required to report by exception

In 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 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 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.

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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and data protection regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

Independent auditor's report to the members of Equisoft Limited (continued)

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the capitalisation of internally developed software, impairment of non-financial assets and allocation of transaction price to performance obligations, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

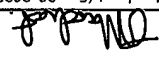
There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

Use of the audit 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.

Jonathan Marchant (Sep 28, 2023 20:34 GMT+1)



Jonathan Marchant (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

90 Victoria St,

Redcliffe,

Bristol BS1 6DP,

Date: 28/9/23

Equisoft Limited
Statement of Profit and Comprehensive Income
For the year ended 31 December 2022
(in Pounds Sterling)

	Notes	2022 £	15 months period ended 31, December 2021 £
Revenue			
Professional services		17,507,729	11,540,892
Subscription and support		4,441,549	5,556,079
	3	21,949,278	17,096,971
Cost of sales			
Professional services		11,980,374	7,679,276
Subscription and support		1,013,403	933,926
		12,993,777	8,613,202
Gross profit		8,955,501	8,483,769
Operating expenses			
Research and development		681,075	1,014,720
Sales and marketing		1,417,575	757,564
General and administrative		3,918,034	3,605,090
Amortisation and depreciation	9/10/11	574,211	409,362
		6,590,895	5,786,736
Operating profit		2,364,606	2,697,033
Net finance costs	7	31,587	2,682
Realised and unrealised foreign currency loss		659	21
Profit before tax		2,332,360	2,694,330
Income tax expense	8	222,225	551,701
Net profit and comprehensive income for the year/period		2,110,135	2,142,629

The notes on pages 13 to 30 form part of the financial statements.

Equisoft Limited
Statement of Financial Position
As at 31 December 2022
(in Pounds Sterling)

	Notes	2022 £	2021 £
Current assets			
Cash		601,396	1,115,254
Trade and other receivables	12	4,385,026	3,942,650
Income tax asset		240,606	–
Work in progress		1,252,222	1,219,426
Prepaid expenses		225,771	178,488
Current deposits		7,800	–
		<u>6,712,821</u>	<u>6,455,818</u>
Non-current assets			
Property and equipment		948,918	14,523
Right of use assets	10	2,545,823	–
Intangible assets		1,701,064	1,015,330
Other non-current assets		2,047	–
		<u>5,197,852</u>	<u>1,029,853</u>
Total assets		<u>11,910,673</u>	<u>7,485,671</u>
Current liabilities			
Trade and other payables	13	1,655,215	2,330,299
Deferred revenues		2,679,425	2,346,048
Income tax payable		–	161,308
Current portion of lease liabilities	10	170,194	–
		<u>4,504,834</u>	<u>4,837,655</u>
Non current liabilities			
Deferred tax liabilities	8	417,754	231,836
Lease liabilities	10	2,331,770	–
Other non-current liabilities		130,000	–
Total liabilities		<u>7,384,358</u>	<u>5,069,491</u>
Shareholders' equity			
Share capital	17	100	100
Capital contribution reserve		146,756	146,756
Retained earnings		4,379,459	2,269,324
Total shareholders' equity		<u>4,526,315</u>	<u>2,416,180</u>
Total of liabilities and shareholders' equity		<u>11,910,673</u>	<u>7,485,671</u>

The notes on pages 13 to 30 form part of the financial statements. These financial statements were approved by the Board of Directors on 28 September 2023 and were signed on its behalf by:


Luis Romero (Sep 28, 2023 09:52 MDT)
Luis Romero, Director

Company registered number: 05558586

Equisoft Limited
Statement of Changes in Equity
For the year ended 31 December 2022
(In Pounds sterling)

	Share capital	Capital Contribution reserve	Retained earnings	Total
	£	£	£	£
Balance as at 1 January 2022	100	146,756	2,269,324	2,416,180
Dividends	–	–	–	–
Net profit for the year	–	–	2,110,135	2,110,135
Balance as at 31 December 2022	100	146,756	4,379,459	4,526,315

	Share capital	Capital contribution reserve	Retained earnings	Total
	£	£	£	£
Balance as at 1 October 2020	100	146,756	1,376,695	1,523,551
Dividends	–	–	(1,250,000)	(1,250,000)
Net profit for the period	–	–	2,142,629	2,142,629
Balance as at 31 December 2021	100	146,756	2,269,324	2,416,180

The notes on pages 13 to 30 form part of the financial statements.

Equisoft Limited**Statement of Cash Flows**

For the year ended 31 December 2022

(In Pounds sterling)

Notes	15 months period ended 31 December,	
	2022	2021
	£	£
OPERATING ACTIVITIES		
Net profit	2,110,135	2,142,629
Adjustments for:		
Current income tax expense	222,225	551,701
Net finance costs	31,587	2,682
Items not affecting cash	18 574,211	409,464
Interest received/(paid)	4,820	(2,438)
Income taxes paid	(438,219)	(552,184)
Loss on disposal of PPE	8,645	8,529
Change in operating working capital items	18 (874,009)	(1,272,890)
Cash flows from operating activities	1,639,395	1,287,493
INVESTING ACTIVITIES		
Purchase of property and equipment	(983,901)	–
Development of internally generated intangible assets	(1,097,856)	(724,985)
Cost to contract office lease	(67,098)	–
Cash flows used in investing activities	(2,148,855)	(724,985)
FINANCING ACTIVITIES		
Payment of principal portion of lease liabilities	(4,398)	(21,166)
Dividends paid	–	(1,250,000)
Cash flows used in financing activities	(4,398)	(1,271,166)
Net decrease in cash	(513,858)	(708,658)
Cash beginning of year/period	1,115,254	1,823,912
Cash end of year/period	601,396	1,115,254

Equisoft Limited
Notes to the Financial Statements
For the year ended 31 December 2022
(In Pounds sterling)

1 BASIS OF PREPERATION

1.1 Statement of compliance

Equisoft Limited (hereafter, the "Company") is a private company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales. Equisoft Limited is a specialist supplier of Software-as-a-Service ("SaaS") solutions and professional services to the investment and insurance sectors.

The address of the registered office is Bath Quays South, 1 Foundry Lane, Bath, United Kingdom, BA2 3GZ. The registered number is 05558586.

The financial statements were approved and authorised for issue by the Board of Directors on 28 September 2023.

1.2 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in accordance with the applicable provisions of the Companies Act 2006.

1.3 Going concern

The Company has access to considerable financial resources together with long standing relationships with key clients and suppliers. The directors have prepared detailed budgets and financial forecasts. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. After making inquiries, the directors have a reasonable expectation that the Company has adequate resources to continue to meet its obligations as they fall due for the foreseeable future being a period of at least twelve months from signing of these financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of measurement

The financial statements have been prepared using the historical cost method, except for where IFRS requires recognition at fair value for which the accounting treatment is described in note 2.4.

2.2 Foreign currency translation

The financial statements are presented in pounds sterling, which is the functional currency of the Company. Amounts are rounded to the nearest £. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

2.3 Revenue recognition

Revenue recognition, work in progress and deferred revenue

The Company's principal sources of revenue are software subscription and support revenue from its Software-as-a-Service ("SaaS") solutions and professional services including management consulting services to the financial services industry.

Equisoft Limited
Notes to the Financial Statements
For the year ended 31 December 2022
(In Pounds sterling)

Revenue is recognized when or as the Company satisfies a performance obligation by transferring a promise of goods or services to the customer and are measured at the amount of consideration the Company expects to be entitled to receive, including variable consideration such as discounts and service-level penalties. Variable consideration is estimated using either the expected value method or most likely amount method and is included only to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur.

The Company's arrangements with customers often include several products or services. When contracts include several performance obligations, the total transaction price is determined at the inception of the contract and allocated to each performance obligation based on their relative stand-alone selling price.

Amounts recognized as revenue in excess of billings are classified as work in progress. Amounts billed or received in advance of the satisfaction of a performance obligation are classified as deferred revenue.

The revenue recognition method applied for each performance obligation is described below.

Professional services

Professional services are mostly provided for implementation and configuration of software solutions and management consulting services. Revenue from professional services under time and material arrangements is recognized over time as the services are rendered while revenue from professional services under fixed-price contracts is recognized using the percentage of completion method. Revenue related to reimbursable costs is recognized over time as reimbursable costs are incurred.

Subscription

The Company's subscription revenue services allow customers to access and use the Company's software solutions over the contract period. The services are provided on a subscription basis and are generally recognized over time as the services are provided at the contractual billings, which corresponds with the value provided to the client, unless there is a better measure of performance or delivery.

2.4 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 Revenue from contracts with customers, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into one of the following categories:

- At amortized cost;
- At fair value through profit or loss (FVTPL);
- At fair value through other comprehensive income (FVOCI).

In the periods presented, the Company does not have any financial assets categorized as FVTPL or FVOCI.

The classification is determined by both:

- The entity's business model for managing financial assets;
- The contractual cash flow characteristics of the financial asset.

Equisoft Limited
Notes to the Financial Statements
For the year ended 31 December 2022
(In Pounds sterling)

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within operating expenses.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, they are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Cash, trade and other receivables are included in this category of financial instruments.

Impairment of financial assets

Financial assets classified at amortized cost are subject to impairment. For trade accounts receivable and work in progress, the Company applies the simplified approach to measure expected credit losses, which requires lifetime expected loss allowance to be recorded upon initial recognition of the financial assets.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables and lease liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designates a financial liability at FVTPL.

Financial liabilities are subsequently measured at amortized cost using the effective interest method.

Interest expense is included within net finance costs.

2.5 Intangible assets

Intangible assets consist of internally generated software. Internally generated software are capitalised when they meet specific capitalisation criteria related to technical, market and financial feasibility. Software and customer relationships acquired through business combinations are initially recorded at their fair value based on the present value of expected future cash flows, which involves estimates, such as the forecasting of future cash flows and discount rates.

The Company amortises its intangible assets using the straight-line method over their estimated useful lives.

	Useful life
Internally generated software	5 years

Any capitalised internally generated software that is not yet complete is not amortised but is subject to impairment testing as described in note 2.6

Amortisation has been included in amortisation and depreciation in the statements of profit and comprehensive income.

Equisoft Limited
Notes to the Financial Statements
For the year ended 31 December 2022
(In Pounds sterling)

2.6 Impairment test for intangible assets

Timing of impairment testing

The carrying values of property and equipment, right-of-use assets and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired. The Company assesses at each reporting date whether any such events or changes in circumstances exist. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units – CGUs). The carrying values of intangible assets not available for use are tested for impairment annually as at 31 December.

Impairment of property and equipment, right-of use assets and intangible assets

Property and equipment, intangible assets and right-of use assets are reviewed for impairment when events or circumstances indicate that carrying value may not be recoverable. The Company assesses at each reporting date whether any such events or changes in circumstances exist. If such an indication exists, the Company estimates the recoverable amount of the asset or CGU to which the asset relates. If any assets or CGU are determined to be impaired, the Company writes them down to their recoverable amount, the higher of value in use and fair value less costs of disposal, when this is less than the carrying value. The Company evaluates impairment losses for potential reversals when events or circumstances require such consideration.

2.7 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred and current taxes not recognized in other comprehensive income or directly in equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Calculation of current tax and deferred tax is based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. The carrying amounts of deferred tax are reviewed at the end of each reporting period and adjusted if needed.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are provided for in full, although IAS 12 specifies limited exemptions. As a result of these exemptions the Company does not recognize deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries. The Company does not offset deferred tax assets and liabilities unless it has a legally enforceable right to do so and intends to settle on a net basis.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2.8 Leases

The Company as a lessee

The Company makes the use of leasing arrangements principally for the provision of office spaces. The rental contract for the office spaces is negotiated for a term of 10 years. The lease contains a variety of different terms and conditions such as escalation clauses.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in relation to a lease on the date on which the underlying asset is available for use by the Company (hereafter "the commencement date").

The right-of-use asset is initially measured at cost, which includes the initial measurement of the lease liability, adjusted for lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of any cost to dismantle and remove the underlying asset, less any lease inducements received.

Equisoft Limited
Notes to the Financial Statements
For the year ended 31 December 2022
(In Pounds sterling)

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the useful life of the right-of-use asset or the end of the lease term. The Company assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of future lease payments unpaid at that date. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a specific rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The Company has elected not to account separately for non-lease components for office space (buildings) leases. As such, lease payments and obligations include fixed payments relating to lease and non-lease components. The interest charges for lease liabilities is recognized in net finance cost in the consolidated statement of loss according to the effective interest rate method.

Lease liabilities are remeasured when there is a change in the future lease payments resulting from a change in an index or rate, or when the Company changes its assessment of an extension or cancellation. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or in profit or loss if the right-of-use asset is already reduced to zero.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. leases with a term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments relating to lease agreements with a term of 12 months or less are recognized on a straight-line basis as an expense in profit or loss.

2.9 Government grants

The Company is eligible for government grants, including tax relief granted by tax authorities for research and development (R&D) for its innovative projects in science and technology. The Company follows the income approach to account for such grants whereby government grants are recorded when there is a reasonable assurance that the grants will be received and that the Company will comply with all relevant conditions. Under this method, government grants related to operating expenditures are recorded as a reduction of the related expenses and recognized in the period in which the related expenditures are charged to earnings. Government grants related to capital expenditures are recorded as a reduction of the cost of the related assets. The government grants recorded are based on management's best estimates of amounts expected to be received and are subject to audit by the taxation authorities.

2.10 Use of estimates and judgements

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Significant management judgements

The following are management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements:

i. Allocation of transaction price to performance obligations

Contracts with customers often include promises to deliver multiple products and services. Significant judgement may be required in determining whether such bundled products and services are considered (i) distinct performance obligations that should be separately recognized, or (ii) non-distinct and therefore should be combined with other goods or a service and recognized as a combined unit of accounting and in allocating the transaction price between the performance obligations.

Equisoft Limited
Notes to the Financial Statements
For the year ended 31 December 2022
(In Pounds sterling)

The determination of the standalone selling prices ("SSP") for distinct performance obligations can also require judgement and estimates. The Company uses a single amount to estimate SSP for bundled items such as SaaS subscription and self-managed licenses and maintenance in subscription arrangements that are not sold separately. The Company uses a range of amounts to estimate SSP when it sells each of the products and services separately and determines whether there is a discount that needs to be allocated based on the relative SSP of the various products and services. In general, SSP for maintenance and support bundled in self-managed license arrangements is established as a percentage of the license fee as supported by third party evidence and internal analysis of similar vendor contracts. SSP for subscriptions and professional services is established based on observable prices for the same or similar services when sold separately.

ii. Recognition of deferred income tax assets

Management continually evaluates the likelihood that its deferred tax could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgement in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

iii. Capitalization of internally developed software

Distinguishing the research and development phases of a new software development project and determining whether the recognition requirements for the capitalization of development costs are met require judgement. After capitalization, management monitors whether the capitalization requirements continue to be met and whether there are any indicators that capitalizable costs may be impaired.

Significant estimates

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

i. Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. In 2022, the Company did not recognize an impairment loss.

ii. Intangible assets

Evaluations related to measuring the recoverability of intangible assets with a finite life that are not ready for use for impairment testing purposes are based on material estimates and assumptions relating to future cash inflows and outflows, discount rates, unlimited growth rate and the useful life of the intangible assets.

For the year ended 31 December 2022 the Company did not recognize any expense related to impairment losses.

3 REVENUE

The Company's contracts are for delivery of services within the 12 months following a contract's signature; therefore, the Company uses the practical expedient allowed in Paragraph 121(a) of IFRS 15. Following Paragraph 121(a), the Company does not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as at the end of the reporting period.

The activities of the Company during the year were principally related to specialist software development. The directors believe that such activities comprise a unified class of business which cannot be further analysed into segments.

	2022	2021
	£	£
Reconciliation of deferred revenues		
Deferred revenues, beginning of year	2,346,048	2,325,469
Revenue recognized during the year	(3,459,332)	(5,839,485)
Additions during the year	3,792,709	5,860,064
Deferred revenues, end of year	2,679,425	2,346,048

Equisoft Limited
Notes to the Financial Statements
For the year ended 31 December 2022
(In Pounds sterling)

	2022	2021
	£	£
Reconciliation of work in progress		
Work in progress, beginning of year	1,219,426	223,919
Revenue recognized during the year	(1,219,426)	(223,919)
Additions during the year	1,252,222	1,219,426
Work in progress, end of year	1,252,222	1,219,426

Revenue from customers

An analysis of revenue by geographical market is given below:

	2022	2021
Europe		
United Kingdom	21,110,661	16,080,524
Luxembourg	–	262,611
Ireland	357,570	573,106
Others	50,952	44,230
Other	430,095	136,500
	21,949,278	17,096,971

The revenue information above is based on the locations of the customers.

The following table presents revenue from individual customers each representing more than 10% of revenue per year/period.

	2022	2021
Number of customers above 10%	2	2
Total revenue from customers above 10%	£6,385,920	£3,839,371
Percentage of total revenue from customers above 10%	29%	22%

4 AUDITOR'S REMUNERATION

	2022	2021
	£	£
Audit of these financial statements	40,000	52,553
All other non-audit services	–	–

Equisoft Limited
Notes to the Financial Statements

For the year ended 31 December 2022
(In Pounds sterling)

5 STAFF COSTS

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

	2022	2021
	£	£
Business Systems	50	44
Consulting	54	37
Shared Services	14	11
	<u>118</u>	<u>92</u>

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£	£
Wages and salaries	9,154,605	8,351,455
Social security costs	1,072,459	903,062
Other pension costs	606,627	589,377
Other employee expense	35,623	57,158
	<u>10,869,314</u>	<u>9,901,052</u>

6 DIRECTORS' REMUNERATION

	2022	2021
	£	£
Remuneration	332,823	788,195
Company contributions to defined contribution pension scheme	5,483	37,601
	<u>338,306</u>	<u>825,796</u>

Above amounts for remuneration include the following in respect of the highest paid director:

	2022	2021
	£	£
Remuneration	246,656	305,000
Company contributions to defined contribution pension scheme	5,483	12,144
	<u>252,139</u>	<u>317,144</u>

7 FINANCE INCOME/(COSTS)

	2022	2021
	£	£
<i>Interest expense for borrowing at amortised cost:</i>		
Interest expense for the lease liability	36,407	244
Interest expense/(income) from cash	(4,820)	2,438
Net finance costs	<u>31,587</u>	<u>2,682</u>

Equisoft Limited
Notes to the Financial Statements

For the year ended 31 December 2022
(In Pounds sterling)

8 INCOME TAXES

8.1 Reconciliation between profit before income taxes and income tax expense

The following is a reconciliation of income taxes, calculated at the standard UK corporation tax rate, to the income tax expense included in the statements of profit and comprehensive income:

	2022	2021
	£	£
Profit before income taxes	2,332,360	2,694,330
Income taxes – statutory rate	19%	19%
Income taxes at statutory rate	443,148	511,923
Fixed asset differences	(16,108)	65,974
Other non-deductible and tax-exempt items	(131,640)	7,816
R&D expenditure credits	(23,033)	6,357
Group relief claimed	(27,131)	(63,154)
Remeasurement of deferred tax for changes in tax rates	-	30,661
Movement in deferred tax not recognized	-	(679)
Other	(23,011)	(7,197)
Income tax expense	222,225	551,701

8.2 Income tax expense

	2022	2021
	£	£
Current income tax expense		
Current year	36,307	411,308
Deferred income tax expense		
Timing differences	185,918	140,393
Income tax expense	222,225	551,701

Deferred income tax expense reflects the net effect of losses carried forward and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

8.3 Significant components of the Company's deferred income tax assets and liabilities

	2022	2021
	£	£
Property, plant and equipment	(93,447)	(2,759)
Intangible assets	(316,124)	(229,577)
Right of use assets	(8,181)	-
Other	(1)	500
	(417,754)	(231,836)

Equisoft Limited
Notes to the Financial Statements

For the year ended 31 December 2022
(In Pounds sterling)

Presentation in the statement of financial position:

	2022	2021
	£	£
Deferred tax assets	-	-
Deferred tax liabilities	(417,754)	(231,836)
	<u>(417,754)</u>	<u>(231,836)</u>

8.4 Movements in deferred income tax assets and liabilities

	Net assets (liabilities), 1 January 2022	Recognized in profit or loss	Net assets (liabilities), 31 December 2022
	£	£	£
Property, plant and equipment	(2,759)	(90,688)	(93,447)
Intangible assets	(229,577)	(86,547)	(316,124)
Right of use asset	-	(8,181)	(8,181)
Other	500	(501)	(1)
	<u>(231,836)</u>	<u>(185,918)</u>	<u>(417,754)</u>

	Net assets (liabilities), 1 October 2020	Recognized in profit or loss	Net assets (liabilities), 31 December 2021
	£	£	£
Property, plant and equipment	(5,761)	3,002	(2,759)
Intangible assets	(122,394)	(107,183)	(229,577)
Right of use asset	(9,189)	9,189	-
Other	45,901	(45,401)	500
	<u>(91,443)</u>	<u>(140,393)</u>	<u>(231,836)</u>

Equisoft Limited
Notes to the Financial Statements
For the year ended 31 December 2022
(In Pounds sterling)

9 TANGIBLE ASSETS

	Fixtures and fittings	Office equipment	Leasehold improvements	Total
	£	£		£
Gross carrying amount				
Balance at 1 January 2022	33,053	21,114	–	54,167
Additions	358,495	168,318	457,088	983,901
Disposals	(33,053)	–	–	(33,053)
Balance at 31 December 2022	358,495	189,432	457,088	1,005,015
Amortization and impairment				
Balance at 1 January 2022	23,313	16,331	–	39,644
Amortisation charge	16,033	17,209	7,618	40,860
Disposals	(24,408)	–	–	(24,408)
Balance at 31 December 2022	14,938	33,541	7,618	56,097
Net book value at 31 December 2022	343,557	155,891	449,470	948,918
	Fixtures and fittings	Office equipment	Leasehold improvements	Total
	£	£		£
Gross carrying amount				
Balance at 1 October 2020	53,622	28,159	–	81,781
Additions	–	–	–	–
Disposals	(20,569)	(7,045)	–	(27,614)
Balance at 31 December 2021	33,053	21,114	–	54,167
Amortization and impairment				
Balance at 1 October 2020	33,054	18,408	–	51,462
Amortisation charge	3,211	4,055	–	7,266
Disposals	(12,952)	(6,132)	–	(19,084)
Balance at 31 December 2021	23,313	16,331	–	39,644
Net book value at 31 December 2021	9,740	4,783	–	14,523

Equisoft Limited
Notes to the Financial Statements
For the year ended 31 December 2022
(In Pounds sterling)

10 RIGHT OF USE ASSET AND LEASE LIABILITY

	<u>Office spaces</u>
	<u>£</u>
Right of use asset	
Balance at 1 January 2022	–
Additions	2,667,053
Depreciation	(121,230)
Balance at 31 December 2022	<u>2,545,823</u>
Lease liability	
Balance at 1 January 2022	–
Additions	2,469,955
Interest on lease liability	36,407
Lease payment	(4,398)
Balance at 31 December 2022	<u>2,501,964</u>
Current	170,194
Non-current	2,331,770

The weighted average incremental borrowing rate applied to lease liabilities is 4.7%.

Equisoft Limited
Notes to the Financial Statements
For the year ended 31 December 2022
(In Pounds sterling)

11 INTANGIBLE ASSETS

	Internally developed software
	£
Gross carrying amount	
Balance at 1 January 2022	1,701,167
Internally developed inputs	1,097,856
Balance at 31 December 2022	2,799,023
Amortization and impairment	
Balance at 1 January 2022	685,837
Amortisation charge	412,121
Balance at 31 December 2022	1,097,959
Net book value at 31 December 2022	1,701,064
	Internally developed software
	£
Gross carrying amount	
Balance at 1 October 2020	976,182
Internally developed inputs	724,985
Balance at 31 December 2021	1,701,167
Amortization and impairment	
Balance at 1 October 2020	332,004
Amortisation charge	353,833
Balance at 31 December 2021	685,837
Net book value at 31 December 2021	1,015,330

12 TRADE AND OTHER RECEIVABLES

	2022	2021
	£	£
Trade receivables	2,586,917	2,656,883
Amounts owed by related parties	1,751,599	1,243,833
Tax credit receivable	46,510	22,000
Other receivables	–	19,934
	4,385,026	3,942,650

Equisoft Limited
Notes to the Financial Statements
For the year ended 31 December 2022
(In Pounds sterling)

13 TRADE AND OTHER PAYABLES

	2022	2021
	£	£
Trade payables	421,193	219,145
Amounts owed to Group undertakings	47,000	843,878
Salaries and vacations payable	276,023	222,165
Bonus payable	349,888	248,562
Accrued expenses payable	242,205	180,416
Defined contribution pension payable	100,020	87,752
Sales tax payable	171,049	528,381
Other payables	47,837	–
	<u>1,655,215</u>	<u>2,330,299</u>

14 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern;
- To provide an adequate return to shareholders by pricing services and products in a way that reflects the level of risk involved in providing those goods and services.

The Company's capital structure includes equity as presented in the statements of financial position. Management continually assesses the Company's capital needs to meet its objectives. There were no significant changes in the Company's capital management approach from the prior year.

The Board of Directors does not establish quantitative return on capital criteria for management. The Company intends to maintain a flexible capital structure that is consistent with its stated objectives and make adjustments to it in light of economic conditions, in order to maintain or adjust its capital structure.

15 FINANCIAL ASSETS AND LIABILITIES

15.1 Fair value measurements

Financial assets and financial liabilities measured at fair value in the statements of financial position are classified in accordance with the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability.

Measurement of fair value of financial instruments

The carrying value of cash, trade and other receivables, trade and other payables approximate their fair value due to their short-term maturities.

16 FINANCIAL INSTRUMENT RISKS

Financial risk management objectives and policies

The Company is exposed to various risks with respect to its financial instruments. The main types of risks are credit risk and liquidity risk.

Equisoft Limited
Notes to the Financial Statements

For the year ended 31 December 2022

(In Pounds sterling)

The Company's senior management oversees the management of these risks. The objectives are to secure the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The principal financial risks to which the Company is exposed are described below.

16.1 Credit risk analysis

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables, work in progress) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum exposure of credit risk is generally represented by the carrying amount of these items reported on the statements of financial position.

Credit risk management

The credit risk is managed on a group basis based on the Company's credit risk management policies and procedures.

The credit risk in respect of cash balances held with financial institutions and deposits with financial institutions are managed via diversification of bank deposits and are only with major reputable financial institutions.

Equisoft Limited

Notes to the Financial Statements

For the year ended 31 December 2022
(In Pounds sterling)

i. Trade receivables

Trade receivables consist of receivables from a relatively small number of customers. The Company continuously monitors the credit quality of customers based on accessible information. The Company's policy is to deal only with creditworthy counterparties. The credit terms range between 30 and 45 days. The ongoing credit risk is managed through regular reviews of ageing analysis, together with credit limits per customer.

Some service agreements require the customer to pay the annual amount for the service upfront, mitigating the credit risk.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers. Historically, the Company has not made any significant write-offs and had low bad debt ratios. The application of the simplified approach to measure expected credit losses for trade accounts receivable and work in progress had no material impact on the Company's financial statements.

For the year ended 31 December 2022 and fifteen months ended 31 December 2021, the Company did not recognize any expense related to credit losses.

The following table sets forth details of the age of trade receivables:

	2022	2021
	£	£
Current	1,244,070	1,750,754
30-59 days	588,637	441,224
60-89 days	125,484	212,973
90-119 days	135,894	128,297
Older than 120 days	492,832	123,636
	<u>2,586,917</u>	<u>2,656,883</u>

16.2 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its obligations as they are due. The Company manages its liquidity needs by monitoring against cash forecasts which are regularly revised and assessed for risk. The Company operates within very conservative working capital management policies to ensure that it has sufficient funds available to operate.

The Company considers expected cash flows from financial assets when assessing and managing liquidity risk, in particular cash and trade and other receivables. The Company's existing cash resources and trade receivables exceed the current cash outflow requirements. Cash flows from trade receivables are mainly contractually due within 30 days.

As at 31 December 2022, the contractual maturities of the Company's financial liabilities (including any interest payments), are detailed as follows:

	Current		Non-current	
	Less than six months	6 to 12 months	1 to 5 years	Over 5 years
	£	£	£	£
31 December 2022				
Trade and other payables	1,655,215	—	—	—
Lease liability	48,788	121,405	1,330,506	1,001,264
Total	<u>1,704,003</u>	<u>121,405</u>	<u>1,330,506</u>	<u>1,001,264</u>

Equisoft Limited
Notes to the Financial Statements
For the year ended 31 December 2022
(In Pounds sterling)

The contractual maturities of the Company's financial liabilities for the previous reporting period are detailed as follows:

	Current		Non-current	
	Less than six months	6 to 12 months	1 to 5 years	Over 5 years
	£	£	£	£
31 December 2021				
Trade and other payables	2,330,299	–	–	–
Total	2,330,299	–	–	–

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

17 SHARE CAPITAL

Ordinary share capital issued and fully paid:

	2022	2021
	£	£
1,000,000 (2021: 1,000,000) Class "A" ordinary shares of £0.0001 each	100	100

The Company's authorized share capital is comprised of an unlimited number of voting and participating Class "A" shares.

18 ADJUSTMENTS FOR NON-CASH ITEMS AND NET CHANGE IN WORKING CAPITAL

The following adjustments for non-cash items and net change in working capital have been made to profit and (loss) before taxes to arrive at cash flows from operations:

	2022	2021
	£	£
Adjustments for:		
Amortization of intangible assets	412,121	353,833
Depreciation of property, plant, and equipment	40,860	7,266
Depreciation of right of use asset	121,230	48,365
	574,211	409,464
Change in trade and other receivables	(452,223)	(888,524)
Change in prepaid expenses	(47,283)	(54,926)
Change in work in progress	(32,796)	(995,507)
Change in trade and other payables	(675,084)	645,488
Change in deferred revenues	333,377	20,579
	(874,009)	(1,272,890)

19 RELATED PARTY TRANSACTIONS

On July 1, 2021, the Company was acquired by Equisoft Inc., a privately owned company registered in Montreal, Canada. As a result, a charge has been placed over the assets of the company as a guarantee.

Equisoft Limited

Notes to the Financial Statements

For the year ended 31 December 2022

(In Pounds sterling)

The most senior parent that prepares consolidated financial statements available for public use is Equisoft UK Holdings Limited (formerly Altus Holdings Limited) and the ultimate controlling party of the group is Equisoft Inc.

The Company's related parties include key management personnel and shareholders with significant influence individually, or with members of the immediate family or other related parties, as explained below.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received.

The Company's related parties include key management personnel and shareholders with significant influence individually, or with members of the immediate family or other related parties. Key management personnel remuneration has been set out in note 6 to the Financial Statements.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received.

19.1 Transactions with group entities

The following transactions occurred with the group entities during the reporting period:

	2022	2021
	£	£
Intercompany recharges		
Salaries	(438,706)	(889,383)
Service delivery revenue	(180,000)	–
Recharged overheads	(119,577)	–
Consultancy revenue	(199,786)	–
Other	(4,976)	–
Management charge	301,000	333,878
Software license fee	581,000	586,000
	<u>(61,045)</u>	<u>30,495</u>

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2022	2021
	£	£
Amounts owed by Group companies	1,751,599	1,243,834
Amounts owed to Group companies	<u>(47,000)</u>	<u>(843,878)</u>
	<u>1,704,599</u>	<u>399,956</u>