

Registration number: 05048084

Acuris Risk Intelligence Limited
Annual Report and Unaudited Financial Statements
for the Year Ended 31 December 2021

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Acuris Risk Intelligence Limited

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Acuris Risk Intelligence Limited

Company Information

Directors

Kunal Gullapalli

Paul Evans

Registered office

10 Queen Street Place
London
EC4R 1BE

Acuris Risk Intelligence Limited

Strategic Report for the Year Ended 31 December 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The company reported higher revenues as regulatory requirements, a greater focus on managing risk and the potential for negative publicity when dealing with politically exposed persons and sanctioned countries continue to support demand for the company's information products. Increased revenues and a reduction in operating costs has resulted in the company reporting an operating profit for the year.

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

Revenues increased by 12% to £6.4m and the company reported an operating profit of £0.2m (2020: operating loss of £0.5m).

Principal risks and uncertainties

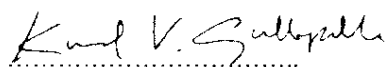
The management of the business and execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to employee retention and the regulatory environment.

Risks associated with employee retention are addressed by offering competitive remuneration, a flexible working environment and providing training and professional development opportunities.

The company has less control over the regulatory environment but aims to minimise risk by offering a broad portfolio of products that are not dependent on one individual market segment.

9/23/2022

Approved by the Board on and signed on its behalf by:



Kunal Gullapalli

Director

Acuris Risk Intelligence Limited

Director's Report for the Year Ended 31 December 2021

The directors present the report and the unaudited financial statements for the year ended 31 December 2021.

Directors of the company

The directors, who held office for the year under review are as follows:

Kunal Gullapalli

Paul Evans (appointed 27 July 2022)

Principal activity

The principal activity of the company is the provision of compliance information services to the advisory, corporate and financial communities.

The directors believe that the company will continue in these activities for the foreseeable future.

Employment of disabled persons

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability, or marital status. The company gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its competitive advantage.

Future developments

The company expects increasing customer demand for its products driven by the factors identified in the strategic report.

The company will continue to invest in technology and product development to introduce a number of new content initiatives as well as improving the delivery and functionality of its existing information services.

Creditor payment policy

The company aims to pay all its suppliers within a reasonable period of their invoices being received and in any case within the suppliers' own payment periods.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

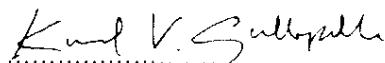
Acuris Risk Intelligence Limited

Director's Report for the Year Ended 31 December 2021 (continued)

Director's liabilities

During the year and as at date of approval of the financial statements, the Company maintained insurance covering officers of the Company against liabilities arising in relation to the Company. This is a qualifying third party indemnity provision for the purposes of Companies Act 2006.

Approved by the Board on 9/23/2022 and signed on its behalf by:



.....
Kunal Gullapalli
Director

Acuris Risk Intelligence Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Revenue	4	6,430,374	5,742,652
Cost of sales		<u>(3,236,262)</u>	<u>(3,475,361)</u>
Gross profit		3,194,112	2,267,291
Administrative expenses		(3,040,436)	(2,818,025)
Other operating income	5	<u>54,417</u>	<u>59,595</u>
Operating profit/(loss)	6	<u>208,093</u>	<u>(491,139)</u>
Profit/(loss) before tax		208,093	(491,139)
Income tax receipt	9	83,188	96,370
Profit/(loss) for the year		<u>291,281</u>	<u>(394,769)</u>

The above results were derived from continuing operations.

Acuris Risk Intelligence Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021 £	2020 £
Profit/(loss) for the year	<u>291,281</u>	<u>(394,769)</u>
Total comprehensive income for the year	<u>291,281</u>	<u>(394,769)</u>

The notes on pages 11 to 28 form an integral part of these financial statements.

Acuris Risk Intelligence Limited

(Registration number: 05048084)

Statement of Financial Position as at 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
Assets			
Non-current assets			
Property, plant and equipment	10	13,883	74,126
Intangible assets	11	3,433,617	3,804,087
Deferred tax assets	9	10,298	-
		<u>3,457,798</u>	<u>3,878,213</u>
Current assets			
Trade and other receivables	12	3,457,553	2,211,800
Cash and cash equivalents	13	395,103	264,781
		<u>3,852,656</u>	<u>2,476,581</u>
Total assets		<u>7,310,454</u>	<u>6,354,794</u>
Equity and liabilities			
Equity			
Share capital	14	(11,000)	(11,000)
Share premium		(432,931)	(432,931)
Retained earnings		9,486,934	9,778,215
Total equity		<u>9,043,003</u>	<u>9,334,284</u>
Non-current liabilities			
Deferred tax liabilities	9	-	(72,890)
Current liabilities			
Trade and other payables	16	(12,451,463)	(13,016,813)
Income tax liability		(3,636)	47,928
Deferred income		(3,416,286)	(2,160,205)
Accruals		(482,072)	(487,098)
		<u>(16,353,457)</u>	<u>(15,616,188)</u>
Total liabilities		<u>(16,353,457)</u>	<u>(15,689,078)</u>
Total equity and liabilities		<u>(7,310,454)</u>	<u>(6,354,794)</u>

The notes on pages 11 to 28 form an integral part of these financial statements.

Acuris Risk Intelligence Limited

(Registration number: 05048084)

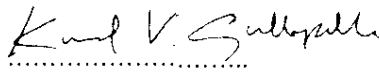
Statement of Financial Position as at 31 December 2021 (continued)

For the financial year ending 31 December 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The director acknowledges their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board on 9/23/2022 and signed on its behalf by:



.....
Kunal Gullapalli
Director

Acuris Risk Intelligence Limited

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

	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
At 1 January 2021	11,000	432,931	(9,778,215)	(9,334,284)
Profit for the year	-	-	291,281	291,281
Total comprehensive income	-	-	291,281	291,281
At 31 December 2021	11,000	432,931	(9,486,934)	(9,043,003)
	Share capital	Share premium	Retained earnings	Total
	£	£	£	£
At 1 January 2020	11,000	432,931	(9,383,446)	(8,939,515)
Loss for the year	-	-	(394,769)	(394,769)
Total comprehensive income	-	-	(394,769)	(394,769)
At 31 December 2020	11,000	432,931	(9,778,215)	(9,334,284)

The notes on pages 11 to 28 form an integral part of these financial statements.

Acuris Risk Intelligence Limited

Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Operating profit/(loss)		208,093	(491,139)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	2,846,809	2,458,060
Income tax received/(paid)		<u>51,564</u>	<u>(32,825)</u>
		3,106,466	1,934,096
Working capital adjustments			
Increase in trade and other receivables	12	(1,245,753)	(596,717)
(Decrease)/increase in trade and other payables	16	(570,376)	1,750,913
Increase in deferred income, including government grants		<u>1,256,081</u>	<u>88,937</u>
Net cash flow from operating activities		<u>2,546,418</u>	<u>3,177,229</u>
Cash flows from investing activities			
Acquisitions of property plant and equipment		-	(43,916)
Acquisition of intangible assets	11	<u>(2,416,096)</u>	<u>(3,142,376)</u>
Net cash flows from investing activities		<u>(2,416,096)</u>	<u>(3,186,292)</u>
Net increase/(decrease) in cash and cash equivalents		130,322	(9,063)
Cash and cash equivalents at 1 January		<u>264,781</u>	<u>273,844</u>
Cash and cash equivalents at 31 December		<u>395,103</u>	<u>264,781</u>

The notes on pages 11 to 28 form an integral part of these financial statements.

Acuris Risk Intelligence Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:
10 Queen Street Place
London
EC4R 1BE

2 Accounting policies

Statement of compliance

The company financial statements have been prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 ("adopted IFRS's").

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The company is a provider of financial information, analysis and data to the advisory, corporate and financial communities.

Going concern

The financial statements have been prepared on a going concern basis.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

None of the standards, interpretations and amendments which are effective for periods beginning after 1 January 2021 and which have not been adopted early, are expected to have a material effect on the financial statements.

Revenue recognition

Revenue represents subscriptions to the information services. The cash relating to subscriptions is received in advance, with standard payment terms of 14 days from invoice date. Revenue is recognised in the income statement evenly over the duration of subscriptions as the Company satisfies its performance obligations and control of the information passes to the subscriber. For periods where the Company has not fulfilled its performance obligations, amounts are accrued on the balance sheet as contract liabilities. Standard contract terms do not allow for refunds or cancellations and do not contain warranties or related obligations.

Acuris Risk Intelligence Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in British Pounds (GBP), which is the company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Acuris Risk Intelligence Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Computers and office equipment includes purchased software from third parties.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The carrying value of an asset is written down to its recoverable amount if the carrying value of the asset is greater than its estimated recoverable amount.

Intangible assets

Internally generated software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised over their estimated useful lives not exceeding three years. Amortisation expense is recognised in "administrative expenses" in the Income Statement.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Computers and office equipment	Straight line 3 to 8 years
Fixtures and fittings	Straight line 5 years

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Internally generated software development costs	Straight line 3 years

Acuris Risk Intelligence Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

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

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Acuris Risk Intelligence Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

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

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Financial instruments

Financial assets

Initial recognition and measurement

The company determines the classification of its financial assets on initial recognition. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial assets held by the company are classified in the following categories:

- Financial assets at amortised costs - the company measures financial assets at amortised cost if both of the following conditions are met; (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) based on the contractual terms the expected cashflows are solely payments of principal and interest on the outstanding principal. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.
- Financial assets at fair value through profit or loss - these include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Derivatives, including embedded derivatives which are accounted for as separate derivatives other than those designated at fair value through profit or loss; are classified as held for trading. Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented in the Statement of Comprehensive Income.

Acuris Risk Intelligence Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivable and the economic environment.

The company considers default to occur when contractual payments are outstanding greater than 360 days past due based on historical experience, however given the company applies a simplified approach in calculating ECLs for trade receivables and contract assets, the definition of default has no impact on the quantification of the provision. Trade receivables are written off when there is no reasonable expectation of recovering the contractual cashflows, which is based on an assessment of the company's intention and ability to successfully recover balances through enforcement activities.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e., removed from the company's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities

Initial recognition and measurement

The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Loans and borrowings - after initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.
- Financial liabilities at fair value through profit or loss - these include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This includes derivatives not in a hedging relationship and embedded derivatives that meet the separation criteria in IFRS 9, as outlined above. Financial liabilities at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented in the Statement of Comprehensive Income.

Acuris Risk Intelligence Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the Statement of Comprehensive Income.

Classification of financial instruments

An instrument or its components, are classified on initial recognition as a financial asset, financial liability or equity in accordance with the substance of the contractual arrangements and the requirements of IAS 32. The initial carrying value of a compound instruments are allocated between the financial liability components and equity components, by first valuing the financial liability on a stand-alone basis and allocating the residual value to the equity component. Transaction costs are allocated between the components on a relative fair value basis.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

• Judgements:

In applying the Company's accounting policies, management has applied judgement in the following areas that have a significant impact on the amounts recognised in the financial statements.

Income and deferred tax: The tax on profits is determined according to complex tax laws and regulations. Where the effect of these laws and regulations is unclear, judgements are used in determining the liability for the tax to be paid. Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised, with consideration given to the timing and level of future taxable income. The main areas of judgement in the Company's tax calculation are reassessment of uncertain tax provisions and reassessment of the recognition and recoverability of deferred tax assets.

• Estimates:

There are no significant areas which involve estimates.

4 Revenue

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

Acuris Risk Intelligence Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

4 Revenue (continued)

	2021	2020
	£	£
Subscription and events	6,430,374	5,806,455
Grants	-	(63,803)
	6,430,374	5,742,652

5 Other operating income

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

	2021	2020
	£	£
Royalty income from related parties	54,417	59,595
Total other income	54,417	59,595

6 Operating profit/(loss)

Arrived at after charging/(crediting)

	2021	2020
	£	£
Employee benefits expense	1,449,802	2,255,634
Depreciation expense	60,243	111,910
Amortisation expense	2,786,566	2,346,150
Foreign exchange losses/(gains)	83,858	(16,542)
Other expenses	2,564,580	2,521,367
Cost recharged to related party	(668,351)	(925,133)
Total cost of sales and administrative expenses	6,276,698	6,293,386

7 Staff costs

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

	2021	2020
	£	£
Wages and salaries	1,223,916	1,903,902
Social security costs	122,708	199,612
Pension costs, defined contribution scheme	95,341	135,754
Other employee expense	7,837	16,366
	1,449,802	2,255,634

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

Acuris Risk Intelligence Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

7 Staff costs (continued)

	2021 No.	2020 No.
Content creation	8	6
Commercial	11	15
Administration and support	1	2
	20	23

8 Net foreign exchange gain/loss

The exchange differences charged to the income statement are included as follows:

	31 December 2021 £	31 December 2020 £
Administrative expenses	83,858	(16,542)
	83,858	(16,542)

9 Income tax

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	-	-
UK corporation tax adjustment to prior periods	-	(18,715)
	-	(18,715)
Deferred taxation		
Arising from origination and reversal of temporary differences	(107,362)	(77,655)
Change in deferred tax rate	(981)	-
Adjustments in respect of prior years	25,155	-
	(83,188)	(77,655)
Total deferred taxation	(83,188)	(77,655)
Tax expense/(receipt) in the income statement	(83,188)	(96,370)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2019 - 19%).

Acuris Risk Intelligence Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

9 Income tax (continued)

The differences are reconciled below:

	2021 £	2020 £
Loss before tax	208,093	(491,139)
Corporation tax at standard rate	39,538	(93,316)
Increase from effect of expenses not deductible in determining taxable profit	330	1,039
Decrease from tax losses for which no deferred tax asset was recognised	-	6,476
Increase arising from group relief tax reconciliation	(34,134)	8,146
Utilisation of prior period tax losses	(113,096)	-
Change in deferred tax rate	(981)	-
Deferred tax expense from unrecognised temporary difference from a prior period	25,155	(18,715)
Total tax charge	(83,188)	(96,370)

Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Asset £	Liability £	Net deferred tax £
2021			
Accelerated tax depreciation	64,651	-	64,651
Intangible asset amortisation	-	(54,353)	(54,353)
	64,651	(54,353)	10,298
2020			
Intangible asset amortisation	-	(72,890)	(72,890)
	-	(72,890)	(72,890)

Substantially all of the deferred tax assets and liabilities are expected to be recovered after more than one year.

Acuris Risk Intelligence Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

9 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2020 £	Recognised in income £	At 31 December 2020 £
Accelerated tax depreciation	-	64,651	64,651
Intangible asset amortisation	(72,890)	18,537	(54,353)
Net tax assets/(liabilities)	(72,890)	83,188	10,298

Deferred tax movement during the prior year:

	At 1 January 2020 £	Recognised in income £	At 31 December 2020 £
Intangible asset amortisation	(150,545)	77,655	(72,890)
Net tax assets/(liabilities)	(150,545)	77,655	(72,890)

The UK corporation tax rate of 19% is set to increase to 25% from 1 April 2023. The legislation to effect this change was enacted before the balance sheet date and deferred tax has been calculated accordingly.

There are £nil (2020: £654,835) of unused tax losses for which no deferred tax asset is recognised in the statement of financial position.

Acuris Risk Intelligence Limited

**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021
(continued)**

10 Property, plant and equipment

	Computers and Office equipment £	Total £
Cost or valuation		
At 1 January 2020	797,023	797,023
Additions	43,916	43,916
At 31 December 2020	<u>840,939</u>	<u>840,939</u>
At 1 January 2021	<u>840,939</u>	<u>840,939</u>
At 31 December 2021	<u>840,939</u>	<u>840,939</u>
Depreciation		
At 1 January 2020	654,903	654,903
Charge for year	111,910	111,910
At 31 December 2020	<u>766,813</u>	<u>766,813</u>
At 1 January 2021	<u>766,813</u>	<u>766,813</u>
Charge for the year	60,243	60,243
At 31 December 2021	<u>827,056</u>	<u>827,056</u>
Carrying amount		
At 31 December 2021	<u>13,883</u>	<u>13,883</u>
At 31 December 2020	<u>74,126</u>	<u>74,126</u>
At 1 January 2020	<u>142,120</u>	<u>142,120</u>

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

11 Intangible assets

	Internally generated software development costs £	Total £
Cost or valuation		
At 1 January 2020	4,602,176	4,602,176
Additions	3,142,376	3,142,376
At 31 December 2020	7,744,552	7,744,552
At 1 January 2021	7,744,552	7,744,552
Additions	2,416,096	2,416,096
At 31 December 2021	10,160,648	10,160,648
Amortisation		
At 1 January 2020	1,594,315	1,594,315
Amortisation charge	2,346,150	2,346,150
At 31 December 2020	3,940,465	3,940,465
At 1 January 2021	3,940,465	3,940,465
Amortisation charge	2,786,566	2,786,566
At 31 December 2021	6,727,031	6,727,031
Carrying amount		
At 31 December 2021	3,433,617	3,433,617
At 31 December 2020	3,804,087	3,804,087
At 1 January 2020	3,007,861	3,007,861

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

12 Trade and other receivables

	31 December 2021	31 December 2020
	£	£
Trade receivables	2,877,865	2,072,474
Provision for impairment of trade receivables	(124,903)	(80,232)
Net trade receivables	2,752,962	1,992,242
Prepayments	620,495	209,632
Other receivables	84,096	9,926
	3,457,553	2,211,800

Trade receivables are stated at fair value, net of provisions for expected losses.

The ageing analysis of trade receivables is as follows:

	31 December 2021	31 December 2020
	£	£
Within due date	1,986,441	1,602,581
Up to 3 months	555,550	367,716
3 to 6 months	129,448	47,901
6 months plus	206,426	54,276
	2,877,865	2,072,474
Less: Provision for impairment of trade receivables	(124,903)	(80,232)
Trade receivables - net	2,752,962	1,992,242

The trade and other receivables classified as financial instruments are disclosed below. The company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	31 December 2021	31 December 2020
	£	£
UK pound	2,821,197	1,769,860
US dollar	138,026	32,331
Euros	492,555	403,834
Other currencies	5,775	5,775
	3,457,553	2,211,800

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

12 Trade and other receivables (continued)

Movements on the company's provision for impairment of trade receivables are as follows:

	31 December 2021	31 December 2020
	£	£
Opening balance	(80,232)	(246,187)
Additional provision for impairment of receivables	(44,671)	-
Receivables written off during the year as uncollectable	-	165,955
	(124,903)	(80,232)

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the income statement.

Expected credit losses on trade receivables

Customer credit risk is managed subject to the company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables and contract assets are regularly monitored. Trade receivables are non-interest bearing and are generally issued with credit terms of 0 - 30 days.

An impairment analysis is performed at each reporting date using the provision matrix below to measure the ECL. The provision rates are based on days past due and the calculation of the ECL reflects reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Loss rates are based on actual credit loss experience over a period of 2 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the company's view of economic conditions over the expected lives of the receivables.

Set out below is the information about the credit risk exposure on the company's trade receivables and contract assets using a provision matrix:

At 31 December 2021 (£'000)	Current	30 - 360	Over 360	Total
Expected credit loss rate (%)	0.20%	11.7%	87.70%	
Gross carrying amount	1,986	870	22	2,878
Expected credit loss	(4)	(102)	(19)	(125)
Net carrying amount	1,982	768	3	2,753
Past due but not impaired	-	768	3	771

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

13 Cash and cash equivalents

	31 December 2021	31 December 2020
	£	£
Cash at bank	395,103	264,781

14 Share capital

Allotted, called up and fully paid shares

	31 December 2021		31 December 2020	
	No.	£	No.	£
Ordinary shares of £1 each	11,000	11,000	11,000	11,000

The holders of Ordinary shares are entitled to share equally in the distributable profits of the company subject to distributions being approved by the directors of the company.

15 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £95,341 (2020 - £135,755).

16 Trade and other payables

	31 December 2021	31 December 2020
	£	£
Trade payables	96,138	332,824
Amounts due to related parties	12,180,109	12,562,138
Social security and other taxes	175,362	121,996
Other payables	(146)	(145)
	12,451,463	13,016,813

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

17 Financial Instruments and financial risk

The company's operations expose it to various financial risks that include credit risk and liquidity risk. The company has a risk management program in place which seeks to limit the impact of these risks on the financial performance of the company. This note presents information about the company's exposure to each of the above risks and the company's objectives, policies and processes for measuring and managing the risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the company's risk management framework. The Board has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively.

Credit risk

Exposure to credit risk

Credit risk arises from credit extended to customers and associates arising on outstanding receivables and outstanding transactions as well as cash and cash equivalents and deposits with banks and financial institutions.

Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no significant concentration of credit risk by dependence on individual customers or geographically. The company has a large exposure to the financial services industry and the credit risk profile of the company could be adversely affected by significant changes in that industry.

The company has detailed procedures for assessing and managing the credit risk related to its trade receivables based on experience, customer's track record and historic default rates. The company actively follows up on all overdue debtors. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

Financial instruments, cash and short-term bank deposits

Financial instruments, cash and short-term bank deposits are invested with institutions with the highest credit rating with limits on amounts held with individual banks or institutions at any one time.

The carrying amount of financial assets, net of impairment provisions represents the company's maximum credit exposure. The maximum exposure to credit risk at year end is the carrying value of the assets.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation.

The following are the contractual maturities of the financial liabilities and long term employment benefits, excluding the impact of netting agreements:

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**Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021
(continued)**

17 Financial Instruments and financial risk (continued)

	Carrying value £	No set maturity £	Less than one year £	One to five years £	Over five years £
At 31 December 2021					
Accounts payable and other payables	12,451	12,034	417	-	-
	<u>12,451</u>	<u>12,034</u>	<u>417</u>	<u>-</u>	<u>-</u>

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Notes to the Unaudited Financial Statements for the Year Ended 31 December 2021 (continued)

18 Related party transactions

Key management personnel

Key management personnel are deemed to be the board of directors of the company. The board has responsibility for planning, directing and controlling the activities of the company. During the year none of the directors were remunerated by the company.

Expenditure with and payables to related parties

	Parent	Associates
	£	£
2021		
Purchase of services	831,871	2,121,617
Amounts payable to related party	<u>2,534,736</u>	<u>9,646,073</u>
2020		
Purchase of services	864,989	2,798,331
Amounts payable to related party	<u>4,369,338</u>	<u>8,192,800</u>

Services are purchased from related parties on normal commercial terms and conditions and mainly purchased on a cost plus basis.

Amounts payable to related parties arise mainly from the provision of services between entities. The payables bear no interest.

19 Parent and ultimate parent undertaking

The company's immediate parent is Mergermarket Limited, a company incorporated in the UK. The company's ultimate parent undertaking and controlling party is Bessel Capital SARL, a company incorporated in Luxembourg.

Mr Andrea Pignataro is the ultimate beneficial owner of Bessel Capital SARL holding >25% of the share capital.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is I-Logic Technologies Bidco Limited, incorporated in UK.

The address of I-Logic Technologies Bidco Limited is:
10 Queen Street Place, London, EC4R 1BE, UK

20 Non adjusting events after the financial period

There were no post year end events to report.