

Company Registration No. 06802155 (England and Wales)

**CAPPFINITY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

# CAPFFINITY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	P A Linley B S Jackson N J Garcea P S Clark P Campbell M Wells
<b>Company number</b>	06802155
<b>Registered office</b>	2230 - 2235 Regents Court The Crescent Birmingham Business Park Birmingham B37 7YE
<b>Auditor</b>	Spencer Gardner Dickins Audit LLP 3 Coventry Innovation Village Cheetah Road Coventry CV1 2TL

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# CAPFFINITY LIMITED

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# CAPFFINITY LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### **Fair review of the business**

FY 2021 was an improved year for Cappfinity Limited, as we continued our recovery from the coronavirus pandemic, notwithstanding the 3-month lockdown of January through to March. Nonetheless, the company concluded the year with revenue of £13.56m (up 29%) and an operating loss (following further significant planned investment) of £0.39m (a reduction in loss of 58% year on year).

#### **Talent Technology Platform**

FY 2021 saw the continued focus on the build of our talent technology platform, including specifically the launch of Tempo as a fast and fair new assessment methodology, and the build out of capability in relation to our virtual events platform.

#### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the company at the end of 2021 are as follows:

- The coronavirus pandemic and its associated lockdowns continue to have economic impact and to create planning uncertainty, such as has been seen with the recent Omicron variant. As a result, there are still unknowns and uncertainties that inevitably create risk in the future outlook for all companies, including Cappfinity.
- A major information security breach or technology issue is one of our greatest risks, which is managed through appropriate information security protocols including our compliance with accreditations for ISO 27001 and Cyber Essentials Plus.
- Ensuring the successful deployment of growth capital to ensure that we deliver business growth and sustainable increases in enterprise value continues to be a key risk that we are now managing following the EGP investment. This is particularly the case as we adapt to being loss-making in the short-term but work towards a medium- to long-term path to sustainable profitability.
- Ensuring the successful delivery and commercial realisation of the talent technology platform, our major strategic initiative for the future, and the focus of our growth equity investment.
- Managing our investment rates in the United States, as we navigate the growth of this key region through its early stages.
- The change of our business model to focus more on technology licences will continue to have an impact on short-term revenue recognition but will ultimately benefit longer term revenue growth and enterprise value.

#### **Coronavirus (COVID-19) Impact**

As with all companies, Cappfinity continued to be impacted by the economic impact of lockdowns related to the coronavirus pandemic. Our teams continued to be able to work remotely from home, and our business delivery models remained predominantly online and virtual, so our business activity, while flexing to accommodate changing client requirements, continued to operate despite the various lockdowns in the UK and elsewhere in the world. With the benefit of lockdown experience, we were well-placed to navigate the changing conditions and restrictions that occurred throughout the year and to respond to client needs appropriately.

#### **Key performance indicators**

The Group operates a regular review of its KPIs to track the performance of the business against plan and this is reported to the Board on a monthly basis. Key KPI's include the level of bookings delivered, revenue growth, EBIT, and cash position against plan. As noted above despite the impact of the coronavirus pandemic, Cappfinity delivered a strong performance in 2021:

- Total bookings were £14.8m an increase of 32% on 2020, with solid bookings throughout the year delivering both strong financial results and a good opening order book for 2022.
- Revenue grew by 29% to £13.56m due to strong delivery of customer projects.
- Cost control reduced the operating loss to £0.39m, a reduction of 58%.
- An increase in cash to £11.2m (from £10.9m) as a result strong billing and efficient customer collections.

# CAPFFINITY LIMITED

## STRATEGIC REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2021*

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### Other information and explanations

#### **FY 2022 Outlook**

We start FY 2022 with a healthy cash position of £11.2m which underpins our growth plans and investment for the coming year, as well as providing a contingency against the principal risks and uncertainties noted above.

Strong bookings in 2021 should flow through into improved revenue performance in the early part of 2022. We have an improving pipeline of opportunities both within our customer base and with potential new customers, as our major markets start to emerge from lockdown and the broader impact of the pandemic. However, as noted above, some level of uncertainty remains for 2022.

We continue executing against our delivery roadmap for the talent technology platform, with accelerated investment into these technology builds using our investment capital on the balance sheet. Execution against this will be critical for our success in FY 2022 and subsequent years, given the shift to technology subscriptions for the talent technology platform that we are driving towards.

On behalf of the board

P A Linley  
**Director**

22 September 2022

# CAPFFINITY LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

### **Principal activities**

The principal activity of the group continued to be that of recruitment, development and transformation, and online talent assessment.

Information in relation to risks and uncertainties facing the group has been included in the Strategic Report rather than the Directors' Report.

### **Results and dividends**

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £96,000. The directors do not recommend payment of a further dividend.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P A Linley  
B S Jackson  
N J Garcea  
P S Clark  
P Campbell  
M Wells

### **Auditor**

In accordance with the company's articles, a resolution proposing that Spencer Gardner Dickins Audit LLP be reappointed as auditor of the group will be put at a General Meeting.

### **Strategic report**

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of review of performance and future developments.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

P A Linley  
**Director**

22 September 2022

## **CAPFFINITY LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

# CAPFFINITY LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPFFINITY LIMITED

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### Opinion

We have audited the financial statements of Cappfinity Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent 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 annual report 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 our audit:

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

# CAPFFINITY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF CAPFFINITY LIMITED

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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 these financial statements.

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

- Enquiring of management and those charged with governance around actual and potential litigation and claims;
- Enquiring of entity staff to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- We performed testing on the financial statement disclosures to supporting documentation, performing substantive testing on account balances which were considered to be a greater risk of susceptibility to fraud and to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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

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

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# **CAPPFINITY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CAPPFINITY LIMITED**

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### **Use of our report**

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

**Susan Thomas-Walls BSc BFP FCA (Senior Statutory Auditor)**  
**For and on behalf of Spencer Gardner Dickins Audit LLP**

27 September 2022

**Chartered Accountants**  
**Statutory Auditor**

3 Coventry Innovation Village  
Cheetah Road  
Coventry  
CV1 2TL

## CAPFFINITY LIMITED

### GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	£	£
Turnover	3	13,559,428	10,530,656
Administrative expenses		(13,947,235)	(11,564,707)
Other operating income		12	113,909
<b>Operating loss</b>	<b>4</b>	<b>(387,795)</b>	<b>(920,142)</b>
Interest receivable and similar income	8	1,992	16,711
Interest payable and similar expenses	9	-	(33)
<b>Loss before taxation</b>		<b>(385,803)</b>	<b>(903,464)</b>
Tax on loss	10	-	275,376
<b>Loss for the financial year</b>	<b>22</b>	<b>(385,803)</b>	<b>(628,088)</b>
<b>Other comprehensive income</b>			
Currency translation differences		1,216	28,132
<b>Total comprehensive income for the year</b>		<b>(384,587)</b>	<b>(599,956)</b>

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

# CAPFFINITY LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	12		109,937		168,572
Tangible assets	13		574,288		586,805
			<u>684,225</u>		<u>755,377</u>
<b>Current assets</b>					
Debtors	16	2,272,370		2,163,397	
Cash at bank and in hand		11,183,599		10,898,653	
		<u>13,455,969</u>		<u>13,062,050</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(6,354,843)</u>		<u>(5,551,489)</u>	
<b>Net current assets</b>			<u>7,101,126</u>		<u>7,510,561</u>
<b>Net assets</b>			<u>7,785,351</u>		<u>8,265,938</u>
<b>Capital and reserves</b>					
Called up share capital	21		860		860
Share premium account	22		9,849,698		9,849,698
Other reserves	22		(449,925)		(449,925)
Profit and loss reserves	22		(1,615,282)		(1,134,695)
<b>Total equity</b>			<u>7,785,351</u>		<u>8,265,938</u>

The financial statements were approved by the board of directors and authorised for issue on 22 September 2022 and are signed on its behalf by:

P A Linley  
Director

# CAPFFINITY LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	12		109,937		168,572
Tangible assets	13		564,469		583,623
Investments	14		89		89
			<u>674,495</u>		<u>752,284</u>
<b>Current assets</b>					
Debtors	16	4,180,513		4,190,702	
Cash at bank and in hand		10,469,018		10,024,938	
		<u>14,649,531</u>		<u>14,215,640</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(5,607,520)</u>		<u>(5,194,430)</u>	
<b>Net current assets</b>			<u>9,042,011</u>		<u>9,021,210</u>
<b>Net assets</b>			<u><u>9,716,506</u></u>		<u><u>9,773,494</u></u>
<b>Capital and reserves</b>					
Called up share capital	21		860		860
Share premium account	22		9,849,698		9,849,698
Other reserves	22		(449,925)		(449,925)
Profit and loss reserves	22		315,873		372,861
<b>Total equity</b>			<u><u>9,716,506</u></u>		<u><u>9,773,494</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £39,012 (2020 - £241,983 loss).

The financial statements were approved by the board of directors and authorised for issue on 22 September 2022 and are signed on its behalf by:

P A Linley  
Director

Company Registration No. 06802155

# CAPFFINITY LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Other reserves £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2020</b>		860	9,849,698	(449,925)	113,261	9,513,894
<b>Year ended 31 December 2020:</b>						
Loss for the year		-	-	-	(628,088)	(628,088)
Other comprehensive income:						
Currency translation differences		-	-	-	28,132	28,132
Total comprehensive income for the year		-	-	-	(599,956)	(599,956)
Dividends	11	-	-	-	(648,000)	(648,000)
<b>Balance at 31 December 2020</b>		860	9,849,698	(449,925)	(1,134,695)	8,265,938
<b>Year ended 31 December 2021:</b>						
Loss for the year		-	-	-	(385,803)	(385,803)
Other comprehensive income:						
Currency translation differences		-	-	-	1,216	1,216
Total comprehensive income for the year		-	-	-	(384,587)	(384,587)
Dividends	11	-	-	-	(96,000)	(96,000)
<b>Balance at 31 December 2021</b>		860	9,849,698	(449,925)	(1,615,282)	7,785,351

## CAPFFINITY LIMITED

### COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
Notes	£	£	£	£	£
<b>Balance at 1 January 2020</b>	860	9,849,698	(449,925)	1,262,844	10,663,477
<b>Year ended 31 December 2020:</b>					
Loss and total comprehensive income for the year	-	-	-	(241,983)	(241,983)
Dividends	11	-	-	(648,000)	(648,000)
<b>Balance at 31 December 2020</b>	860	9,849,698	(449,925)	372,861	9,773,494
<b>Year ended 31 December 2021:</b>					
Profit and total comprehensive income for the year	-	-	-	39,012	39,012
Dividends	11	-	-	(96,000)	(96,000)
<b>Balance at 31 December 2021</b>	860	9,849,698	(449,925)	315,873	9,716,506

# CAPFFINITY LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26		490,756		811,614
Interest paid			-		(33)
Income taxes (paid)/refunded			-		897,351
<b>Net cash inflow from operating activities</b>			<u>490,756</u>		<u>1,708,932</u>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(111,802)		(59,522)	
Interest received		1,992		16,711	
<b>Net cash used in investing activities</b>			<u>(109,810)</u>		<u>(42,811)</u>
<b>Financing activities</b>					
Dividends paid to equity shareholders		(96,000)		(464,000)	
<b>Net cash used in financing activities</b>			<u>(96,000)</u>		<u>(464,000)</u>
<b>Net increase in cash and cash equivalents</b>			<u>284,946</u>		<u>1,202,121</u>
Cash and cash equivalents at beginning of year			10,898,653		9,696,532
<b>Cash and cash equivalents at end of year</b>			<u><u>11,183,599</u></u>		<u><u>10,898,653</u></u>

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### Company information

Cappfinity Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 2230 - 2235 Regents Court, The Crescent, Birmingham Business Park, Birmingham, B37 7YE.

The group consists of Cappfinity Limited and all of its subsidiaries.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption from the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17 on the basis that it is a qualifying entity and that the results of the company are included in the group statement of cash flows.

#### 1.2 Basis of consolidation

The consolidated financial statements incorporate those of Cappfinity Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2021.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Going concern

The group has been able to adapt to changing client circumstances which has meant the group has not only been able to continue to generate sales during the pandemic but also to increase turnover when compared to the prior year. Furthermore the level of losses have reduced and the group has been able to generate cash of £285k resulting in a healthy cash balance of £11.2m at the year end. The directors are therefore confident that the group has adequate resources and working capital to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs and also with reference to management estimates of work completed but not billed and work billed but not completed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

#### 1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a customer base and patents over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

#### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Leasehold improvements	20% straight line
Computer equipment and website costs	50% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

#### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

#### 1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

#### 1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

The company operates an employee benefit trust (EBT) and has de facto control of the shares held by the trust and bears their benefits and risks. The group and company records assets and liabilities of the trust as its own. Consideration paid by the EBT scheme for shares of the company is deducted from equity. Finance costs and administrative expenses incurred by the company in relation to the EBT are recognised on an accruals basis.

#### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.16 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the EV/EBITDA model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

#### 1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

#### 1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements, estimates and assumptions which have had the most significant effect on amounts recognised in the financial statements and which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Operating lease commitments

As a lessee, the Group obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

#### Useful economic life of non current assets

Management estimate the useful economic life of non current assets based on the period over which the asset is expected to be used and provide for depreciation accordingly. Where an indication of impairment is identified the estimation of recoverable value requires estimation.

#### Deferred tax

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

#### Accrued and deferred income

In recognising accrued income in the financial statements management estimate work completed but not billed to the client. In recognising deferred income in the financial statements management estimate work billed to the client but not completed. These estimates are based on stage of completion of project contracts, project knowledge and professional judgement.

### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021	2020
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	11,816,980	9,427,005
United States of America	769,877	368,388
Australia	805,178	697,098
Ireland	167,393	38,165
	<u>13,559,428</u>	<u>10,530,656</u>

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3	Turnover and other revenue	(Continued)	
		2021	2020
		£	£
	<b>Other significant revenue</b>		
	Interest income	1,992	16,711
	Royalty income	12	16
	Grants received	-	113,150
	Other sundry income	-	743
		<u>          </u>	<u>          </u>
4	Operating loss	2021	2020
		£	£
	Operating loss for the year is stated after charging/(crediting):		
	Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	19,302	36,778
	Research and development costs	267,301	1,235,890
	Government grants	-	(113,150)
	Depreciation of owned tangible fixed assets	124,336	181,161
	(Profit)/loss on disposal of tangible fixed assets	-	2,501
	Amortisation of intangible assets	58,635	58,635
	Operating lease charges	638,078	525,689
		<u>          </u>	<u>          </u>
5	Auditor's remuneration	2021	2020
		£	£
	Fees payable to the company's auditor and associates:		
	<b>For audit services</b>		
	Audit of the financial statements of the group and company	16,500	11,900
	Audit of the financial statements of the company's subsidiaries	3,500	2,580
		<u>          </u>	<u>          </u>
		20,000	14,480
		<u>          </u>	<u>          </u>
	<b>For other services</b>		
	Taxation compliance services	525	520
	All other non-audit services	11,946	15,424
		<u>          </u>	<u>          </u>
		12,471	15,944
		<u>          </u>	<u>          </u>

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	<b>Group 2021 Number</b>	<b>2020 Number</b>	<b>Company 2021 Number</b>	<b>2020 Number</b>
	238	210	226	204
	<u>238</u>	<u>210</u>	<u>226</u>	<u>204</u>

Their aggregate remuneration comprised:

	<b>Group 2021 £</b>	<b>2020 £</b>	<b>Company 2021 £</b>	<b>2020 £</b>
Wages and salaries	9,060,988	7,283,700	8,103,946	6,674,898
Social security costs	909,334	694,733	866,961	668,070
Pension costs	385,116	363,181	351,506	336,831
	<u>10,355,438</u>	<u>8,341,614</u>	<u>9,328,156</u>	<u>7,679,799</u>

### 7 Directors' remuneration

	<b>2021 £</b>	<b>2020 £</b>
Remuneration for qualifying services	1,142,979	513,428
Company pension contributions to defined contribution schemes	31,072	35,620
	<u>1,174,051</u>	<u>549,048</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2020 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	<b>2021 £</b>	<b>2020 £</b>
Remuneration for qualifying services	281,347	245,457
Company pension contributions to defined contribution schemes	9,302	9,180
	<u>290,649</u>	<u>254,637</u>

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 8 Interest receivable and similar income

	2021	2020
	£	£
<b>Interest income</b>		
Interest on bank deposits	1,723	15,644
Other interest income	269	1,067
	<u>1,992</u>	<u>16,711</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>1,723</u>	<u>15,644</u>
--	--------------	---------------

### 9 Interest payable and similar expenses

	2021	2020
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	-	33
	<u>-</u>	<u>33</u>

### 10 Taxation

	2021	2020
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	(275,376)
	<u>-</u>	<u>(275,376)</u>

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Loss before taxation	<u>(385,803)</u>	<u>(903,464)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(73,303)	(171,658)
Tax effect of expenses that are not deductible in determining taxable profit	23,978	92,019
Unutilised tax losses carried forward	80,510	24,017
Research and development tax credit	-	(219,754)
Super deduction	(4,752)	-
Losses not provided for	(2,416)	-
Deferred Tax PYA	(24,017)	-
	<u>-</u>	<u>-</u>
Taxation charge/(credit)	<u>-</u>	<u>(275,376)</u>

## CAPFFINITY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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<b>11 Dividends</b>	<b>2021</b>	<b>2020</b>
Recognised as distributions to equity holders:	£	£
Dividends payable	96,000	648,000
	<u>          </u>	<u>          </u>
<b>12 Intangible fixed assets</b>		
<b>Group</b>		<b>Goodwill</b>
		£
<b>Cost</b>		
At 1 January 2021 and 31 December 2021		285,637
		<u>          </u>
<b>Amortisation and impairment</b>		
At 1 January 2021		117,065
Amortisation charged for the year		58,635
		<u>          </u>
At 31 December 2021		175,700
		<u>          </u>
<b>Carrying amount</b>		
At 31 December 2021		109,937
		<u>          </u>
At 31 December 2020		168,572
		<u>          </u>
<b>Company</b>		<b>Goodwill</b>
		£
<b>Cost</b>		
At 1 January 2021 and 31 December 2021		285,637
		<u>          </u>
<b>Amortisation and impairment</b>		
At 1 January 2021		117,065
Amortisation charged for the year		58,635
		<u>          </u>
At 31 December 2021		175,700
		<u>          </u>
<b>Carrying amount</b>		
At 31 December 2021		109,937
		<u>          </u>
At 31 December 2020		168,572
		<u>          </u>

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# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Tangible fixed assets

Group	Freehold land and buildings	Leasehold improvements	Computer equipment and website costs	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2021	451,850	246,910	611,371	1,310,131
Additions	-	-	111,801	111,801
Exchange adjustments	-	-	(34)	(34)
At 31 December 2021	451,850	246,910	723,138	1,421,898
<b>Depreciation and impairment</b>				
At 1 January 2021	30,123	146,768	546,435	723,326
Depreciation charged in the year	9,037	49,383	65,916	124,336
Exchange adjustments	-	-	(52)	(52)
At 31 December 2021	39,160	196,151	612,299	847,610
<b>Carrying amount</b>				
At 31 December 2021	412,690	50,759	110,839	574,288
At 31 December 2020	421,727	100,142	64,936	586,805
<b>Company</b>				
	Freehold land and buildings	Leasehold improvements	Computer equipment and website costs	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2021	451,850	246,910	603,505	1,302,265
Additions	-	-	100,694	100,694
At 31 December 2021	451,850	246,910	704,199	1,402,959
<b>Depreciation and impairment</b>				
At 1 January 2021	30,123	146,768	541,751	718,642
Depreciation charged in the year	9,037	49,383	61,428	119,848
At 31 December 2021	39,160	196,151	603,179	838,490
<b>Carrying amount</b>				
At 31 December 2021	412,690	50,759	101,020	564,469
At 31 December 2020	421,727	100,142	61,754	583,623

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	15	-	-	89	89
		-	-	89	89

#### Movements in fixed asset investments

##### Company

##### Shares in group undertakings

##### Cost or valuation

At 1 January 2021 and 31 December 2021

£

89

##### Carrying amount

At 31 December 2021

89

At 31 December 2020

89

### 15 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
Cappfinity Inc.	1.	Ordinary	100.00
Cappfinity PTY Ltd (Previously Capp Australia Pty Ltd)	2.	Ordinary	100.00
Capp & Co (Psychology) Limited	3.	Ordinary	100.00
Cappfinity Ireland Limited	4.	Ordinary	100.00
Cappfinity (Shanghai) Technology Co.Ltd	5	Ordinary	100.00

#### Registered office addresses:

- 1 450 Lexington Avenue, New York, NY 10017, USA
- 2 Level 2, 383 George Street, Sydney, NSW 2000, Australia
- 3 2230-2235 Regents Court The Crescent, Birmingham Business Park, Birmingham, B37 7YE, UK
- 4 Suite 508, The Capel Building, Mary's Abbey, Smithfield, Dublin, D07 WD23, Ireland.
- 5 Room 501-7199, No.1566, Yan'an West Road, Changning District Shanghai, P R China.

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Debtors		Group 2021	2020	Company 2021	2020
		£	£	£	£
<b>Amounts falling due within one year:</b>					
Trade debtors		1,235,769	1,331,954	1,208,429	1,084,434
Corporation tax recoverable		275,376	275,376	275,376	275,376
Amounts owed by group undertakings		-	-	2,082,616	2,341,402
Other debtors		22,561	6,540	3,458	6,225
Prepayments and accrued income		738,664	549,527	610,634	483,265
		<u>2,272,370</u>	<u>2,163,397</u>	<u>4,180,513</u>	<u>4,190,702</u>
<b>17 Creditors: amounts falling due within one year</b>					
		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Trade creditors		187,878	132,510	183,093	111,583
Amounts owed to group undertakings		-	-	1	1
Other taxation and social security		922,298	982,639	876,619	935,367
Deferred income	18	4,335,131	3,598,394	3,717,801	3,391,568
Other creditors		24,366	24,090	22,327	21,543
Accruals		885,170	813,856	807,679	734,368
		<u>6,354,843</u>	<u>5,551,489</u>	<u>5,607,520</u>	<u>5,194,430</u>
<b>18 Deferred income</b>					
		Group 2021	2020	Company 2021	2020
		£	£	£	£
Other deferred income		4,335,131	3,598,394	3,717,801	3,391,568
		<u>4,335,131</u>	<u>3,598,394</u>	<u>3,717,801</u>	<u>3,391,568</u>
<b>19 Retirement benefit schemes</b>					
				2021	2020
				£	£
<b>Defined contribution schemes</b>					
Charge to profit or loss in respect of defined contribution schemes				385,116	363,181
				<u>385,116</u>	<u>363,181</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

## CAPFFINITY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

#### 20 Share-based payment transactions

Group and company	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 January 2021	18,749	14,826	84.63	61.29
Granted	781	3,923	175.00	172.85
Outstanding at 31 December 2021	<u>19,530</u>	<u>18,749</u>	<u>84.63</u>	<u>84.63</u>
Exercisable at 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Included in the options outstanding at 31 December 2021, are 9,969 share options with an exercise price of £5.89, and a remaining contractual life of 5.5 years.

4,857 options have an exercise price of £175, and a remaining contractual life of 7.5 years.

2,604 options have an exercise price of £175, and a remaining contractual life of 8.5 years.

1,319 options have an exercise price of \$227.50 (£168.60), and a remaining contractual life of 9 years.

781 options have an exercise price of £175 and a remaining contractual life of 9.75 years.

#### Shares granted

In July 2019, 6,000 share options were granted with a weighted average exercise price of £175, via an Enterprise Management Incentive scheme.

In April 2020, 2,604 share options were granted with a weighted average exercise price of £175, via an unapproved share incentive scheme.

In December 2020, 1,319 share options were granted with a weighted average exercise price of \$227.50 (£168.60), via a share incentive scheme for US employees.

In September 2021, 781 share options were granted with a weighted average exercise price of 3175, via a share incentive scheme for Australian employees.

#### Shares forfeited

In September 2019, 1,143 share options with a weighted average exercise price of £175 were forfeited.

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 21 Share capital

	Group and company	
	2021	2020
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
188,572 Ordinary A shares of 0.1p each	188	188
600 Ordinary B shares of £1 each	600	600
2,571 Ordinary C shares of 0.1p each	3	3
68,571 Redeemable D preferred shares of 0.1p each	69	69
	<u>860</u>	<u>860</u>

All of the company's shares carry equal rights to income. The company's Ordinary A, B and C shares carry equal voting rights and rights to capital on winding up. The company's Redeemable D preferred shares carry voting rights and rights to capital as specified in the company's Articles of Association.

The Redeemable D preferred shares are redeemable after 6 March 2024 at the discretion of the holder of the majority of D preferred shares.

### 22 Reserves

The share premium reserve represents the excess of consideration received for the company's share capital over and above their nominal value less any costs of issuing those shares.

Retained Earnings represents the retained profit of the group since its inception.

Other reserves represents shares that the Capp & Co Employee Benefit Trust holds in Cappfinity Limited.

### 23 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Within one year	354,718	109,490	329,900	107,613
Between two and five years	348,000	81,900	348,000	81,900
	<u>702,718</u>	<u>191,390</u>	<u>677,900</u>	<u>189,513</u>

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021	2020
	£	£
Aggregate compensation	452,735	374,320

#### Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Rentals payable		Consultancy Services	
	2021	2020	2021	2020
	£	£	£	£
<b>Group</b>				
Other related parties	98,280	98,280	-	18,900
	<u>98,280</u>	<u>98,280</u>	<u>-</u>	<u>18,900</u>
<b>Company</b>				
Other related parties	98,280	98,280	-	18,900
	<u>98,280</u>	<u>98,280</u>	<u>-</u>	<u>18,900</u>

#### Other information

The company has taken advantage of the exemption under the terms of FRS102 not to disclose related party transactions with wholly owned subsidiaries within the group.

# CAPFFINITY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Intermediary

The parent company of the group is a sponsoring entity for the intermediary CAPP & Co Limited Employee Benefit Trust. The assets and liabilities of the intermediary are presented within the results of the sponsoring entity and any transactions between both entities have been voided for the purpose of the financial statements.

The inclusion of the intermediary has resulted in the following adjustments to the group and company figures:

- £4,978 decrease in profit and loss reserves
- £449,925 decrease in other reserves
- £817,772 increase in cash
- £13,092 loss for the year

### 26 Cash generated from group operations

	2021	2020
	£	£
Loss for the year after tax	(402,545)	(628,088)
Adjustments for:		
Taxation charged/(credited)	-	(275,376)
Finance costs	-	33
Investment income	(1,992)	(16,711)
(Gain)/loss on disposal of tangible fixed assets	-	2,501
Amortisation and impairment of intangible assets	58,635	58,635
Depreciation and impairment of tangible fixed assets	124,336	181,161
Currency translation differences on consolidation	1,198	27,976
Movements in working capital:		
Increase in debtors	(92,230)	899,558
Increase in creditors	803,354	561,925
<b>Cash generated from operations</b>	<b>490,756</b>	<b>811,614</b>

### 27 Analysis of changes in net funds - group

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	10,898,653	284,946	11,183,599

### 28 Analysis of changes in net funds - company

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	10,024,938	444,080	10,469,018

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