

Registered number  
05915098

Itransition Group Limited  
Report and Financial Statements  
31 December 2022



continue to present challenges to the company during 2023 and there remains uncertainty as to how this will affect the results of the company for the forthcoming financial year. Notwithstanding this, the company has a healthy level of financial and cash resources to help withstand the challenging period ahead.

As with any company facing such exceptional circumstances, the directors acknowledge that there can be no certainty as to the overall impact on the company's financial performance and position, although at the date of approval of these financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

### **Directors**

The following persons served as directors during the year:

Mr Y. Chernikov  
Mr M. Ostarhov  
Mrs I. Hvardzeitsava  
Mr M. Hanusevich

### **Political donations**

There were no political donations whatsoever during the year.

### **Directors' responsibilities**

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 102 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

### **Disclosure of information to auditors**

Each person who was a director at the time this report was approved confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's

auditor is aware of that information.

### **Third party indemnity provisions**

Section 232 of the Companies Act 2006 expressly prohibits a company (or any other member of its group) from entering into arrangements with directors or any other persons exempting the directors from or otherwise indemnifying them against any liability they may have for negligence, default, breach of duty or breach of trust in relation to the company.

Nonetheless, the company takes out Directors' and Officers' (D&O) liability insurance cover annually on behalf of its directors and officers to provide protection from any potential costs which may arise while performing their duties. In the event of any claim made by a third party against a director or officer, the D&O insurance will cover the losses which would result.

Putting in place this type of cover is permitted under the Companies Act 2006 (CA 2006), section 233, which states:

"Provision of insurance: Section 232(2) (voidness of provisions for indemnifying directors) does not prevent a company from purchasing and maintaining for a director of the company, or of an associated company, insurance against such liability as is mentioned in that subsection."

Specifically, CA 2006 allows a company to take out insurance to cover any liability relating to negligence, default, breach of duty or breach of trust by the director or officer in relation to the company by which they are employed.

This report was approved by the board on 19 June 2023 and signed on its behalf.

Iryna Hvardzeitsava  
Director

# Itransition Group Limited

## Strategic Report

### Company

Itransition Group Ltd is a trusted global software development company serving clients from over 30 countries. Itransition Group Ltd delivers a full spectrum of software consulting, development and testing services, effectively handling software projects of any scale and complexity.

### Background

Itransition Group Ltd is a subsidiary of Itransition Holding Ltd and part of the Itransition Group. The Group operates across Europe and the US from its delivery centres in the UK (London), the USA (Boston, Massachusetts and Denver, Colorado) and development offices in Poland (Warsaw), Latvia (Riga), Lithuania (Vilnius), Uzbekistan (Tashkent), Georgia (Tbilisi) and Ukraine (Kiev).

### Our

Itransition Group Ltd is a global IT solutions provider that covers the full cycle of software development and testing process, starting from ideation and business consulting to implementation and customer support, to ensure end-to-end project delivery. The company's services, in particular, include:

### Business

IT Strategy & Consulting;  
Application Development;  
Product Engineering;  
Systems Integration;  
Quality Assurance & Testing;  
Application Management;  
Maintenance & Support; and  
DevOps Practices.

Itransition Group Ltd helps medium-sized and large companies and startups to design, engineer and deliver software that supplies their ad-hoc needs and brings ideas to life.

### Goals

and

### Strategy

We are striving to double our revenue by 2027. To achieve this goal, we have already been applying the following practices:

- Continuous optimization of our activities and improved cash flow
- Developing new models for operations
- Deepening relations with our current customers
- Strengthening software vendor relations
- Intense internet marketing (advertising campaigns, content marketing, etc.)
- Joint marketing campaigns with partner vendors

### Our

### expertise

Our customers can rely on our deep technical expertise and proven methodology as we work alongside them throughout the entire solution lifecycle to successfully implement digital ideas, maximize the value of software investment and address critical business needs.

### #

### Technology

### consulting

Itransition Group Ltd delivers tailored consulting services to enforce our customers' decision-making and costs optimization. We offer IT infrastructure audit, solution architecture, technology consulting, business process analysis and formalization, and application security consulting.

### #

### Software

### engineering

We build, customize, migrate and modernize software solutions for specific business needs – from managing data, processes or infrastructure to boosting customer engagement, and

enabling information-based decision support, etc.

### # U X d e s i g n

With the focus on user experience across digital channels, Itransition Group Ltd covers all UX process stages, from conceptualization to implementation. We build digital experiences from scratch or audit and redesign existing solutions. We apply our design thinking and technology background to help our customers deliver engaging experiences for their end clients, employees and partners.

### # O p e r a t i o n s s u p p o r t

Itransition Group Ltd offers all-round maintenance, enhancement and configuration services. We deploy stable solutions for application performance, security, identity and access management and 24/7 monitoring tools for distributed IT environments.

### # Q u a l i t y a s s u r a n c e

Our QA engineers provide unit, integration, performance, compatibility, usability, and security testing as part of our software development projects, as well as independent QA consulting and testing services.

### Quality Management and Information Security

We are continuously investing in applications, tools and infrastructure to manage all aspects of our global delivery process in order to manage quality and security risks, while providing control and visibility across all project lifecycle stages both internally and to our customers. We maintain processes and infrastructure to protect our clients' and their customers' confidential and sensitive information and allocate resources to ensure information security, cybersecurity and data privacy.

### Corporate and Social Responsibility

We are committed to integrating positive social, environmental and ethical practices into our business operations and strategy. This commitment is key to our continual development as a business and drives value for our employees, customers, business partners, the community. We practice the principles established in our Code of Ethical Conduct by making positive contributions to the communities in which we operate and championing corporate social responsibility efforts.

### Key Performance Indicators

Indicator	Yr 2022	Yr 2021	Diff. %
Revenue	£55,397,948	£43,141,120	28.41%
Revenue from New Customers	£4,347,416	£3,888,305	11.81%
Operating Profit	£872,474	£1,003,360	-13.04%
Return on Sales	1.57%	2.33%	-32.62%
Debtors' Collection Period (days)	33	30	10.00%

The UK Market is a significant player in the Global Technology Ecosystem. The Tech sector in the UK has been a strong performer as it grew much faster than the overall economy. Itransition Group Limited has demonstrated revenue growth of about £12.25m during the year 2022. A consistent increase in the company's revenue shows strong growth in business. Itransition Group Ltd is a reliable partner and more and more companies trust us and our expertise. Despite the challenges of COVID-19, Itransition Group Ltd continues to attract new customers. At the same time, the company managed to build on existing customers' relationships and does its best to unveil and satisfy their demand for digital transformation.

The Company also admits to a slight increase in the average duration of accounts receivable by 3 days to allow some customers breathing space to settle their accounts.

In light of the COVID-19 restrictions the company had to make more efforts to reach a better result in comparison with the year 2021. As a result, Itransition Group Ltd had to incur additional

expenses to save and increase its market share. Despite accelerated growth in revenue, operating profit went down by 13% in 2022; this was unavoidable due to a customer bankruptcy.

Risks Relating to Transition Group Limited

Transition Group Ltd while operating in the IT field faces the following risks:

# Legislative and tax risks

The risk of loss due to a change in law in a particular jurisdiction would have some negative impact on the company. IT companies operate in multiple jurisdictions and may become subject to a wide range of income and other taxes. The IT industry is also subject to various state and local environmental and health and safety laws & regulations, including those related to the discharge of materials into the air, water and ground, the generation, storage, handling, use, transportation and disposal of regulated materials, the remediation of contaminated sites, and the health and safety of their employees.

A violation of these laws and regulations or permit conditions can result in substantial fines, permit revocation and other damages.

The company's operations could also suffer as a result of political changes or instability in a country or a region. Instability affecting the company's operations could stem from a change in government, legislative bodies, other foreign policy makers, or military control.

Regulatory risk refers to the risk that the company is not compliant with existing laws or where changes in laws and regulations will materially impact the business and increase the costs of operation, reduce the attractiveness of investment and/or change the competitive landscape, where these costs will be borne by the company.

# Intellectual property risk

Due to discrepancies in the intellectual property protection laws of various countries, it cannot be assumed that all countries provide for the same degree of protection to intellectual property. Operating in a country with weak or no intellectual property protection laws at all could lead to the leak of important know-how, trade secrets and/or other intellectual property of the company, thus decreasing our competitive edge over our competitors.

# Risk of strong competition

The company is subjected to the risk that our competitors' prices of comparable products will be lower and/or their range of offered products will be wider. Therefore, it is necessary to carry out comprehensive planning and provide competitive prices as well as build a diverse product portfolio. With the growing demand in the IT industry, players are expanding their business and new market entrants can appear and get a significant market share if their brand is successfully positioned and widely known abroad.

# Labour turnover risk

The IT field is a very fast-growing field and is strongly dependent on the availability of an educated and experienced workforce. A shortage of qualified and experienced professionals on the market may create competition for the employees, thus exposing IT companies to a risk that key employees may be headhunted by competitors on the local or foreign markets. Constant necessity to hire and train new employees can result in high costs for the company, affecting productivity and hindering growth.

# Inadequate workload of employees

This risk is closely connected to inaccurate forecasts and fluctuations regarding demand for ICT services. If the demand for ICT services is lower than the company's expected/optimal level of demand, the employee workload would be surplus to requirements, thus potentially resulting in extra costs related to idle employees. In case the demand for the company's services exceeds our expected/optimal level, the number of employees hired and other resources available to the company may be insufficient to respond to the demand.

# O p e r a t i o n a l r i s k

Operational risk is a risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Itransition Group Ltd bears the operational risk with regard to the provided IT services, as the inability to perform these services may lead to a reduction of the company's competitiveness on the market.

There is a risk that some clients are not satisfied with the quality of services rendered and may ask for a refund from the company. Additionally, the delivery of low-quality services or failure to deliver services in a timely manner can lead to clients choosing other service providers, thus reducing the income of the company. The company may also incur significant costs related to the replacement and/or repair of any client's IT systems if, as a result of the ICT service provider's actions, damage has been done to the client's software or equipment.

The ICT sector is also highly dependent on accessibility and availability of external resources, such as electricity supply, internet coverage and other factors.

# T e c h n o l o g y r i s k

There is a risk of IT hardware or software malfunctions, making the company unable to deliver services to clients in a timely manner, therefore causing losses for the company (i.e., financial and reputational damage to the company). Additionally, the company may incur additional expenses for replacing the damaged hardware or reprogramming the software.

# C o n f i d e n t i a l i t y r i s k

In order to ensure the proper installation of ICT solutions, the client more often than not will be required to entrust its confidential information to the ICT service provider as well as ensure access to its information systems. Consequently, the clients expect that the service provider will ensure complete confidentiality regarding client information. In case confidential information is leaked, the reputation of the ICT service provider will most likely be damaged.

# S e r v i c e q u a l i t y r i s k

Itransition Group Ltd provides IT services, which means that in case of low service quality, clients may find us non-competitive in the market that would negatively affect the company. Thus, it can be concluded that Itransition Group Ltd as the service provider bears full service quality risk.

# D e b t o r r i s k

Debtor risk is assumed when a client of the company does not remunerate the supplier for supplied goods or services. The company is subject to debtor risk related to its clients' purchases for which they have not paid yet. In a situation where the debtor fails to make timely payment for the goods and/or services purchased, the company's cash flow would be impaired, making it difficult to deploy resources effectively. It should be noted, however, that actual losses related to debtors occur only when the debtor ceases activity (i.e., the debtor becomes insolvent), thus, does not pay for the purchased goods or services at all.

C o n c l u s i o n

During the year 2022, the spread of new strains of coronavirus and the disease created by that virus, COVID-19, has created a global pandemic, causing substantial public health and economic challenges around the world that continued to affect our employees, communities and business operations, as well as the global economy. The extent to which the coronavirus pandemic will further impact our business, operations and financial results will depend on numerous factors that are frequently changing or unknown and that we may not be able to accurately predict.

This report was approved by the board on 19 June 2023 and signed on its behalf.

Iryna Hvardzeitsava

Director

**Itransition Group Limited**  
**Independent auditor's report**  
**to the member of Itransition Group Limited**

**Opinion**

We have audited the financial statements of Itransition Group Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and related Notes, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

**Material uncertainty relating to going concern**

We draw attention to Note 16 in the financial statements, which discusses the ongoing COVID-19 pandemic and the conflict in Ukraine. These events, along with other matters as set forth in Note 16, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

**Key audit matters**

Except for the matter described in the material uncertainty related to the going concern section, we have determined that there are no other key audit matters to be communicated in our report.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Auditor's R e p o r t t h e r e o n .

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- Enquiry of management and those charged with governance into the specific rules and regulations pertaining to the entity. This has been furthered by both our understanding of the entity and of additional research, in particular into the international trading rules for the entity's key accounts.
- Reviewing corporation tax records and enquiry with relevant persons to confirm filing and payment compliance.
- Reviewing payroll records, calculations, and correspondence, and enquiry with relevant persons to confirm filing and payment compliance.
- Reviewing VAT records and relevant HMRC correspondence, and carrying out reconciliations of VAT reports to supporting records.
- Performing audit work to test financial statement disclosures to supporting documentation 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.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Steven Nichols  
(Senior Statutory Auditor)  
for and on behalf of  
Nichols & Co (Accountancy) Limited  
Chartered Accountants & Statutory Auditors  
21 June 2023

Unit 7, Mulberry Place  
Pinnell Road  
London  
SE9 6AR

**Ittransition Group Limited**  
**Income Statement**  
**for the year ended 31 December 2022**

	Notes	2022 £	2021 £
Turnover	3	55,397,948	43,141,120
Cost of sales		(50,934,153)	(39,563,212)
<b>Gross profit</b>		<u>4,463,795</u>	<u>3,577,908</u>
Administrative expenses		(3,591,321)	(2,574,548)
<b>Operating profit</b>	4	<u>872,474</u>	<u>1,003,360</u>
Interest receivable		1,353	572
<b>Profit on ordinary activities before taxation</b>		<u>873,827</u>	<u>1,003,932</u>
Tax on profit on ordinary activities	7	(167,368)	(194,810)
<b>Profit for the financial year</b>		<u>706,459</u>	<u>809,122</u>

**Ittransition Group Limited**  
**Statement of Comprehensive Income**  
**for the year ended 31 December 2022**

	<b>Notes</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
<b>Profit for the financial year</b>		706,459	809,122
<b>Other comprehensive income</b>			
<b>Total comprehensive income for the year</b>		<u>706,459</u>	<u>809,122</u>

**Itransition Group Limited**  
**Statement of Financial Position**  
**as at 31 December 2022**

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	8	-	2,369
Tangible assets	9	8,014	6,119
		<u>8,014</u>	<u>8,488</u>
<b>Current assets</b>			
Debtors	10	8,576,710	9,359,131
Cash at bank and in hand		10,825,514	2,368,070
		<u>19,402,224</u>	<u>11,727,201</u>
<b>Creditors: amounts falling due within one year</b>	11	(18,532,680)	(10,894,981)
<b>Net current assets</b>		<u>869,544</u>	<u>832,220</u>
<b>Total assets less current liabilities</b>		<u>877,558</u>	<u>840,708</u>
<b>Provisions for liabilities</b>			
Deferred taxation	12	(2,004)	(1,613)
<b>Net assets</b>		<u>875,554</u>	<u>839,095</u>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account	14	875,454	838,995
<b>Total equity</b>		<u>875,554</u>	<u>839,095</u>

Iryna Hvardzeitsava

Director

Approved by the board on 19 June 2023

**Itransition Group Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2022**

	Share capital	Share premium	Other reserves	Profit and loss account	Total
	£	£	£	£	£
<b>At 1 January 2021</b>	100	-	-	869,873	869,973
Profit for the financial year				809,122	809,122
Dividends				(840,000)	(840,000)
<b>At 31 December 2021</b>	<u>100</u>	<u>-</u>	<u>-</u>	<u>838,995</u>	<u>839,095</u>
<b>At 1 January 2022</b>	100	-	-	838,995	839,095
Profit for the financial year				706,459	706,459
Dividends				(670,000)	(670,000)
<b>At 31 December 2022</b>	<u>100</u>	<u>-</u>	<u>-</u>	<u>875,454</u>	<u>875,554</u>

**Ittransition Group Limited**  
**Statement of Cash Flows**  
**for the year ended 31 December 2022**

	Notes	2022 £	2021 £
<b>Operating activities</b>			
Profit for the financial year		706,459	809,122
Adjustments for:			
Interest receivable		(1,353)	(572)
Tax on profit on ordinary activities		167,368	194,810
Depreciation		2,671	2,040
Amortisation		2,369	4,737
Decrease/(increase) in debtors		782,421	(4,826,293)
Increase in creditors		7,765,842	2,659,381
		<u>9,425,777</u>	<u>(1,156,775)</u>
Interest received		1,353	572
Corporation tax paid		(295,120)	(196,559)
Cash generated by/(used in) operating activities		<u>9,132,010</u>	<u>(1,352,762)</u>
<b>Investing activities</b>			
Payments to acquire tangible fixed assets		(4,566)	-
Cash used in investing activities		<u>(4,566)</u>	<u>-</u>
<b>Financing activities</b>			
Equity dividends paid		(670,000)	(840,000)
Cash used in financing activities		<u>(670,000)</u>	<u>(840,000)</u>
<b>Net cash generated/(used)</b>			
Cash generated by/(used in) operating activities		9,132,010	(1,352,762)
Cash used in investing activities		(4,566)	-
Cash used in financing activities		(670,000)	(840,000)
Net cash generated/(used)		<u>8,457,444</u>	<u>(2,192,762)</u>
Cash and cash equivalents at 1 January		2,368,070	4,560,832
Cash and cash equivalents at 31 December		<u>10,825,514</u>	<u>2,368,070</u>
Cash and cash equivalents comprise:			
Cash at bank		<u>10,825,514</u>	<u>2,368,070</u>



Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

### ***Creditors***

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

### ***Taxation***

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

### ***Provisions***

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

### ***Foreign currency translation***

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

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

### ***Leased assets***

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

### ***Pensions***

Contributions to defined contribution plans are expensed in the period to which they relate.

## 2 Critical accounting estimates and judgements

It is the directors' opinion that there is no requirement to disclose critical accounting estimates and judgements as there were none.

<b>3 Analysis of turnover</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Services rendered	<u>55,397,948</u>	<u>43,141,120</u>
By geographical market:		
UK	40,696,605	31,678,463
Europe	5,161,380	4,324,838
North America	7,636,104	5,874,854
Rest of world	1,903,859	1,262,965
	<u>55,397,948</u>	<u>43,141,120</u>
<b>4 Operating profit</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation of owned fixed assets	2,671	2,040
Amortisation	2,369	4,737
Operating lease rentals - land and buildings	97,336	93,689
Foreign exchange differences	(53,366)	74,601
Auditors' remuneration for audit services	14,100	12,000
	<u>14,100</u>	<u>12,000</u>
<b>5 Directors' emoluments</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Emoluments	381,940	177,256
Company contributions to defined contribution pension plans	2,092	1,299
	<u>384,032</u>	<u>178,555</u>
<b>6 Staff costs</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,152,584	734,465
Social security costs	140,440	83,656
Other pension costs	8,892	6,500
	<u>1,301,916</u>	<u>824,621</u>

Average number of employees during the year	Number	Number
Administration	7	6
Development	9	6
	<u>16</u>	<u>12</u>

**7 Taxation** **2022** **2021**  
**£** **£**

**Analysis of charge in period**

Current tax:

UK corporation tax on profits of the period	<u>166,977</u>	<u>193,197</u>
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Deferred tax:

Origination and reversal of timing differences	<u>391</u>	<u>1,613</u>
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Tax on profit on ordinary activities	<u>167,368</u>	<u>194,810</u>
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**Factors affecting tax charge for period**

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>873,827</u>	<u>1,003,932</u>
Standard rate of corporation tax in the UK	19%	19%
	<b>£</b>	<b>£</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax	166,027	190,747
Effects of:		
Expenses not deductible for tax purposes	950	2,450
Current tax charge for period	<u>166,977</u>	<u>193,197</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**8 Intangible fixed assets** **£ £**

Software Development:

**Cost**

At 1 January 2022	<u>14,211</u>
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At 31 December 2022	<u>14,211</u>
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**Amortisation**

At 1 January 2022	11,842
Provided during the year	2,369
At 31 December 2022	<u>14,211</u>

**Carrying amount**

At 31 December 2022	<u>-</u>
At 31 December 2021	<u>2,369</u>

Software development is being written off in equal annual instalments over its estimated economic life of 3 years.

**9 Tangible fixed assets**

**Plant and  
machinery**

*At cost*

**£**

**Cost or valuation**

At 1 January 2022	18,004
Additions	4,566
At 31 December 2022	<u>22,570</u>

**Depreciation**

At 1 January 2022	11,885
Charge for the year	2,671
At 31 December 2022	<u>14,556</u>

**Carrying amount**

At 31 December 2022	<u>8,014</u>
At 31 December 2021	<u>6,119</u>

**10 Debtors**

**2022**

**2021**

**£**

**£**

Trade debtors	4,282,957	5,195,821
Amounts owed by group undertakings and undertakings in which the company has a participating interest	149,216	734,073
Other debtors	55,381	59,872
Prepayments and accrued income	4,089,156	3,369,365
	<u>8,576,710</u>	<u>9,359,131</u>

**11 Creditors: amounts falling due within one year**

**2022**

**2021**

**£**

**£**

Trade creditors	16,939,713	8,870,647
Corporation tax	(465)	127,678
Other taxes and social security costs	1,409,368	1,833,179
Other creditors	1,955	1,439
Accruals and deferred income	182,109	62,038
	<u>18,532,680</u>	<u>10,894,981</u>

**12 Deferred taxation** **2022** **2021**  
**£** **£**

Accelerated capital allowances	<u>2,004</u>	<u>1,613</u>
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**2022** **2021**  
**£** **£**

At 1 January	1,613	-
Charged to the profit and loss account	391	1,613
At 31 December	<u>2,004</u>	<u>1,613</u>

<b>13 Share capital</b>	<b>Nominal value</b>	<b>2022 Number</b>	<b>2022 £</b>	<b>2021 £</b>
Allotted, called up and fully paid:				
Ordinary shares	£1 each	100	<u>100</u>	<u>100</u>

**14 Profit and loss account** **2022** **2021**  
**£** **£**

At 1 January	838,995	869,873
Profit for the financial year	706,459	809,122
Dividends	(670,000)	(840,000)
At 31 December	<u>875,454</u>	<u>838,995</u>

**15 Dividends** **2022** **2021**  
**£** **£**

Dividends on ordinary shares (note 14)	<u>670,000</u>	<u>840,000</u>
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**16 Events after the reporting date**

Economic effects of Covid-19  
The World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic on

11 March 2020. The pandemic, and the measures to control its human impact, have resulted in disruptions to economic activity and business operations worldwide.

As a consequence of the level of restrictions and advisories from the UK government, many companies were forced to adapt their working practices time and again. This had had an ongoing financial impact on the company and, notwithstanding that the company is operational, there could be further financial implications in the future depending on factors such as the continued duration and spread of the outbreak and the effects on the financial markets and economy overall. The outcome of all these factors is highly uncertain.

The company has undertaken an assessment of its business plans, as part of its business continuity and contingency planning, and the directors believe it is well placed financially and operationally to withstand the uncertainties ahead. At the date of approval of the financial statements, the company is unable to determine a reliable estimate of the financial impact of COVID-19 on its profitability, liquidity and financial position. However, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements.

War in Ukraine and the war impacts on Itransition Group Ltd's risk assessment  
Due to the invasion of Ukraine, our business enterprise had to step up and address how these, and other consequences of the war, affect our ongoing activities. We have considered different dimensions from legal questions to ethics, risk management and corporate citizenship.

Monitor and assess exposure to sanctions  
Management and the board are responsible for interpreting the sanctions. Risk management help to ensure sanctions are properly considered. We use the following factors to assess the exposure of our business and clients to the sanctions regimes:

- o Identify if the most recent sanctions lists expose risks for IT firms and their clients
- o Check the latest national sanctions lists and guidance
- o Identify if our firm and its clients should abide by EU, US, UK and other countries' sanctions on top of national regulations
- o Check the latest EU sanctions against Russia and against Belarus
- o Identify and map out the direct exposure to Belarus, Russia-based and Russian third parties, which could be through suppliers, clients, agents, and financial institutions in other countries
- o Sweep customer databases to identify all clients physically based in Russia and Belarus or connected to sanctioned individuals and entities
- o Understand clients' or suppliers' beneficial ownership structures and identify direct or indirect ties with sanctioned politically exposed persons (PEPs) or entities
- o Consider potential trade restrictions/prohibitions issued (import ban/export ban)
- o In case of a business relationship with sanctioned individuals or entities, each firm and its clients should freeze those individuals' assets and consider stopping any kind of services provision to the listed entities and individuals.

Accounting and reporting implications  
The economic effects of the war can have an impact on accounting, reporting and auditing financial statements. This impact is reviewed regularly as the further development, duration and impact of the war cannot be predicted.

Assessment of going concern

The escalation of the conflict in the territory of Ukraine has impacted on Itransition Group Ltd's supplier business operations in certain regions, especially with unprecedented pressure on their personnel safety, well-being, and psychological state.

Having existing suppliers in the EU, we have urged and supported the intention of our suppliers from Ukraine and Belarus to relocate their employees outside of affected regions.

Itransition Group Ltd does not render any services to governmental bodies or personas included (or supposed to be included) on sanctions lists. Also, Itransition Group Ltd carefully monitors the list of companies included (or supposed to be included) on sanctions lists and will act in full compliance with the sanctions' requirements to avoid being penalised. Therefore, we do not foresee any disruption of our services because of the sanctions.

We have not identified the threat of new significant risks, for instance related to the company's liquidity, even under pressure of a combination of uncertainties and challenging timelines, that would adversely affect the company's prospects.

This going concern assessment has been continuously updated to the date the financial statements are approved, depending on the circumstances and business of the company. This all while recognising that there is no current high degree of uncertainty.

**Adjusting/Non-Adjusting post balance sheet events**  
The general requirement is that the balance sheet reflects the position at the end of the reporting period. Therefore, for companies in Europe with a 31 December 2022 year-end, the emergence of the war could be an adjusting event since the invasion occurred during February 2022.

The nature of any material adjusting event, and an estimate of its financial effect, must be disclosed in the notes to the financial statements. Therefore, companies need to consider the impact on their business, which will depend on their specific circumstances. This includes that the disclosures articulate potential impact in the next reporting period.

Itransition Group Ltd has not identified any material adjusting event which would require disclosure in the statutory accounts.

**Further disclosures in the management report**  
Companies should also consider whether to refer to the possible impact of the war when they report principal risks and uncertainties in the management report. In principle, they should report this when possible further developments can lead to negative deviations from the company's forecasts.

The management board has not identified any principal risks and uncertainties which should be reported in the management report.

**Effects on accounting and reporting for companies with year-ends in 2022**  
As stated above, no material adjusting event was identified for disclosure in 2022. As we progress through 2023, the scale and impact of the war will become clearer. There may be a greater degree of judgement required when identifying the conditions at balance sheet dates after 2021, and therefore assessing whether the developments are adjusting or non-adjusting events.

The war is ordinarily an adjusting event for any reporting period ending as from 28 February 2022, either for annual or quarterly reporting.

Companies will need to review, in addition to going concern, all areas of the accounts that are subject to judgement and estimation uncertainty, including:  
o accounting estimates  
o fair value measurements  
o assets impairment

o expected credit loss assessments  
o hedge accounting  
o other financial statement disclosure requirements  
o the impact of breaches of covenants and onerous contracts provisions also deserve  
c o n s i d e r a t i o n .

It is the directors' opinion that there is no requirement to disclose critical accounting estimates and judgements as there were none.

## 17 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	<b>Land and buildings</b>	<b>Land and buildings</b>	<b>Other</b>	<b>Other</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	£	£	£	£
Falling due:				
within one year	66,060	66,060	-	-
within two to five years	-	66,060	-	-
	<u>66,060</u>	<u>132,120</u>	<u>-</u>	<u>-</u>

## 18 Contingent liabilities

As far as the directors are aware, there are no contingent liabilities that require disclosure.

## 19 Loans to directors

<b>Description</b>	<b>B/fwd</b>	<b>Paid</b>	<b>Repaid</b>	<b>C/fwd</b>
	£	£	£	£ £
Mr Y. Chernikov				
Employee Loan	17,536	234	(17,770)	-
	<u>17,536</u>	<u>234</u>	<u>(17,770)</u>	<u>-</u>

## 20 Related party transactions

The company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with wholly owned group companies on the grounds that the consolidated financial statements are prepared by the ultimate parent company.

## 21 Controlling party

The immediate controlling party is the parent company, Itransition Holding Ltd, incorporated in Guernsey and whose registered office address is at 4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA. The ultimate controlling party is Sergey Gvardeitsev.

**22 Presentation currency**

The financial statements are presented in Pound Sterling.

**23 Legal form of entity and country of incorporation**

Ittransition Group Limited is a private company limited by shares and incorporated in England.

**24 Principal place of business**

The address of the company's principal place of business and registered office is at:

3rd Floor  
5-8 Dysart Street  
London  
EC2A 2BX

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.