

WISE SOFTWARE (UK) LIMITED
STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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FOR THE YEAR ENDED 31 MARCH 2021**

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WISE SOFTWARE (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2021**

DIRECTORS:	Mrs R Hallam Mr D G Hallam Mr S C B Ridgley Mrs L Garner-Jones Mr A Liggett
SECRETARY:	Mrs R Hallam
REGISTERED OFFICE:	Newton Court,Saxilby Enterprise Park Skellingthorpe Road Saxilby Lincoln Lincolnshire LN1 2LR
REGISTERED NUMBER:	04633298 (England and Wales)
SENIOR STATUTORY AUDITOR:	Roberta Newman BA (Hons) ACA
AUDITORS:	Peters Elworthy & Moore Salisbury House Station Road Cambridge Cambridgeshire CB1 2LA
BANKERS:	Nat West Lincoln Smiths Branch 225 High Street Lincoln Lincolnshire LN2 1AZ

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

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

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

Turnover has increased by 16.72% from £11,959,149 in 2020 to £13,959,184 in 2021.

Administrative and interest expenses have decreased by 0.17% going from £8,630,819 in 2020 to £8,616,393 in 2021 primarily due to the increase in wages. This reflects increased commissions and bonuses paid, and pay rises in line with national minimum wage.

Overall profit before tax has increased from £2,246,266 in 2020 to £4,944,529 in 2021.

The company's operations and assets are well diversified and as such the levels of operational and other risks are considered by the directors to be acceptable. The company does not have any material exposure to any high risk market or geographical areas.

The business has adapted quickly and well to the COVID pandemic with minimal cost increases. Most colleagues work from home with only those who are unable, for whatever reason, to work from home working safely in the office whilst in compliance of guidelines that meet or exceed those set by government. Clients have been converted to remote training and remote go lives where possible and requested by the end client with a small percentage of projects postponed and a smaller number of projects cancelled. Sales activity from new and existing clients has been positive with revenue increases seen.

Position at the statement of financial position date

The directors consider the company to be in a solid financial position at the statement of financial position date, with accumulated distributable reserves of approximately £7,100,000.

Management remains mindful of the competitive environment in which the company operates and the need to maintain close control over the company's working capital and financial position.

Borrowings and Risk Management

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for the company's operations. The company's approach to managing other risks applicable to the financial instruments minimised the risk to a level that the directors consider acceptable.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

PRINCIPAL RISKS AND UNCERTAINTIES

The company is affected by a number of factors, the principal ones of which are:

- The company is exposed to the risk of negative developments in financial markets and the sectors in which it operates, either directly or through the impact on the company's bankers, suppliers or customers. These developments can result in recession, inflation, deflation, restrictions in the availability of credit, impact on demand from customers, problems in the supplier base, increases in financing costs or in the cost of utilities. Such developments might increase operating costs, reduce revenues, lower asset values or result in the business being unable to meet in full its strategic objectives.
- The company operates in a competitive market, and failure to compete effectively in terms of price, product specification and quality can have an adverse effect on demand and / or margins.

The company mitigates risk in several ways:

- The company has in place an organisational structure with clearly defined lines of responsibility and delegation of authority. There are established policies and procedures for the setting of corporate strategies; for information and reporting systems; for systems of operational and financial internal control; for assessment of risk; and for monitoring operations and performance.
- Management and staff at all levels work closely with customers and suppliers to operate as effectively and efficiently as possible, whilst maintaining long term working relationships, innovation and good lines of communication.
- The company operates a recruitment and selection process to ensure employees are experienced and competent in their work. The workforce is trained to be alert, responsive to customer needs, and to operate in line with the company's corporate objectives.

FINANCIAL KEY PERFORMANCE INDICATORS

The company reports on a number of key performance indicators (KPIs) to monitor and manage performance.

In 2020-21 the KPIs were as follows:

- Sales £13.96m v £11.96m
- PBT £4.94m v £2.25m
- Cash £4.33m vs £3.22m

The company also uses certain non- financial indicators, the most significant of which is the number of employees and most importantly their associated skill sets with a strong emphasis wherever possible of developing our people from within the organisation.

FUTURE DEVELOPMENTS

The company's strategy is to continue organic growth using the existing business model.

ON BEHALF OF THE BOARD:

Mr D G Hallam - Director

21 December 2021

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of writing and selling computer software systems.

DIVIDENDS

An interim dividend of £20,000 per share was paid on 26 March 2021. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2021 will be £ 2,000,000 .

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

Mrs R Hallam
Mr D G Hallam

Other changes in directors holding office are as follows:

Mr S C B Ridgley - appointed 1 March 2021
Mrs L Garner-Jones - appointed 1 March 2021

Mr A Liggett was appointed as a director after 31 March 2021 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

WISE SOFTWARE (UK) LIMITED (REGISTERED NUMBER: 04633298)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2021**

AUDITORS

The auditors, Peters Elworthy & Moore, were appointed as auditors in the period. They have expressed their willingness to remain in office and will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

Mr D G Hallam - Director

21 December 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WISE SOFTWARE (UK) LIMITED

Opinion

We have audited the financial statements of Wise Software (UK) Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 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 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 Report of the Auditors thereon.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WISE SOFTWARE (UK) LIMITED**

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 Report of the Directors.

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, 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 four, 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WISE SOFTWARE (UK) LIMITED

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

- Identification of the laws and regulations which were significant in the context of the Company through discussions with management, and from our commercial knowledge and experience of the technology sector;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements, including FRS 102, the Companies Act 2006 and UK taxation legislation, or the Company's operations including data protection, employment and health and safety standards;
- We obtained an understanding of the Company's policies and procedures on compliance with laws and regulations, including documentation of any instances of non-compliance;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of the Managing Director; and
- Identified laws and regulations were communicated within the audit engagement team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of fraud through management bias and override of controls. In addressing the risk of fraud through management bias and override of controls we:

- Tested the appropriateness of journal entries and other adjustments;
- Designed procedures to identify unexpected and unusual journal entries and performed testing to confirm the validity of such postings;
- Assessed whether the accounting judgements made in the financial statements were indicative of potential bias; and
- Evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation; and
- Enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WISE SOFTWARE (UK) LIMITED**

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Roberta Newman BA (Hons) ACA (Senior Statutory Auditor)
for and on behalf of Peters Elworthy & Moore
Salisbury House
Station Road
Cambridge
Cambridgeshire
CB1 2LA

21 December 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
TURNOVER	3	13,959,184	11,959,149
Cost of sales		<u>980,536</u>	<u>1,322,178</u>
GROSS PROFIT		12,978,648	10,636,971
Administrative expenses		<u>8,599,914</u>	<u>8,604,815</u>
		4,378,734	2,032,156
Other operating income		<u>582,888</u>	<u>239,393</u>
OPERATING PROFIT	5	4,961,622	2,271,549
Interest receivable and similar income	6	<u>1,572</u>	<u>721</u>
		4,963,194	2,272,270
Interest payable and similar expenses	7	<u>18,665</u>	<u>26,004</u>
PROFIT BEFORE TAXATION		4,944,529	2,246,266
Tax on profit	8	<u>753,552</u>	<u>433,666</u>
PROFIT FOR THE FINANCIAL YEAR		4,190,977	1,812,600
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>4,190,977</u>	<u>1,812,600</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 MARCH 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Tangible assets	10		2,094,111		2,142,929
CURRENT ASSETS					
Debtors	11	7,448,799		5,260,503	
Cash at bank and in hand		<u>4,329,523</u>		<u>3,217,977</u>	
		11,778,322		8,478,480	
CREDITORS					
Amounts falling due within one year	12	<u>5,847,340</u>		<u>4,727,545</u>	
NET CURRENT ASSETS			<u>5,930,982</u>		<u>3,750,935</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,025,093</u>		<u>5,893,864</u>
CREDITORS					
Amounts falling due after more than one year	13		(728,065)		(772,388)
PROVISIONS FOR LIABILITIES	17		<u>(152,429)</u>		<u>(167,854)</u>
NET ASSETS			<u>7,144,599</u>		<u>4,953,622</u>
CAPITAL AND RESERVES					
Called up share capital	18		100		100
Retained earnings	19		<u>7,144,499</u>		<u>4,953,522</u>
SHAREHOLDERS' FUNDS			<u>7,144,599</u>		<u>4,953,622</u>

The financial statements were approved the Board of Directors and authorised for issue on 21 December 2021 and were signed on its behalf by:

Mr D G Hallam - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2019	100	3,140,922	3,141,022
Changes in equity			
Total comprehensive income	-	1,812,600	1,812,600
Balance at 31 March 2020	100	4,953,522	4,953,622
Changes in equity			
Dividends	-	(2,000,000)	(2,000,000)
Total comprehensive income	-	4,190,977	4,190,977
Balance at 31 March 2021	100	7,144,499	7,144,599

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. STATUTORY INFORMATION

Wise Software (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Significant judgements and estimates

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 and are covered within the accounting policies:

(i) The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Software licence fee income is recognised at key stages during the process of the delivery of the product. Support and maintenance income is deferred at the date of invoicing and released to the statement of income and retained earnings over the duration of the maintenance contract. The balance of software licence fee and maintenance income not released to the statement of income and retained earnings is carried in the statement of financial position as deferred income.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Improvements to property	- 10% on cost
Plant and machinery	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance
Robots	- 25% on cost

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them and the grants will be received using the accrual model.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitute a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Debtors and creditors receivable / payable within one year

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 income statement in other administrative expenses.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the income statement unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the statement of financial position. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the income statement over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Going concern

The directors have assessed the ability of the Company to continue to operate as a going concern based on cash held at the time of approving the financial statements combined with trading forecasts which have been prepared for the Group.

The forecasts include expectations around future revenues based on the Group's recurring revenue levels as well as secured customer commitments, combined with reasonable assumptions for the cost base.

On the basis of their review the directors are satisfied that the Company will have adequate resources to continue in operational existence for the foreseeable future, accordingly they continue to adopt the going concern basis in preparing these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

3. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2021	2020
	£	£
United Kingdom	13,905,827	11,914,828
Europe	53,357	44,321
	<u>13,959,184</u>	<u>11,959,149</u>

4. **EMPLOYEES AND DIRECTORS**

	2021	2020
	£	£
Wages and salaries	5,389,025	5,465,927
Social security costs	502,131	520,963
Other pension costs	146,138	128,844
	<u>6,037,294</u>	<u>6,115,734</u>

The average number of employees during the year was as follows:

	2021	2020
Total	<u>189</u>	<u>191</u>

	2021	2020
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

5. **OPERATING PROFIT**

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

	2021	2020
	£	£
Depreciation - owned assets	162,657	102,192
Auditors' remuneration	12,000	7,350
Foreign exchange differences	22,817	(23,087)
Rent	149,433	153,640
Operating leases	75,846	66,635
Government grants	<u>(454,885)</u>	<u>(216,306)</u>

Government grants represent amounts receivable under the Coronavirus Job Retention Scheme (CJRS) to cover salaries of furloughed staff.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£	£
Deposit account interest	17	-
Corporation tax interest receivable	<u>1,555</u>	<u>721</u>
	<u>1,572</u>	<u>721</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank loan interest	18,369	23,829
Hire purchase interest	<u>296</u>	<u>2,175</u>
	<u>18,665</u>	<u>26,004</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	959,536	396,621
Adjustment re previous years	<u>(190,559)</u>	<u>(16,022)</u>
Total current tax	768,977	380,599
Deferred tax	<u>(15,425)</u>	<u>53,067</u>
Tax on profit	<u>753,552</u>	<u>433,666</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Profit before tax	<u>4,944,529</u>	<u>2,246,266</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	939,461	426,791
Effects of:		
Expenses not deductible for tax purposes	(1,363)	15,635
Capital allowances in excess of depreciation	-	(45,805)
Depreciation in excess of capital allowances	21,438	-
Adjustments to tax charge in respect of previous periods	<u>(190,559)</u>	<u>(16,022)</u>
Deferred Tax	<u>(15,425)</u>	<u>53,067</u>
Total tax charge	<u>753,552</u>	<u>433,666</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

8. TAXATION - continued

Future factors affecting tax

The closing deferred tax liabilities have been measured at the rate of 19% (2019 - 19%) in accordance with the rates enacted at the balance sheet date. In the UK Budget Statement on 3 March 2021, the Chancellor announced the intention for corporation tax to rise to a headline rate of 25% from 1 April 2023, which was substantively enacted into law on 24 May 2021.

9. DIVIDENDS

	2021 £	2020 £
Ordinary shares of £1 each Interim	<u>2,000,000</u>	<u>-</u>

10. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 April 2020	1,595,663	261,179	618,232
Additions	-	24,896	29,443
At 31 March 2021	<u>1,595,663</u>	<u>286,075</u>	<u>647,675</u>
DEPRECIATION			
At 1 April 2020	28,991	138,716	424,430
Charge for year	31,334	22,040	41,906
At 31 March 2021	<u>60,325</u>	<u>160,756</u>	<u>466,336</u>
NET BOOK VALUE			
At 31 March 2021	<u>1,535,338</u>	<u>125,319</u>	<u>181,339</u>
At 31 March 2020	<u>1,566,672</u>	<u>122,463</u>	<u>193,802</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

10. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Robots £	Totals £
COST			
At 1 April 2020	57,930	218,687	2,751,691
Additions	59,500	-	113,839
At 31 March 2021	<u>117,430</u>	<u>218,687</u>	<u>2,865,530</u>
DEPRECIATION			
At 1 April 2020	12,069	4,556	608,762
Charge for year	12,705	54,672	162,657
At 31 March 2021	<u>24,774</u>	<u>59,228</u>	<u>771,419</u>
NET BOOK VALUE			
At 31 March 2021	<u>92,656</u>	<u>159,459</u>	<u>2,094,111</u>
At 31 March 2020	<u>45,861</u>	<u>214,131</u>	<u>2,142,929</u>

Included within Tangible fixed assets are £Nil of assets held under hire purchase (2020: £83,685).

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	2,940,592	3,246,643
Amounts owed by group undertakings	4,326,149	1,110,957
Other debtors	38,973	327,892
Prepayments and accrued income	143,085	575,011
	<u>7,448,799</u>	<u>5,260,503</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Bank loans and overdrafts (see note 14)	88,788	86,888
Hire purchase contracts (see note 15)	-	9,924
Trade creditors	283,965	1,204,988
Taxation	844,091	76,669
Other taxes and social security	801,956	730,766
Other creditors	35,050	99,707
Directors' current accounts	-	395
Accruals and deferred income	3,793,490	2,518,208
	<u>5,847,340</u>	<u>4,727,545</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Bank loans (see note 14)	<u>728,065</u>	<u>772,388</u>

The loans are repayable in monthly instalments until August 2024 and September 2024, and bear interest at a rate of 1.5% over the bank of England base rate. Details of security over the loans is given in note 16

14. LOANS

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>88,788</u>	<u>86,888</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>90,734</u>	<u>89,226</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>637,331</u>	<u>683,162</u>

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	<u>-</u>	<u>9,924</u>
	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	72,106	52,425
Between one and five years	<u>63,862</u>	<u>36,282</u>
	<u>135,968</u>	<u>88,707</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

16. SECURED DEBTS

The following secured debts are included within creditors:

	2021	2020
	£	£
Bank loans	816,853	859,276
Hire purchase contracts	-	9,924
	<u>816,853</u>	<u>869,200</u>

Any bank debt arising is secured by a debenture over the company's assets and undertaking.

17. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Deferred tax		
Accelerated capital allowances	<u>152,429</u>	<u>167,854</u>
		Deferred tax
		£
Balance at 1 April 2020		167,854
Provided during year		<u>(15,425)</u>
Balance at 31 March 2021		<u>152,429</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

19. RESERVES

	Retained earnings
	£
At 1 April 2020	4,953,522
Profit for the year	4,190,977
Dividends	<u>(2,000,000)</u>
At 31 March 2021	<u>7,144,499</u>

Retained earnings

Includes all current and prior period retained profits and losses less dividends paid. All amounts are distributable.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

20. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension costs charge represents amounts payable to the fund for the year and amounted to £146,138 (2020: £128,844).

At the statement of financial reporting date contributions outstanding were £24,913 (2020: £74,381).

21. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

	2021	2020
	£	£
Rent	144,000	144,000
Management charges	90,000	90,000
Licence fee	94,000	78,000
Amount due from related party	<u>3,825,302</u>	<u>1,110,957</u>

Key management personnel of the entity or its parent (in the aggregate)

	2021	2020
	£	£
Amount due from related party	7,405	-
Amount due to related party	<u>-</u>	<u>395</u>

Other related parties

	2021	2020
	£	£
Rental income	24,000	-
Wages recharged	41,765	-
Amount due from related party	<u>539,820</u>	<u>32,892</u>

During the year, a total of key management personnel compensation of £ 761,887 (2020 - £ 475,229) was paid.

22. ULTIMATE CONTROLLING PARTY

The controlling party is Wise Technology Group Holdings Limited.

The parent undertaking and the Group of which the company was a member during the year and for which group financial statements were prepared was Wise Technology Group Holdings Limited. Copies of the consolidated financial statement can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is Mr D G Hallam by virtue of his shareholdings in Wise Technology Group Holdings Limited

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