

Ab Initio Software Limited

Annual Report and Financial Statements

For the year ended 31 December 2023

Company Registration No. 03895729 (England and Wales)

Ab Initio Software Limited

Company Information

Directors	C Lasser A Parker W Bennett
Company number	03895729
Registered office	3 The Heights Brooklands Weybridge KT13 0NY
Auditor	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP

Ab Initio Software Limited

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Ab Initio Software Limited

Strategic Report

For the year ended 31 December 2023

The directors present the strategic report and financial statements for the year ended 31 December 2023.

The strategic report provides a review of the business for the financial year and describes how to manage risks.

The report outlines the developments and performance of the group during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future.

Key performance indicators are published to show the performance and position of the group.

Review of the business

The group's principal activity continues to be the provision of training to third parties and consultancy services to both third parties and the parent company. Due to a corporate restructuring in 2022, Ab Initio Software Ltd.'s turnover decreased by 15% to £42.7m this year (2022: £50.1m) and net profit after taxation of £4.3m (2022: £5.9m), a decrease of 27%. The restructuring consisted of the disposed of its shareholding in the subsidiary, Ab Initio Software Germany GmbH, which has impacted the UK group's turnover and profit. Please note, however, that the ultimate ownership of Ab Initio Software Germany GmbH remains the same. Overall, the directors are satisfied with the position for the FY2023. The group and company continue to maintain a healthy balance sheet with a strong net asset position. The directors continue to focus on providing a quality service to its clients and are therefore confident that the group will sustain its growth and that profitability will continue for the foreseeable future.

Risks and uncertainties

There are a number of risks and uncertainties which could impact the performance of the company and group. The group operates a risk management process which identifies, evaluates and prioritizes risks and uncertainties and reviews mitigation activity.

As a provider of services, the group is dependent on its human resources. By concentrating time and financial resources on recruitment, training and development programs, the directors hope to minimize the risk of excessive staff movements and loss of key personnel.

The group relies heavily on the supply of software from its US parent company and any delays or interruptions in software development could unfavourably affect the performance of the UK group. However, the group has a sophisticated infrastructure in place to reduce the likelihood of projects being deferred.

The group's principal foreign currency exposures arise from trading with overseas companies. The group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

As with all industry sectors, general economic conditions, customer preference and competitor activity may have an adverse effect on the group's results. However, the mix and diversity of the parent company and group clients should mitigate significant volatility.

Ab Initio Software Limited

Strategic Report (Continued)

For the year ended 31 December 2023

Key performance indicators

	2023	2022	2021	2020	2019	2018
	£m	£m	£m	£m	£m	£m
Turnover	42.7	50.1	38.3	40.5	39.7	34.2
Net profit	4.1	6.3	3.7	4.2	4.1	3.8
Net assets	47.6	43.5	37.1	33.5	29.3	25.1
Cash	40.5	3.0	2.8	2.0	1.5	1.5
Headcount	156	157	165	157	138	124

Despite the corporate restructuring with the disposal of the UK group's shareholding in Ab Initio Software Germany GmbH in 2022, the group turnover has increased from £34.2 in 2018 to £42.7m in 2023 which is a 25% growth across 6 years. This is due to an increase in the demand to provide services to group entities as well as increased consulting work for third parties. This is driven by an increase in headcount from 124 to 156.

Section 172 Statement

The Directors are aware of their statutory duty to promote the success of the Company, as set out in Section 172 of the Companies Act 2006. This duty underpins the Board's decision-making processes and the Group's strategic direction, with due consideration given to the long-term impact of its decisions upon on shareholders, employees, customers and wider stakeholders.

The directors decision making process considers both risk and reward in pursuit of delivering long term value for all our stakeholders and protecting their interests. Awareness and understanding of the current and potential risks to the business, including both financial and non-financial risks, are fundamental to how we manage the business. Further information on risks is provided above.

The directors are committed to acting fairly and operating to high standards of business conduct both a company and also in the wider context of all of its stakeholders.

On behalf of the board

A Parker
Director

9 September 2024

Ab Initio Software Limited

Directors' Report

For the year ended 31 December 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

See the strategic report for details of future developments and risk management.

Branches

The company has branches in Australia and Indonesia.

Results and dividends

The results for the year are set out on page 11.

The directors do not recommend payment of an ordinary dividend.

Directors

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

C Lasser
A Parker
W Bennett

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Ab Initio Software Limited

Directors' Report (Continued)

For the year ended 31 December 2023

Energy and carbon report

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ('the 2018 Regulations') came into force on 1 April 2019 and the year ended 31 December 2023 is the fourth year application for Ab Initio Software Limited. The company has taken steps to better understand the environmental impacts of its operations and has measured the company's carbon footprint.

Emissions Sources

Emissions are grouped according to the GHG Protocol Corporate Standard.

Scope 1 emissions are direct emissions associated with fuel use, process, or fugitive emissions. Ab Initio does not own any company vehicles and its not directly responsible for gas-fired boilers or process emissions. The office has an on site generator; however it did not operate in the reporting year or the preceding year. There are also air-conditioning units serving the office space, maintenance records show no top ups of refrigerant in the reporting year or preceding year.

Scope 2 emissions are indirect emissions resulting of purchased electricity. The UK Ab Initio office electricity useage was 167.4MWh for the reporting year (99.5MWh for proceeding year).

Scope 3 emissions are indirect emissions resulting from other business operations. In this year's report, the reported scope 3 emissions include air travel, vehicle mileage, and the transmission and distribution emissions associated with purchases electricity.

Totals

The total consumption (MWh)2 figures for energy supplies reportable by the company are as follows:

	2023	2022
• Electricity purchased and consumed	167.4	99.5
• Transport-related energy	98.3	76.4

The total emission (tCO2e) figures for energy supplies reportable by the company are as follows:

Scope 1	2023	2022
• Emissions from the operation of facilities (refrigerant gas)	0	0
• Emissions from on-site generator	0	0
Scope 2	2023	2022
• Emissions from UK purchased electricity (location-based)	34.7	19.2
Scope 3	2023	2022
• Emissions from business travel	405.7	405.4
• Emissions from transmission & distribution of purchased electricity	3.0	1.8

Ab Initio Software Limited

Directors' Report (Continued)

For the year ended 31 December 2023

Intensity Metric

Intensity metrics are calculated using total revenue (per £m) and the number of Full-Time Equivalent (FTE) employees at the end of the reporting period.

The energy consumption intensity metrics for the company are as follows:

	2023	2022
Energy use per £m of revenue (MWh/£m)	6.1	3.5
Energy use per full-time equivalent employees (MWh/number of FTE employees)	1.7	1.1

The greenhouse gas intensity metrics for the company are as follows:

	2023	2022
Emissions use per £m of revenue (tCO ₂ e/£m)	10.3	8.5
Emissions per full-time equivalent employees (tCO ₂ e/number of FTE employees)	2.9	2.7

Methodology

We have followed the 2019 UK Government Environmental Reporting Guidelines, the GHG protocol Value Chain (Scope 3) Standard and applied the UK Government Conversion Factors for greenhouse gas emission reporting. We have used the operational control approach. Intensity metrics are calculated using total revenue (per £m) and the number of Full-time Equivalent (FTE) employees at the end of the reporting period.

~~Measures taken to improve energy efficiency~~
With the return to normal activity as Covid-related restricted have been lifted, the overall carbon emission has increased from 2022 to 2023. However, the level of business travel is still lower than the pre-pandemic levels as the directors continue to encourage employees to use video conferencing as much as possible, rather than flying to events and meetings.

Other initiatives include regulating the use of electricity once the office is closed for the day, such as ensuring lights and HVAC (Heating, Ventilation and Air Conditioning) units are turned off at the end of the day and installing energy efficient lighting. Electric vehicle charging points have recently been installed at the office to encourage employees to travel to the office in an electric vehicle.

Statement of directors' responsibilities

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

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

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

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

Ab Initio Software Limited

Directors' Report (Continued)

For the year ended 31 December 2023

Statement of disclosure to auditor

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

On behalf of the board

A Parker
Director

9 September 2024

Ab Initio Software Limited

Independent Auditor's Report

To the Members of Ab Initio Software Limited

Opinion

We have audited the financial statements of Ab Initio Software Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and the parent company's affairs as at 31 December 2023 and of the group's 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Ab Initio Software Limited

Independent Auditor's Report (Continued)

To the Members of Ab Initio Software Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Responsibilities of directors

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

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

Ab Initio Software Limited

Independent Auditor's Report (Continued)

To the Members of Ab Initio Software Limited

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ab Initio Software Limited

Independent Auditor's Report (Continued)

To the Members of Ab Initio Software Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party 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.

Andrew Grieve (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

10 September 2024

Chartered Accountants
Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

Ab Initio Software Limited

Group Statement of Comprehensive Income

For the year ended 31 December 2023

		2023	2022
	Notes	£	£
Turnover	3	42,732,104	50,132,961
Cost of sales		(4,940,172)	(4,430,414)
		<hr/>	<hr/>
Gross profit		37,791,932	45,702,547
Administrative expenses		(33,023,583)	(38,806,991)
		<hr/>	<hr/>
Operating profit	4	4,768,349	6,895,556
Interest receivable and similar income	8	1,198,053	670,877
Interest payable and similar expenses		-	(29,850)
Other income	9	-	620,508
		<hr/>	<hr/>
Profit before taxation		5,966,402	8,157,091
Tax on profit	10	(1,664,741)	(2,213,437)
		<hr/>	<hr/>
Profit for the financial year		4,301,661	5,943,654
Other comprehensive income			
Currency translation differences		(165,895)	391,818
		<hr/>	<hr/>
Total comprehensive income for the year		4,135,766	6,335,472
		<hr/> <hr/>	<hr/> <hr/>

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

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

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Ab Initio Software Limited

Group Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Tangible assets	11		944,351		922,297
Current assets					
Debtors	14	19,935,308		52,310,312	
Cash at bank and in hand		40,524,730		3,009,235	
		<u>60,460,038</u>		<u>55,319,547</u>	
Creditors: amounts falling due within one year	15	<u>(13,200,985)</u>		<u>(11,934,206)</u>	
Net current assets			47,259,053		43,385,341
Total assets less current liabilities			48,203,404		44,307,638
Creditors: amounts falling due after more than one year	16		<u>(600,000)</u>		<u>(840,000)</u>
Net assets			<u>47,603,404</u>		<u>43,467,638</u>
Capital and reserves					
Called up share capital	19		1		1
Profit and loss reserves			47,603,403		43,467,637
Total equity			<u>47,603,404</u>		<u>43,467,638</u>

The financial statements were approved by the board of directors and authorised for issue on 9 September 2024 and are signed on its behalf by:

A Parker
Director

Ab Initio Software Limited

Company Balance Sheet

As at 31 December 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11	538,724		433,556	
Investments	12	5,055		5,055	
		<u>543,779</u>		<u>438,611</u>	
Current assets					
Debtors	14	19,510,623	51,833,122		
Cash at bank and in hand		39,697,642	2,031,567		
		<u>59,208,265</u>	<u>53,864,689</u>		
Creditors: amounts falling due within one year	15	<u>(18,247,883)</u>	<u>(16,104,749)</u>		
Net current assets		<u>40,960,382</u>		<u>37,759,940</u>	
Total assets less current liabilities		<u>41,504,161</u>		<u>38,198,551</u>	
Creditors: amounts falling due after more than one year	16	<u>(600,000)</u>	<u>(840,000)</u>		
Net assets		<u><u>40,904,161</u></u>		<u><u>37,358,551</u></u>	
Capital and reserves					
Called up share capital	19	1	1		
Profit and loss reserves		40,904,160	37,358,550		
Total equity		<u><u>40,904,161</u></u>		<u><u>37,358,551</u></u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £3,660,010 (2022 - £8,315,610 profit).

The financial statements were approved by the board of directors and authorised for issue on 9 September 2024 and are signed on its behalf by:

A Parker
Director

Company Registration No. 03895729 (England and Wales)

Ab Initio Software Limited

Group Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2022	1	37,132,165	37,132,166
Year ended 31 December 2022:			
Profit for the year	-	5,943,654	5,943,654
Other comprehensive income:			
Currency translation differences	-	391,818	391,818
Total comprehensive income for the year	-	6,335,472	6,335,472
Balance at 31 December 2022	1	43,467,637	43,467,638
Year ended 31 December 2023:			
Profit for the year	-	4,301,661	4,301,661
Other comprehensive income:			
Currency translation differences	-	(165,895)	(165,895)
Total comprehensive income for the year	-	4,135,766	4,135,766
Balance at 31 December 2023	1	47,603,403	47,603,404

Ab Initio Software Limited

Company Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2022	1	28,951,901	28,951,902
Year ended 31 December 2022:			
Profit for the year	-	8,315,610	8,315,610
Other comprehensive income:			
Currency translation differences	-	91,039	91,039
Total comprehensive income for the year	-	8,406,649	8,406,649
Balance at 31 December 2022	1	37,358,550	37,358,551
Year ended 31 December 2023:			
Profit for the year	-	3,660,010	3,660,010
Other comprehensive income:			
Currency translation differences	-	(114,400)	(114,400)
Total comprehensive income for the year	-	3,545,610	3,545,610
Balance at 31 December 2023	1	40,904,160	40,904,161

Ab Initio Software Limited

Group Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023		2022	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23	38,750,682		939,609	
Interest paid		-		(29,850)	
Income taxes paid		(1,780,124)		(1,422,274)	
Net cash inflow/(outflow) from operating activities		36,970,558		(512,515)	
Investing activities					
Purchase of tangible fixed assets		(518,685)		(173,087)	
Proceeds from disposal of tangible fixed assets		31,466		9,537	
Proceeds from disposal of investments		-		473,885	
Interest received		1,198,053		-	
Net cash generated from investing activities		710,834		310,335	
Net increase/(decrease) in cash and cash equivalents		37,681,392		(202,180)	
Cash and cash equivalents at beginning of year		3,009,235		2,819,597	
Effect of foreign exchange rates		(165,897)		391,818	
Cash and cash equivalents at end of year		40,524,730		3,009,235	

Ab Initio Software Limited

Notes to the Financial Statements

For the year ended 31 December 2023

1 Accounting policies

Company information

Ab Initio Software Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is 3 The Heights, Brooklands, Weybridge, Surrey, KT13 ONY. The business address is 3 The Heights, Brooklands, Weybridge, Surrey, KT13 ONY.

The Group consists of Ab Initio Software Limited and its wholly owned subsidiaries.

1.1 Accounting convention

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

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

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

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

All financial statements are made up to 31 December 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions and balances between group companies are eliminated on consolidation.

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

1 Accounting policies

(Continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The group's ongoing principal activity continues to be the provision of training services to third parties and consultancy services to its parent entity, Ab Initio Software LLC. The group's principal risks are therefore closely linked to those of the parent entity and it is consequently exposed to the parent entity's willingness and capacity to provide financial support. Ab Initio Software LLC has operated successfully for many years and has demonstrated its commitment to the long-term success of the group and view it as a critical component of its overall business strategy. The Directors have reviewed the financial standing of the parent entity and are confident it is able to continue supporting the business. The parent entity has confirmed it will continue to support the company for at least 12 months from the date of approval of the audit report on the financial statements.

1.4 Turnover

Turnover represents the fair value of consultancy and training services provided during the period to clients. Turnover is recognised as contract activity progresses and the right to consideration is earned. Fair value reflects the amount expected to be recoverable from clients and is based on services provided and expenses incurred, but excludes VAT.

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

1.5 Tangible fixed assets

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

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

Short leasehold land and buildings	Over the period of the lease
Fixtures, fittings and equipment	Over 7, 5, 4 or 3 years at 14.3%, 20%, 25% or 33.3% per annum respectively on a straight line basis

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

1.6 Fixed asset investments

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

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

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

1 Accounting policies (Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.8 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.9 Debtors and creditors

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans and other debtors receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors and other current creditors payable on demand are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.10 Taxation

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

Current tax

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

Deferred tax

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

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

1.11 Employee benefits

Bonuses arise during the course of the year based on entitlement criteria. The cost is recognised once criteria are met and an obligation exists.

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

1 Accounting policies

(Continued)

1.12 Retirement benefits

The group contributes to a group pension scheme and government schemes for certain employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.14 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All of these differences are taken to the profit and loss account. The profit and loss accounts of overseas operations are translated into sterling at average rates. The balance sheets of overseas operations are translated into sterling at the closing rates. Material exchange differences arising from translation of the results of overseas operations are recorded as movements on reserves.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Bonus Accrual

Accruals are recognised as a liability at the point at which an economic outflow arising from past events is probable and can be measured reliably. In the case of bonuses payable to staff this can be a known legal obligation, the probable interpretation of local law or a constructive obligation arising from historic patterns of payment giving rise over the passage of time to an expectation.

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

3 Turnover and other revenue

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

	2023	2022
	£	£
Turnover analysed by class of business		
Rendering of services	41,414,417	46,801,000
Consulting income	1,317,687	3,331,961
	<u>42,732,104</u>	<u>50,132,961</u>

	2023	2022
	£	£
Turnover analysed by geographical market		
North America	41,863,166	48,724,843
UK	212,926	31,763
Rest of Europe	325,413	209,185
Rest of the world	330,599	1,167,170
	<u>42,732,104</u>	<u>50,132,961</u>

	2023	2022
	£	£
Other revenue		
Interest income	1,198,053	670,877
	<u>1,198,053</u>	<u>670,877</u>

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(277,626)	433,509
Depreciation of owned tangible fixed assets	453,480	492,087
Loss on disposal of tangible fixed assets	11,685	573
Operating lease charges	1,720,920	1,395,262
	<u>1,888,059</u>	<u>2,321,431</u>

5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	45,000	42,000
	<u>45,000</u>	<u>42,000</u>

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

6 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Administration	22	24	20	18
Sales/consultants	134	133	112	100
Total	<u>156</u>	<u>157</u>	<u>132</u>	<u>118</u>

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	23,169,066	23,160,848	20,099,747	18,368,075
Social security costs	3,201,230	3,367,017	2,152,579	2,074,870
Pension costs	894,043	783,499	521,861	423,823
Total	<u>27,264,339</u>	<u>27,311,364</u>	<u>22,774,187</u>	<u>20,866,768</u>

7 Directors' remuneration

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

	2023 £	2022 £
Remuneration for qualifying services	<u>221,231</u>	<u>219,286</u>

8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	1,181,072	-
Interest receivable from group companies	16,981	670,876
Total income	<u>1,198,053</u>	<u>670,876</u>

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

9 Other income	2023	2022
	£	£
Gain on disposal of investment	-	620,508
	<u> </u>	<u> </u>
10 Taxation	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	1,404,503	1,375,720
Adjustments in respect of prior periods	106,074	(191,000)
	<u> </u>	<u> </u>
Total UK current tax	1,510,577	1,184,720
Foreign current tax on profits for the current period	411,323	679,217
Adjustments in foreign tax in respect of prior periods	(11,668)	332,297
	<u> </u>	<u> </u>
Total current tax	1,910,232	2,196,234
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(245,491)	17,203
	<u> </u>	<u> </u>
Total tax charge	1,664,741	2,213,437
	<u> </u>	<u> </u>

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

10 Taxation

(Continued)

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

	2023	2022
	£	£
Profit before taxation	5,966,402	8,157,091
	<u>5,966,402</u>	<u>8,157,091</u>
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 23.50% (2022: 19.00%)</i>	1,402,104	1,549,847
Tax effect of expenses that are not deductible in determining taxable profit	111,495	147,783
Tax effect of income not taxable in determining taxable profit	-	(119,406)
Adjustments in respect of prior years	94,406	364,641
Depreciation on assets not qualifying for tax allowances	36,072	11,027
Other non-reversing timing differences	-	51,785
Effect of overseas tax rates	(20,167)	153,700
Deferred tax adjustments in respect of prior years	1,785	64,416
Other foreign taxes	6,227	-
Other adjustments	(20,509)	-
Remeasurement of deferred tax for changes in tax rates	53,328	(10,356)
	<u>1,664,741</u>	<u>2,213,437</u>
Taxation charge	1,664,741	2,213,437

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

11 Tangible fixed assets

Group	Short leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2023	2,740,926	1,418,144	4,159,070
Additions	244,941	273,744	518,685
Disposals	-	(175,567)	(175,567)
At 31 December 2023	<u>2,985,867</u>	<u>1,516,321</u>	<u>4,502,188</u>
Depreciation and impairment			
At 1 January 2023	2,241,413	995,360	3,236,773
Depreciation charged in the year	258,235	195,245	453,480
Eliminated in respect of disposals	-	(132,416)	(132,416)
At 31 December 2023	<u>2,499,648</u>	<u>1,058,189</u>	<u>3,557,837</u>
Carrying amount			
At 31 December 2023	<u>486,219</u>	<u>458,132</u>	<u>944,351</u>
At 31 December 2022	<u>499,513</u>	<u>422,784</u>	<u>922,297</u>

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

11 Tangible fixed assets (Continued)

Company	Short leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2023	1,774,768	1,042,373	2,817,141
Additions	244,941	185,234	430,175
Disposals	-	(165,887)	(165,887)
At 31 December 2023	<u>2,019,709</u>	<u>1,061,720</u>	<u>3,081,429</u>
Depreciation and impairment			
At 1 January 2023	1,642,407	741,178	2,383,585
Depreciation charged in the year	154,618	127,238	281,856
Eliminated in respect of disposals	-	(122,736)	(122,736)
At 31 December 2023	<u>1,797,025</u>	<u>745,680</u>	<u>2,542,705</u>
Carrying amount			
At 31 December 2023	<u>222,684</u>	<u>316,040</u>	<u>538,724</u>
At 31 December 2022	<u>132,361</u>	<u>301,195</u>	<u>433,556</u>

12 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	13	-	-	5,055	5,055

Movements in fixed asset investments

Company	Shares in subsidiaries £
Cost or valuation	
At 1 January 2023 and 31 December 2023	5,055
Carrying amount	
At 31 December 2023	<u>5,055</u>
At 31 December 2022	<u>5,055</u>

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Ab Initio Software S.A.R.L	1 rue Danton, 75 006 Paris, France	Software Consultancy	Ordinary	100	0

The results and balances of the wholly owned subsidiary has been included in the financial statements.

Due to a corporate restructuring, as of 1 July 2022, Ab Initio Software Limited disposed of its shareholding in the subsidiary, Ab Initio Software Germany GmbH. The disposal was for 100% of the 25,000 ordinary shares of 1€ each held at the balance sheet date, for total consideration of €550,000. The ultimate ownership of Ab Initio Software Germany GmbH remains the same. Included in 2022 year financial statements are profits of £149,909 arising from the company's interests in Ab Initio Software GmbH up to the date of its disposal.

14 Debtors

	Group		Company	
	2023	2022	2023	2022
Amounts falling due within one year:	£	£	£	£
Trade debtors	1,059,521	1,129,642	1,044,527	1,020,861
Amounts owed by group undertakings	15,703,639	47,914,949	15,630,434	47,914,949
Other debtors	2,102,693	1,489,214	1,904,658	1,304,099
Prepayments and accrued income	777,930	1,730,473	639,479	1,547,179
	<u>19,643,783</u>	<u>52,264,278</u>	<u>19,219,098</u>	<u>51,787,088</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 17)	<u>291,525</u>	<u>46,034</u>	<u>291,525</u>	<u>46,034</u>
Total debtors	<u>19,935,308</u>	<u>52,310,312</u>	<u>19,510,623</u>	<u>51,833,122</u>

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

15 Creditors: amounts falling due within one year

	Group 2023	2022	Company 2023	2022
Notes	£	£	£	£
Trade creditors	721,592	411,047	685,533	352,424
Amounts owed to group undertakings	-	1,369,978	7,469,996	8,232,465
Corporation tax payable	1,225,943	1,095,835	1,233,835	1,100,260
Other taxation and social security	1,355,955	1,321,146	579,601	479,795
Deferred income	808,061	240,000	742,113	240,000
Other creditors	5,014	18,723	4,508	4,197
Accruals	9,084,420	7,477,477	7,532,297	5,695,608
	<u>13,200,985</u>	<u>11,934,206</u>	<u>18,247,883</u>	<u>16,104,749</u>

16 Creditors: amounts falling due after more than one year

	Group 2023	2022	Company 2023	2022
Notes	£	£	£	£
Deferred income	600,000	840,000	600,000	840,000
	<u>600,000</u>	<u>840,000</u>	<u>600,000</u>	<u>840,000</u>

17 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group and company	Assets 2023	Assets 2022
	£	£
Accelerated capital allowances	(44,754)	(29,553)
Short term timing differences	336,279	75,587
	<u>291,525</u>	<u>46,034</u>

18 Retirement benefit schemes

Defined contribution schemes	2023	2022
	£	£
Charge to profit or loss in respect of defined contribution schemes	894,043	783,499
	<u>894,043</u>	<u>783,499</u>

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

18 Retirement benefit schemes

(Continued)

The company contributes to a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the company. The company contributes a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company with respect to the scheme is to make the specified contributions.

Government schemes

The group contributes to government schemes for certain employees. The assets of the schemes are held separately from those of the group in government administered funds.

For the company the pension cost charge represents contributions payable by the company to a scheme on behalf of Australian and UK employees of £521,861 (2022: £423,823).

For the group the pension cost charge includes contributions payable by the group to government schemes of £894,043 (2022: £783,499). Contributions totalling £91,127 (2022: £91,127) were payable to the schemes at the year end and are included in creditors.

19 Share capital

Group and company

	2023	2022	2023	2022
Ordinary share capital Issued and fully paid	Number	Number	£	£
Ordinary share of £1 each	1	1	1	1

20 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties.

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

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Within one year	1,575,428	586,702	1,189,874	164,409
Between two and five years	4,537,414	1,585,159	3,039,912	-
In over five years	184,662	792,588	-	-
	<u>6,297,504</u>	<u>2,964,449</u>	<u>4,229,786</u>	<u>164,409</u>

21 Related party transactions

Transactions with related parties

Ab Initio Software Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

21 Related party transactions

(Continued)

Under FRS102 - Related party disclosures, the company has taken advantage of the exemption for transactions and balances which are fully eliminated within the consolidated accounts. Accordingly, the transactions between subsidiary undertakings are not disclosed separately.

The company has taken advantage of the exemption from disclosing transactions with members within a wholly owned group.

22 Controlling party

The parent company is Ab Initio Software LLC (2022: Ab Initio Software LLC), a company registered in the United States of America. The ultimate controlling party is S Handler (2022: S Handler) by virtue of their control of Ab Initio Software LLC.

23 Cash generated from group operations

	2023	2022
	£	£
Profit for the year after tax	4,301,661	5,943,654
Adjustments for:		
Taxation charged	1,664,741	2,213,437
Finance costs	-	29,850
Investment income	(1,198,053)	(670,877)
Loss on disposal of tangible fixed assets	11,685	573
Depreciation and impairment of tangible fixed assets	453,482	502,796
Other gains and losses	-	(620,508)
Movements in working capital:		
Decrease/(increase) in debtors	32,620,495	(8,572,517)
Increase in creditors	568,610	1,273,201
Increase in deferred income	328,061	840,000
Cash generated from operations	<u>38,750,682</u>	<u>939,609</u>

24 Analysis of changes in net funds - group

	1 January 2023	Cash flows	Exchange rate	31 December
	£	£	movements	2023
	£	£	£	£
Cash at bank and in hand	<u>3,009,235</u>	<u>37,681,392</u>	<u>(165,897)</u>	<u>40,524,730</u>

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.