

MAGNITUDE SOFTWARE UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

MAGNITUDE SOFTWARE UK LIMITED

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MAGNITUDE SOFTWARE UK LIMITED

COMPANY INFORMATION

Directors	J Triandiflou D Woodworth
Registered number	03426103
Registered office	3rd Floor 1 Ashley Road Altrincham Cheshire United Kingdom WA14 2DT
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

MAGNITUDE SOFTWARE UK LIMITED**BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	5	6,197	74,280
Current assets			
Debtors: amounts falling due after more than one year	6	-	152,710
Debtors: amounts falling due within one year	6	8,487,794	7,155,476
Cash at bank and in hand		135,144	138,371
		<u>8,622,938</u>	<u>7,446,557</u>
Creditors: amounts falling due within one year	7	(1,133,762)	(1,277,979)
Net current assets		<u>7,489,176</u>	<u>6,168,578</u>
Total assets less current liabilities		<u>7,495,373</u>	<u>6,242,858</u>
Creditors: amounts falling due after more than one year	8	(5,960)	(9,450)
Provisions for liabilities			
Other provisions	9	-	(95,030)
		<u>-</u>	<u>(95,030)</u>
Net assets		<u><u>7,489,413</u></u>	<u><u>6,138,378</u></u>
Capital and reserves			
Called up share capital	10	25,154,269	25,154,269
Share premium account		630,497	630,497
Other reserves		5,904,382	5,904,382
Profit and loss account		(24,199,735)	(25,550,770)
Total equity		<u><u>7,489,413</u></u>	<u><u>6,138,378</u></u>

MAGNITUDE SOFTWARE UK LIMITED

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

D Woodworth

Director

Date:31 January 2023

The notes on pages 4 to 13 form part of these financial statements.

MAGNITUDE SOFTWARE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Magnitude Software UK Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is 3rd Floor 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

The financial statements are presented in Sterling (£). Monetary amounts in these financial statements are rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue

Revenue from sales of perpetual software licences is recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered reasonably assured. In instances where a significant vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. Maintenance fees are recognised over the period of the contract. Professional services, such as implementation, training and consultancy, are recognised when the services are performed.

MAGNITUDE SOFTWARE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- over the length of the lease
Office equipment	- 33% straight line
Computer equipment	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

MAGNITUDE SOFTWARE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and intercompany working capital balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, 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 payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

MAGNITUDE SOFTWARE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.7 Share capital

Ordinary shares are classified as equity.

2.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

MAGNITUDE SOFTWARE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 Operating leases: the company as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

2.10 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.11 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.12 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

MAGNITUDE SOFTWARE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Deferred tax

The company has estimated tax losses of £8.2m (2020: £9.4m) to carry forward against future trading profits of the same trade. This represents a maximum deferred tax asset at prevailing corporation tax rates of £1.6m (2020: £1.8m).

The directors have recognised a deferred tax asset in the sum of £332k (2020: £246k) utilising losses of £1.7m (2020: £1.3m). This leaves a remaining potential deferred tax asset of £1.2m (2020: £1.5m).

In determining the valuation of the deferred tax asset, the directors made reference to the results achieved subsequent to the year end. They have not recognised a deferred tax asset for anticipated profits after the period covered by the latest internal management accounts on the grounds that the profitability levels are more uncertain.

The exact reversal of the brought forward tax losses is wholly dependent on future events, which can not be foreseen, and the timings of the reversal are subject to change which could materially impact the utilisation of the tax losses.

MAGNITUDE SOFTWARE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. Employees

The average monthly number of employees, including directors, during the year was 6 (2020 - 16).

5. Tangible fixed assets

	Land and buildings £	Other fixed assets £	Total £
Cost			
At 1 January 2021	155,999	255,374	411,373
Additions	-	6,439	6,439
Disposals	(155,999)	(255,374)	(411,373)
At 31 December 2021	-	6,439	6,439
Depreciation			
At 1 January 2021	107,899	229,194	337,093
Charge for the year	5,938	18,973	24,911
Disposals	(113,837)	(247,925)	(361,762)
At 31 December 2021	-	242	242
Net book value			
At 31 December 2021	-	6,197	6,197
At 31 December 2020	48,100	26,180	74,280

MAGNITUDE SOFTWARE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	-	152,710
	<u> </u>	<u> </u>
Due within one year		
Trade debtors	453,957	759,278
Amounts owed by group undertakings	7,539,315	5,884,696
Other debtors	144,198	163,290
Prepayments and accrued income	18,171	101,658
Deferred taxation	332,153	246,554
	<u> </u>	<u> </u>
	<u>8,487,794</u>	<u>7,155,476</u>

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

7. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	92,395	21,316
Amounts owed to group undertakings	-	3,507
Other taxation and social security	67,653	156,653
Other creditors	27	75,128
Accruals and deferred income	973,687	1,021,375
	<u> </u>	<u> </u>
	<u>1,133,762</u>	<u>1,277,979</u>

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

8. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Accruals and deferred income	<u>5,960</u>	<u>9,450</u>

MAGNITUDE SOFTWARE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9. Provisions

	Property provisions £
At 1 January 2021	95,030
Utilised in the year	(95,030)
At 31 December 2021	-

Provisions related to the leasehold property at Apex Yard. These were in relation to the early exit of the property by Magnitude Software UK Limited and the expected dilapidation costs at the end of the lease.

10. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
25,154,269 (2020 - 25,154,269) Ordinary shares of £1.00 each	<u>25,154,269</u>	<u>25,154,269</u>

11. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £20,925 (2020 - £22,412). Contributions totalling £3,814 (2020 - £300) were payable to the fund at the balance sheet date and are included in creditors.

12. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	<u>19,460</u>	<u>120,000</u>

13. Controlling party

The smallest group for which consolidated financial statements are drawn up is headed by Magnitude Software Inc whose registered office is 8529 Six Forks Rd Unit 400, Raleigh, NC 27615, United States of America. These consolidated financial statements are not available to the public.

MAGNITUDE SOFTWARE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

15. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 1 February 2023 by Simon Rothenberg (senior statutory auditor) on behalf of Blick Rothenberg Audit LLP.

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.