

COMPANY REGISTRATION NUMBER: 09492371

**Patsnap (UK) Ltd**

**Annual Report and Financial Statements**

**for the year ended  
31 December 2021**

WEDNESDAY



\*ABJD20ND\*

A20

21/12/2022

#138

COMPANIES HOUSE

## **Patsnap (UK) Ltd**

### **Officers and Professional Advisers**

---

<b>Directors</b>	Edmund Kin Kwong Yong Jeffrey Jee Hui Tiong
<b>Registered number</b>	09492371
<b>Registered office</b>	Building 3 Chiswick Business Park 566 Chiswick High Road London  United Kingdom W4 5YA
<b>Auditors</b>	Ernst & Young LLP 400 Capability Green Luton LU1 3LU United Kingdom
<b>Bankers</b>	Silicon Valley Bank Alphabeta 14-18 Finsbury Square United Kingdom  HSBC 60 Queen Victoria Street London United Kingdom EC4N 4TR

**Patsnap (UK) Ltd**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2021**

---

<b>Contents</b>	<b>Page</b>
Strategic Report	1
Directors' report	3
Statement of directors' responsibilities	5
Independent auditor's report	6
Income statement	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12

---

## **Patsnap (UK) Ltd**

### **Strategic Report**

**For the year ended 31 December 2021**

---

#### **Principal activities**

The Company's principal activity during the year were the provision of intellectual property data search and analytical services through the sale of software licenses.

#### **Review of the business**

The Company has made a Loss for the year of £2,595,246 (2020: Profit of £3,675,686).

The Company is focused on achieving sustainable sales growth rates by expanding its operations and customer base throughout UK, Europe and North America. The Loss in year end December 2021 was primarily due to further investment in overseas headcount and continuing to hire top class talent to deliver best sales performance.

#### **Key performance indicators**

The key performance indicator for the company is revenue.

Revenue in 2021 was £26.5m (2020: £25.2m) with the increase arising due to the focus in sales throughout UK, Europe and North America.

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

The business continues to face competition from larger and more established market participants in the intellectual property and patent analysis market.

The company will continue to use the Group developed product which is a world class tool for research and development and at UK level extensive investment is being made in hiring world class talent in sales, marketing and support functions to be able to deliver sales as per the expectations from investors.

#### **Personnel risks**

The business continues to recognise the need to attract and retain quality staff in all areas on which the success of business is directly dependent upon. Patsnap continues to invest in sourcing the best talent across the offices it operates through a mixture of in house talent search team and also consider use of external recruitment agencies when needed.

#### **Currency risks**

The business is exposed to foreign exchange risk as the majority of the customer receipts are in foreign currency such as US Dollar and Euro. These are regularly converted to GB Pounds to enable the company to fulfil the expenses commitment based in the UK. Management do not deem hedging to be a suitable risk management strategy due to the size of the immaterial foreign exchange costs on the Company.

#### **Brexit related risk**

The Company hasn't been materially affected by Brexit, with the day to day operations continuing as normal. Our in-house Legal department continue to monitor the legal situation associated with Brexit and advise the senior management team on any Brexit related change in regulations that might affect the company in any way – however, to date there has been no material impact.

## **Patsnap (UK) Ltd**

### **Strategic Report**

**For the year ended 31 December 2021**

---

#### **Cash flow risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

#### **Credit risk**

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for expected credit losses. The amount of expected credit losses are updated at each reporting date to reflect changes in credit risk since initial recognition of the respective balances. See financial instruments below for more detail.

#### **Liquidity risk**

The Company does not have any external debt or facilities and in order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments uses intercompany finance.

#### **Foreign exchange risk**

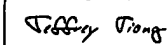
The Company has contracts with customers denominated in currencies other than its functional currency being mainly USD, EUR and CAD with the Company assuming the foreign currency risk. Management do not deem hedging to be a suitable risk management strategy due to the size of the foreign exchange risk on the Company.

#### **Future developments**

The objective of the Company is to achieve sustainable growth rates that out-perform the market. The business will continue to expand on an opportunistic basis, both increasing presence in established territories and opening offices in new territories. The Senior Management team meets on a regular basis to review the business performance and both respond to any risks identified and assess opportunities to continue growth.

Approved by the Board and signed on its behalf by:

DocuSigned by:



CBDB343CB5744A5..

Mr Jeffrey Jee Hui Tiong  
Director

Date: 16/12/2022

## **Patsnap (UK) Ltd**

### **Directors' report**

#### **For the year ended 31 December 2021**

---

The directors present their annual report and the audited financial statements on the affairs of Patsnap (UK) Ltd ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2021.

#### **Events after the balance sheet date**

Details of significant events after the balance sheet date are disclosed in note 19 to the financial statements.

#### **Directors**

The Directors who served the company during the year and to the date of this report were as follows:

Mr Edmund Kin Kwong Yong  
Mr Jeffrey Jee Hui Tiong

#### **Directors Indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

#### **Dividends**

The Directors do not recommend the payment of a dividend (2020: £nil)

#### **Going Concern**

The financial statements have been prepared using the going concern basis of accounting.

Patsnap (UK) Limited has continued to perform well in 2021 and increased revenue over last year. The company has forecasted to grow revenue in the upcoming year and also for the year ending December 2023. The company continues to invest in expanding its operations and customer base throughout the UK, Europe and North America. The loss in the year was primarily due to further investment in overseas headcount and continuing to hire top class talent. Senior Management continues to regularly monitor performance through Key performance indicators and make informed decisions to ensure Patsnap (UK) Ltd continue to operate on going concern basis. Any risks are highlighted and dealt with accordingly.

Cash in hand remains healthy and growing month on month. Cash in hand at the end of 2021 was £11,126,268 and £15,807,730 as of 30 November 2022. Management has forecast that the cash generated by revenue activities along with utilising the intercompany balance with the parent company Patsnap Pte Limited is enough to fully cover the expected costs in the period up to 31 December 2023. The intercompany balance hasn't been paid to Patsnap Pte Limited and relates to the royalty charges that are payable to the parent company. Patsnap (UK) Ltd is not expected to pay the intercompany balance in the foreseeable future and has therefore sought and obtained parental support.

The Parent company, Patsnap Pte Limited has confirmed its ability and willingness to provide financial support through a letter of support in case finance injection is needed through the period up to 31 December 2023. Patsnap Limited has SGD 227 million as of 31 December 2021, which establishes its ability to provide a cash injection to Patsnap UK Ltd should the need arise.

After making enquiries and performing the analysis as described above, the directors have a reasonable expectation that the company has adequate resources and continues to be in a good and stable position to continue for the period up to 31 December 2023.

## **Patsnap (UK) Ltd**

### **Directors' report**

**For the year ended 31 December 2021**

---

#### **Auditor**


Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Ernst & Young LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
CBDB343CB57AAA5

Mr Jeffrey Jee Hui Tiong  
Director

Date: 16 | 12 | 2022

## **Patsnap (UK) Ltd**

### **Statement of directors' responsibilities**

#### **For the year ended 31 December 2021**

---

The directors are responsible for preparing the Strategic Report, the Director's 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101).

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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- 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 proper 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

## **Patsnap (UK) Ltd**

### **Independent Auditor's Report to the Members of Patsnap (UK) Ltd**

#### **For the year ended 31 December 2021**

---

##### **Opinion**

We have audited the financial statements of Patsnap (UK) Ltd for the year ended 31 December 2021 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

##### **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 this report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

---

## **Patsnap (UK) Ltd**

### **Independent Auditor's Report to the Members of Patsnap (UK) Ltd (continued)**

#### **For the year ended 31 December 2021**

---

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

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

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

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

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

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

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

##### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

##### ***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 irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

## **Patsnap (UK) Ltd**

### **Independent Auditor's Report to the Members of Patsnap (UK) Ltd (continued)**

**For the year ended 31 December 2021**

---

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS101, the Companies Act 2006) and the relevant tax laws and regulations in the UK. In addition, the Company must comply with laws and regulations relating to its operations, of which the most significant are regulations related to health and safety regulations in the UK, employee matters and data protection.
- We understood how Patsnap (UK) Ltd is complying with those frameworks by making enquiries of management to understand the process in place to maintain and communicate its policies and procedures in these areas and gained an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk. We incorporated data analytics into our testing of journals and into our testing of revenue recognition and cut off. We confirmed a sample of transactions back to source documentation or independent confirmation, ensuring appropriate authorisation of transactions.
- Based on this understanding we designed our audit procedures to identify noncompliance with the laws and regulations. Our procedures involved:
  - Enquiry of management as to any fraud identified or suspected in the period, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the company;
  - Auditing the risk of management override of controls, through testing of a sample of journal entries and other adjustments for appropriateness;
  - Enquiry of management, coupled with testing of journal entries, in order to identify and understand any significant transactions outside of the normal course of business;
  - Challenging the judgements made by management through corroborating the basis for those judgments and considering contradicting evidence; and
  - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

#### **Use of our report**

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

Ernst & Young LLP

Daniel Foster (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Luton

Date: 16/12/22

---

**Patsnap (UK) Ltd****Income statement****For the year ended 31 December 2021**

		2021 £	Restated 2020 £
	<b>Note</b>		
Revenue	4	26,502,561	25,192,079
Cost of sales		(2,467,043)	(2,202,767)
<b>Gross profit</b>		<u>24,035,518</u>	<u>22,989,312</u>
Distribution costs		(1,949,237)	(1,495,402)
Administrative expenses		(24,681,527)	(17,818,224)
<b>Operating (Loss)/Profit</b>		<u>(2,595,246)</u>	<u>3,675,686</u>
Finance costs	8	-	-
<b>(Loss)/Profit before taxation</b>	7	<u>(2,595,246)</u>	<u>3,675,686</u>
Tax	9	-	-
<b>(Loss)/Profit for the year</b>		<u>(2,595,246)</u>	<u>3,675,686</u>

Revenue and operating profit are all derived from continuing operations.

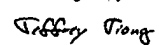
There were no items of other comprehensive income.

**Patsnap (UK) Ltd****Balance sheet****As at 31 December 2021**

	Note	2021 £	Restated 2020 £
<b>Non-current assets</b>			
Property, plant and equipment	10	99,718	77,498
		<u>99,718</u>	<u>77,498</u>
<b>Current assets</b>			
Trade and other receivables	11	4,182,019	3,440,971
Cash and bank balances		11,126,268	8,096,820
		<u>15,308,287</u>	<u>11,537,791</u>
<b>Total assets</b>		<u>15,408,005</u>	<u>11,615,289</u>
<b>Current liabilities</b>			
Trade and other payables	12	(12,477,685)	(8,500,678)
Contract liabilities	13	(11,180,078)	(10,337,678)
		<u>(8,349,476)</u>	<u>(7,300,565)</u>
<b>Net current liabilities</b>		<u>(8,349,476)</u>	<u>(7,300,565)</u>
<b>Total assets less current liabilities</b>		<u>(8,249,758)</u>	<u>(7,223,067)</u>
<b>Non-current liabilities</b>			
Trade and other payables	12	(61,102)	(366,885)
<b>Total liabilities</b>		<u>(23,718,865)</u>	<u>(19,205,241)</u>
<b>Net liabilities</b>		<u>(8,310,860)</u>	<u>(7,589,952)</u>
<b>Equity</b>			
Share capital	14	100	100
Other reserves	15	3,365,618	1,491,280
Profit and loss account	15	(11,676,578)	(9,081,332)
<b>Equity attributable to owners of the Company</b>		<u>(8,310,860)</u>	<u>(7,589,952)</u>

The financial statements of Patsnap (UK) Ltd (registered number 09492371) were approved by the board of directors and authorised for issue on 16/12/2022.

They were signed on its behalf by:

DocuSigned by:  
  
 CBDB343CB57A4A5..

Mr Jeffrey Jee Hui Tiong  
 Director

**Patsnap (UK) Ltd****Statement of Changes in Equity****For the year ended 31 December 2021**

	Called up share capital £	Other reserves £	Restated Profit and loss account £	Restated Total £
<b>At 1 January 2020</b>	<b>100</b>	<b>1,310,050</b>	<b>(12,757,018)</b>	<b>(11,446,868)</b>
Profit for the year	-	-	3,675,686	3,675,686
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3,675,686</b>	<b>3,675,686</b>
Equity-settled share-based payments	-	181,230	-	181,230
<b>At 31 December 2020</b>	<b>100</b>	<b>1,491,280</b>	<b>(9,081,332)</b>	<b>(7,589,952)</b>
Loss for the year	-	-	(2,595,246)	(2,595,246)
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(2,595,246)</b>	<b>(2,595,246)</b>
Equity-settled share-based payments	-	1,874,338	-	1,874,338
<b>At 31 December 2021</b>	<b>100</b>	<b>3,365,618</b>	<b>(11,676,578)</b>	<b>(8,310,860)</b>

## **Patsnap (UK) Ltd**

### **Notes to the Financial Statements (continued)**

#### **For the year ended 31 December 2021**

---

##### **1. General information**

Patsnap (UK) Ltd (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is Building 3 Chiswick, 566 Chiswick High Street, London, Greater London W4 5YA, England. The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 2. These financial statements are presented in pounds sterling which is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Patsnap Pte Ltd. The group accounts of Patsnap Pte Ltd are available to the public and can be obtained as set out in note 20.

##### **2. Significant accounting policies**

###### **Basis of accounting**

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers, impairment of assets and certain related party transactions

Where relevant, equivalent disclosures have been given in the group accounts of Patsnap Pte Ltd, a company incorporated in Singapore.

The financial statements have been prepared on the historical cost basis, except for the balances that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

###### **Going concern**

The financial statements have been prepared using the going concern basis of accounting. The Company's business activities, together with its risks and uncertainties, performance and financial position are set out under the Strategic Report.

Patsnap (UK) Limited has continued to perform well in 2021 and increased revenue over last year. The company has forecasted to grow revenue in the upcoming year and also for the year ending December 2023. The company continues to invest in expanding its operations and customer base throughout the UK, Europe and North America. The loss in the year was primarily due to further investment in overseas headcount and continuing to hire top class talent. Senior Management continues to regularly monitor performance through Key performance indicators and make informed decisions to ensure Patsnap (UK) Ltd continue to operate on going concern basis. Any risks are highlighted and dealt with accordingly.

## **Patsnap (UK) Ltd**

### **Notes to the Financial Statements (continued)**

#### **For the year ended 31 December 2021**

---

#### **2. Significant accounting policies (continued)**

##### **Going concern (continued)**

Cash in hand remains healthy and growing month on month. Cash in hand at the end of 2021 was £11,126,268 and £15,807,730 as of 30 November 2022. Management has forecast that the cash generated by revenue activities along with utilising the intercompany balance with the parent company Patsnap Pte Limited is enough to fully cover the expected costs in the period up to 31 December 2023. The intercompany balance hasn't been paid to Patsnap Pte Limited and relates to the royalty charges that are payable to the parent company. Patsnap (UK) Ltd is not expected to pay the intercompany balance in the foreseeable future and has therefore sought and obtained parental support.

The Parent company, Patsnap Pte Limited has confirmed its ability and willingness to provide financial support through a letter of support in case finance injection is needed through the period up to 31 December 2023. Patsnap Limited has SGD 227 million as of 31 December 2021, which establishes its ability to provide a cash injection to Patsnap UK Ltd should the need arise.

After making enquiries and performing the analysis as described above, the directors have a reasonable expectation that the company has adequate resources and continues to be in a good and stable position to continue for the period up to 31 December 2023.

##### **Revenue**

Patsnap (UK) Ltd provides a cloud based software solution that allows users to search a database of patent and intellectual property. The platform data includes licensing, litigation, economic, patent valuation, image, chemical formula and trademark recognition which is accessible to customers who pay subscription fees. By making patent search and analysis accessible and usable for non-IP experts, Patsnap (UK) Ltd provides customers with a new source of information for use during research which is often not publicly available until a patent is filed. This allows the customer to have a complete picture of the latest developments in patent data which is essential when completing research and development.

Revenue is derived by the Company entering into a set price contract with a customer which allows a certain number of users access for a specified amount of time. Customers can use the software whenever they wish throughout the contract length by logging in with their details. The average length of the contracts is 18 months with Patsnap (UK) Ltd providing technical support if required by the customer. The Company updates the database when new data sets become available but these updates are not promised to the customer in the contract.

As the customer can access the platform, obtain technical support and obtain benefit from updates to the underlying data in the platform throughout the life of the contract, the customer simultaneously receives and consumes the benefits of the contract over the term of the contract and revenue should be recognised evenly over the term of the contract.

## Patsnap (UK) Ltd

### Notes to the Financial Statements (continued)

#### For the year ended 31 December 2021

---

#### 2. Significant accounting policies (continued)

##### Leases

##### *Policy applicable from 1 January 2019*

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

## **Patsnap (UK) Ltd**

### **Notes to the Financial Statements (continued)**

#### **For the year ended 31 December 2021**

---

#### **2. Significant accounting policies (continued)**

##### **Leases (continued)**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the property, plant and equipment line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy below.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

## **Patsnap (UK) Ltd**

### **Notes to the Financial Statements (continued)**

#### **For the year ended 31 December 2021**

---

#### **2. Significant accounting policies (continued)**

##### **Foreign currencies**

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting).

##### **Operating profit**

Operating profit is stated after charging restructuring costs but before investment income and finance costs.

##### **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 profit or loss 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

##### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

## **Patsnap (UK) Ltd**

### **Notes to the Financial Statements (continued)**

#### **For the year ended 31 December 2021**

---

#### **2. Significant accounting policies (continued)**

##### ***Deferred tax (continued)***

The carrying amount of deferred tax assets is reviewed at each reporting 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 based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### ***Current tax and deferred tax for the year***

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

##### ***Property, plant and equipment***

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Fixtures and Fittings	– Over life of the Lease
Right-of-use asset (Land and Buildings)	– Over life of the Lease
Equipment	– Over 3 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## **Patsnap (UK) Ltd**

### **Notes to the Financial Statements (continued)**

#### **For the year ended 31 December 2021**

---

#### **2. Significant accounting policies (continued)**

##### **Impairment of property, plant and equipment and intangible assets**

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## **Patsnap (UK) Ltd**

### **Notes to the Financial Statements (continued)**

#### **For the year ended 31 December 2021**

---

#### **2. Significant accounting policies (continued)**

##### **Financial Instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### **Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

##### **Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

## **Patsnap (UK) Ltd**

### **Notes to the Financial Statements (continued)**

#### **For the year ended 31 December 2021**

---

#### **2. Significant accounting policies (continued)**

##### **Financial instruments (continued)**

The Company always recognises lifetime expected credit losses (ECL) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

##### **Measurement and recognition of expected credit losses**

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the balance sheet.

##### **Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the

## **Patsnap (UK) Ltd**

### **Notes to the Financial Statements (continued)**

#### **For the year ended 31 December 2021**

---

#### **2. Significant accounting policies (continued)**

##### **Financial instruments (continued)**

Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to the profit and loss account.

##### **Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### **Financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

##### **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## **Patsnap (UK) Ltd**

### **Notes to the Financial Statements (continued)**

#### **For the year ended 31 December 2021**

---

#### **2. Significant accounting policies (continued)**

##### **Share-based payments**

Where the Company's parent Company has granted rights to its equity instruments to employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

Where the Company grants to its employees rights to equity instruments of its parent, the Company accounts for such arrangements as cash-settled share-based payment arrangements.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

##### **Distribution costs**

Distribution costs relate to the costs incurred by Patsnap in relation to the process of delivering services to the end user, and therefore the recognition of revenue. These predominately consist of sales commission costs..

#### **3. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 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.

##### **Critical judgements in applying the Group's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

## **Patsnap (UK) Ltd**

### **Notes to the Financial Statements (continued)**

**For the year ended 31 December 2021**

---

#### **3. Critical accounting judgements and key sources of estimation uncertainty (continued)**

##### ***Revenue recognition***

The Company's revenue relates to the provision of licenses which allows customers access to search and analytical services on intellectual properties contained in the software. The Company recognises revenue on a straight-line basis over the life of the contract as the customer has the right to use the specified technology for a period of time and ability obtain ongoing software support services from the Company as required. As a critical judgement, management consider the detailed criteria set out in IFRS15 and in particular whether this straight-line basis approach is appropriate. The performance obligation is during the entire duration of the contract, during which the customer needs to have constant access to the software sold as per the agreed contractual dates.

##### ***Prior year restatement***

In the prior year, an amount of £896k was incorrectly included within deferred revenue and should have been included in Revenue. As such, the prior year balances for both Revenue and contract liabilities have been restated (refer to the face of the income statement and balance sheet and note 13). Bought forward tax losses have been reduced accordingly.

##### ***Key source of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### ***Allowance for doubtful debts***

The Company is in the start-up phase and is growing rapidly with a large number of new customers in the year which has meant that the size and aging of the trade debtor's balance has changed substantially since the prior year. The Directors have made estimates based on the aging profile of the debtors balance and on a customer by customer basis to calculate an allowance for doubtful debts which is the amount of trade debtors which they believe are not collectable. This amount has decreased to £764,641 at 31 December 2021 (2020: £987,199).

##### ***Share based payments***

Members of the business are part of the group managed share based payment scheme. The scheme allows participants to acquire share options and the charge is recognised within these accounts. At the year end this amounted to £1,874,338 (2020: £181,230). The key area of estimation relates to the fair value of the share options at the date of the options being granted to the employees. The group engages a third party to perform this calculation, however due to the nature of the calculation includes an inherent level of estimation.

**Patsnap (UK) Ltd****Notes to the Financial Statements (continued)****For the year ended 31 December 2021****4. Revenue**

An analysis of the Company's revenue by class of business is set out below.

	2021 £	Restated 2020 £
Sale of software licenses	26,502,561	25,192,079

An analysis of the Company's revenue by geographical market is set out below.

	2021 £	2020 £
United Kingdom	3,526,462	3,631,056
Europe	5,725,286	4,903,100
United States	17,229,646	16,595,290
Canada	21,167	62,633
	<u>26,502,561</u>	<u>25,192,079</u>

**5. Auditor's remuneration**

Fees payable to EY LLP for the audit of the Company's annual accounts were £70,000 (2020: £70,000). No non-audit fees were paid in the current year (2020: £nil)

**6. Staff costs**

The average monthly number of employees (including executive directors) was:

	2021 No.	2020 No.
Administrative staff	21	24
Sales staff	74	80
Directors	2	2
	<u>97</u>	<u>106</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021 £	2020 £
Wages and salaries	7,767,572	7,482,295
Social security costs	835,647	850,492
Pension Costs	186,351	195,312
Directors remuneration (note 18)	21,108	50,661
	<u>8,810,678</u>	<u>8,578,760</u>

**Patsnap (UK) Ltd****Notes to the Financial Statements (continued)****For the year ended 31 December 2021****7. Profit before taxation for the year**

Profit before taxation for the year has been arrived at after charging/(crediting):

	2021	2020
	£	£
Depreciation of property, plant and equipment (note 10)	66,061	158,817
Depreciation of Right-of-use assets (note 10)	-	182,589
Foreign exchange losses/(gains)	556,137	254,710
Staff costs (see note 6)	8,810,678	8,578,760
Loss allowance on trade receivables	292,049	236,473
Royalties payable to other group companies (included in Cost of Sales)	2,467,042	2,202,767
Recharge of costs from overseas operations	11,134,187	6,384,737

**8. Finance costs**

	2021	2020
	£	£
Interest on lease liabilities	-	-

**9. Tax**

The standard rate of corporation tax applied to reported profit is 19%.

	2021	2020
	£	£
Corporation Tax	-	-
UK Corporation Tax	-	-

The standard rate of corporation tax applied to reported profit is 19%. The charge for the year can be reconciled to the profit before tax as follows:

**Patsnap (UK) Ltd****Notes to the Financial Statements (continued)****For the year ended 31 December 2021****9. Tax (continued)**

	2021 £	Restated 2020 £
(Loss)/profit before tax	(2,595,246)	3,675,686
Tax at the UK corporation tax rate of 19 per cent (2020: 19 per cent)	(493,097)	698,380
Tax effect of expenses not deductible in determining taxable profit	(368,681)	(48,292)
Change in unrecognised deferred tax assets (losses)	861,778	(650,088)
Tax expense for the year	<u>-</u>	<u>-</u>

The company plan to use brought forward losses from previous years to mitigate the tax liability in 2021. There is therefore no tax expense on the profits in 2021.

As at 31 December 2021, the company has brought forward tax losses of approximately £7,467,074 (2020: Restated £6,668,287) available to carry forward against future profits in future periods. Management have deemed that a deferred tax asset in relation to these losses should not be recognised due to the uncertainty of future profits going forward, particularly in light of Covid-19 and historical performance of the company. Unused tax losses and temporary differences may be carried forward indefinitely.

A UK Corporation tax of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax balance as 31 December 2020 has been calculated at 19%. The UK budget on 3 March 2021 included an announcement that the corporation tax rate will increase to 25% from 1 April 2023 for certain companies. However this increase was not substantively enacted at the balance sheet date, hence 19% has continued to be used.

**10. Property, plant and equipment**

	<u>Right-of-use asset</u>			Total £
	Land and buildings £	Fixtures and fittings £	Equipment £	
<b>Cost</b>				
At 1 January 2021	928,857	262,468	921,271	2,112,596
Additions	-	-	88,281	88,281
Disposals	(928,857)	(262,468)	-	(1,191,325)
<b>At 31 December 2021</b>	<u>-</u>	<u>-</u>	<u>1,009,552</u>	<u>1,009,552</u>
<b>Depreciation</b>				
At 1 January 2021	928,857	262,468	843,773	2,035,098
Charge for the year	-	-	66,061	66,061
Disposals	(928,857)	(262,468)	-	(1,191,325)
<b>At 31 December 2021</b>	<u>-</u>	<u>-</u>	<u>909,834</u>	<u>909,834</u>
<b>Carrying amount</b>				
At 31 December 2021	<u>-</u>	<u>-</u>	<u>99,718</u>	<u>99,718</u>
At 31 December 2020	<u>-</u>	<u>-</u>	<u>77,498</u>	<u>77,498</u>

**Patsnap (UK) Ltd****Notes to the Financial Statements (continued)****For the year ended 31 December 2021****10. Property, plant and equipment (continued)****Right-of-use assets**

The Company has no lease remaining as at 31 December 2021.

	2021 £	2020 £
<b>Amounts recognised in profit and loss</b>		
Depreciation expense on right-of-use assets	-	182,589
Interest expense on lease liabilities	-	-
	<u>          </u>	<u>          </u>

**11. Trade and other receivables**

Amounts falling due within one year:

	2021 £	2019 £
Trade receivables	3,254,593	2,921,731
Amounts owed by group undertakings	-	171,434
Contract assets (note 13)	-	-
Prepayments	733,871	347,806
Other debtors	193,555	-
	<u>4,182,019</u>	<u>3,440,971</u>

**12. Trade and other payables**

Amounts falling due within one year:

	2021 £	2020 £
Trade payables	381,170	138,588
Amounts owed to group undertakings	10,254,558	7,399,732
Accruals	864,513	479,214
Lease liabilities (note 17)	-	-
Social security and other taxes	243,179	196,456
Other creditors	734,265	286,688
	<u>12,477,685</u>	<u>8,500,678</u>

**Patsnap (UK) Ltd****Notes to the Financial Statements (continued)****For the year ended 31 December 2021****12. Trade and other payables (Continued)**

Amounts falling due after more than one year	<b>2021</b>	<b>2020</b>
	£	£
Contract liabilities (note 13)	<u>61,102</u>	<u>366,885</u>
	61,102	366,885

**13. Contract balances**

Contract assets		
Amounts falling due within one year:	<b>2021</b>	<b>2020</b>
	£	£
Amounts to be billed to customer	-	-
Total contract assets	<u>-</u>	<u>-</u>

Amounts to be billed to the customer arise where revenue has been recognised in line with the terms of the underlying contract but the Company has not yet invoiced the customer for the services provided.

**Contract liabilities**

	<b>2021</b>	<b>Restated</b>
	£	2020
		£
Amounts falling due within one year:		
Amounts received in advance of delivery of services	11,180,078	10,337,678
Included in current liabilities	<u>11,180,078</u>	<u>10,337,678</u>
Amounts falling due after more than one year		
Amounts received in advance of delivery of services	61,102	366,885
Included in non-current liabilities	<u>61,102</u>	<u>366,885</u>
Total trade and other payables	<u>11,241,180</u>	<u>10,704,563</u>

Amounts received in advance of delivery of services relates to amounts paid in advance by customers for the use of software licenses. These amounts will be realised in revenue over the life on the license contract.

**Patsnap (UK) Ltd****Notes to the Financial Statements (continued)****For the year ended 31 December 2021****14. Share capital**

	2021 £	2020 £
<b>Authorised:</b>		
100 ordinary shares of £1 each	100	100
<b>Issued and fully paid:</b>		
100 ordinary shares of £1 each	100	100

The Company has one class of ordinary shares which carry no right to fixed income. There have been no changes in share capital in 2021 and 2020.

**15. Reserves****Profit and loss account**

The balance in the profit and loss account represents the total reserves of the Company.

**Other reserves**

Other reserves represents the accumulated profit and loss for the equity-settled share option scheme.

**16. Equity-settled share option scheme**

	2021 £	2020 £
Share based payment (credit)/expense	1,874,338	181,230

The Company's ultimate parent Patsnap Limited has granted rights to its equity instruments to employees of the company. These arrangements are accounted for as equity settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the company is not charged by its parent.

The Company has taken the exemption under FRS 101 in relation to share based payments, as equivalent disclosures are included in the parent's consolidated financial statements.

**Patsnap (UK) Ltd****Notes to the Financial Statements (continued)****For the year ended 31 December 2021****17. Borrowings and lease liabilities**

Analysis of borrowings and lease liabilities

	2021	2020
	£	£
<b>Amounts due for settlement:</b>		
Due under one year	-	-

**18. Related party transactions**

The directors' remuneration, analysed under the headings required by Company law is set out below.

	2021	2020
	£	£
Emoluments	21,109	50,661

Remuneration of the highest paid director was £21,109 (2020: £50,661). The remaining Directors received remuneration by other Patsnap group companies and it is not practical to allocate their time between entities.

**19. Events after the balance sheet date**

The directors of the company believe there to be no other non-adjusting post year-end events.

**20. Controlling company**

The ultimate parent company and controlling party is Patsnap Limited, registered in Cayman and the immediate parent company is Patsnap Pte Ltd, a company incorporated in Singapore.

The largest and smallest group to consolidate these financial statements is Patsnap Pte Ltd, a company incorporated in Singapore. The consolidated financial statements are available to the public and may be obtained from the Company registered office, 150 Cecil Street, #03-02, Singapore 069543.