
PYTHAGORAS COMMUNICATIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 7 MAY 2021

PYTHAGORAS COMMUNICATIONS LIMITED

COMPANY INFORMATION

Directors	E Stone (resigned 7 May 2021) J Stone (resigned 7 May 2021) V Murria (resigned 7 May 2021) A Malhotra (appointed 7 May 2021) S Orr (appointed 7 May 2021)
Registered number	03000842
Registered office	1 More London Place London SE 2AF
Trading Address	Ashwood House Grove Business Park White Waltham Maidenhead Berkshire SL6 3LW
Independent auditors	Donald Reid Limited Chartered Accountants & Statutory Auditors Prince Albert House 20 King Street Maidenhead Berkshire SL6 1DT

PYTHAGORAS COMMUNICATIONS LIMITED

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PYTHAGORAS COMMUNICATIONS LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 7 MAY 2021

Principal activities

Pythagoras refocused efforts in FY21 to grow the turnover based on the company's key strengths which are excellence in Consultancy and Managed Services based on Microsoft technologies. This allowed Pythagoras to grow by over 21% in the year whilst focusing on the innovation led projects. Pythagoras's focus was to ensure colleagues have training in the latest technologies so that when deploying projects to our clients we are implementing the latest Innovative solutions.

Business review and key performance indicators

For the financial year ended 7 May 2021 the Company consolidated solid growth of 21% in its core sectors. Specifically, revenue growth was driven by an increasing number of new client wins in Microsoft Dynamics & Cloud Solutions.

Future Developments

On 7 May 2021, the company's immediate parent company, Pythagoras Communications Holdings Limited, was acquired by EY Professional Services Limited. On the same date the trade and assets of Pythagoras Communications Limited were transferred to EY Professional Services Limited. Following the acquisition, Pythagoras Communications Limited has ceased trading.

Principal risks and uncertainties

The Company reviews the risks facing the business on a regular basis. The principal risks facing the company relate to the settlement of balances by EY Professional Services Limited and the management of liquidity risk.

Going Concern

The directors have concluded that Pythagoras Communications Limited has sufficient resources to meet its liabilities for at least twelve months from the date of signing the financial statements. Accordingly, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

This report was approved by the board on 6 January 2022 and signed on its behalf.

A Malhotra
Director

PYTHAGORAS COMMUNICATIONS LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 7 MAY 2021**

The directors present their report and the financial statements for the period ended 7 May 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' Report and the consolidated 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the period, after taxation, amounted to £1,706,718 (2020 - £1,207,476).

Directors

The directors who served during the period were:

E Stone (resigned 7 May 2021)
J Stone (resigned 7 May 2021)
V Murria (resigned 7 May 2021)
A Malhotra (appointed 7 May 2021)
S Orr (appointed 7 May 2021)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

PYTHAGORAS COMMUNICATIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 7 MAY 2021**

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, Donald Reid Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

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A Malhotra
Director

Date: 6 January 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PYTHAGORAS COMMUNICATIONS LIMITED

Opinion

We have audited the financial statements of Pythagoras Communications Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 7 May 2021, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 7 May 2021 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PYTHAGORAS COMMUNICATIONS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PYTHAGORAS COMMUNICATIONS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- testing significant transactions, in particular the evaluation of the business rationale for any which appear unusual or outside the company's normal course of business
- evaluating the assumptions and judgements used by management within significant accounting estimates and assessing if these indicate evidence of management bias
- evaluating the consistency of selected amounts or other items presented in the other information with the financial statements
- requesting a reconciliation of amounts within the other information and the financial statements from management; comparing items in the reconciliation to the financial statements and the other information; and checking the mathematical accuracy of the reconciliation
- communicating relevant matters to all members of the audit team to ensure they understood the risks specific to Pythagoras Communications Limited and the audit procedures planned to mitigate these.

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

PYTHAGORAS COMMUNICATIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PYTHAGORAS COMMUNICATIONS LIMITED (CONTINUED)

Daniel Reid (FCA) (Senior statutory auditor)

for and on behalf of
Donald Reid Limited

Chartered Accountants
Statutory Auditors

Prince Albert House
20 King Street
Maidenhead
Berkshire
SL6 1DT

6 January 2022

PYTHAGORAS COMMUNICATIONS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 7 MAY 2021**

	Note	2021 £	2020 £
Turnover	4	12,598,625	10,445,339
Cost of sales		(5,943,386)	(5,007,388)
Gross profit		6,655,239	5,437,951
Administrative expenses		(5,145,946)	(4,381,767)
Other operating income	5	68,446	-
Operating profit	6	1,577,739	1,056,184
Interest receivable and similar income	10	-	15,959
Interest payable and expenses	11	-	(423)
Profit before taxation		1,577,739	1,071,720
Tax on profit	12	128,979	135,756
Profit for the financial period		1,706,718	1,207,476
Total comprehensive income for the period attributable to:			
Owners of the parent Company		1,706,718	1,207,476
		1,706,718	1,207,476

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 17 to 35 form part of these financial statements.

PYTHAGORAS COMMUNICATIONS LIMITED
REGISTERED NUMBER: 03000842

CONSOLIDATED BALANCE SHEET
AS AT 7 MAY 2021

	Note	7 May 2021 £	31 March 2020 £
Fixed assets			
Tangible assets	14	-	107,084
		-	107,084
Current assets			
Debtors: amounts falling due within one year	16	-	2,432,545
Cash at bank and in hand	17	6,916,117	3,919,815
		6,916,117	6,352,360
Creditors: amounts falling due within one year	18	(1,143,085)	(3,037,335)
Net current assets		5,773,032	3,315,025
Total assets less current liabilities		5,773,032	3,422,109
Provisions for liabilities			
Deferred tax	20	-	(16,970)
Other provisions	21	-	(3,835)
		-	(20,805)
Net assets		5,773,032	3,401,304

PYTHAGORAS COMMUNICATIONS LIMITED
REGISTERED NUMBER: 03000842

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 7 MAY 2021

	Note	7 May 2021 £	31 March 2020 £
Capital and reserves			
Called up share capital	22	948	903
Share premium account	23	2,713,465	2,381,005
Capital redemption reserve	23	128	128
Profit and loss account	23	3,058,491	1,019,268
Equity attributable to owners of the parent		<u>5,773,032</u>	<u>3,401,304</u>
Company		<u><u>5,773,032</u></u>	<u><u>3,401,304</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 January 2022.

A Malhotra
Director

The notes on pages 17 to 35 form part of these financial statements.

PYTHAGORAS COMMUNICATIONS LIMITED
REGISTERED NUMBER: 03000842

COMPANY BALANCE SHEET
AS AT 7 MAY 2021

	Note	7 May 2021 £	31 March 2020 £
Fixed assets			
Tangible assets	14	-	107,084
		-	107,084
Current assets			
Debtors: amounts falling due within one year	16	-	2,432,545
Cash at bank and in hand	17	6,916,117	3,919,815
		6,916,117	6,352,360
Creditors: amounts falling due within one year	18	(1,146,813)	(3,041,063)
Net current assets		5,769,304	3,311,297
Total assets less current liabilities		5,769,304	3,418,381
Provisions for liabilities			
Deferred tax	20	-	(16,970)
Other provisions	21	-	(3,835)
		-	(20,805)
Net assets		5,769,304	3,397,576

PYTHAGORAS COMMUNICATIONS LIMITED
REGISTERED NUMBER: 03000842

COMPANY BALANCE SHEET (CONTINUED)
AS AT 7 MAY 2021

	Note	7 May 2021 £	31 March 2020 £
Capital and reserves			
Called up share capital	22	948	903
Share premium account	23	2,713,465	2,381,005
Capital redemption reserve	23	128	128
Profit and loss account	23	3,054,763	1,015,540
		<u>5,769,304</u>	<u>3,397,576</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 January 2022.

A Malhotra

Director

The notes on pages 17 to 35 form part of these financial statements.

PYTHAGORAS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 7 MAY 2021

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2019	903	2,381,005	128	(188,208)	2,193,828
Comprehensive income for the year					
Profit for the year	-	-	-	1,207,476	1,207,476
Total comprehensive income for the year	-	-	-	1,207,476	1,207,476
Total transactions with owners	-	-	-	-	-
At 1 April 2020	903	2,381,005	128	1,019,268	3,401,304
Comprehensive income for the period					
Profit for the period	-	-	-	1,706,718	1,706,718
Total comprehensive income for the period	-	-	-	1,706,718	1,706,718
Capitalisation/bonus issue	-	-	-	332,505	332,505
Shares issued during the period	45	332,460	-	-	332,505
At 7 May 2021	948	2,713,465	128	3,058,491	5,773,032

The notes on pages 17 to 35 form part of these financial statements.

PYTHAGORAS COMMUNICATIONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 7 MAY 2021

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2019	903	2,381,005	128	(410,076)	1,971,960
Comprehensive income for the year					
Profit for the year	-	-	-	1,425,616	1,425,616
Total comprehensive income for the year	-	-	-	1,425,616	1,425,616
Total transactions with owners	-	-	-	-	-
At 1 April 2020	903	2,381,005	128	1,015,540	3,397,576
Comprehensive income for the year					
Profit for the period	-	-	-	1,706,718	1,706,718
Total comprehensive income for the period	-	-	-	1,706,718	1,706,718
Contributions by and distributions to owners					
Capitalisation/bonus issue	-	-	-	332,505	332,505
Shares issued during the period	45	332,460	-	-	332,505
At 7 May 2021	948	2,713,465	128	3,054,763	5,769,304

The notes on pages 17 to 35 form part of these financial statements.

PYTHAGORAS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 7 MAY 2021

	7 May 2021 £	31 March 2020 £
Cash flows from operating activities		
Profit for the financial period	1,706,718	1,207,476
Adjustments for:		
Amortisation of intangible assets	-	22,927
Depreciation of tangible assets	85,900	87,636
Loss on disposal of tangible assets	384	-
Government grants	(68,446)	-
Interest paid	-	423
Interest received	-	(15,959)
Taxation charge	(128,979)	(135,756)
Decrease/(increase) in debtors	682,507	(595,525)
Increase in creditors	316,937	203,176
(Decrease)/increase in provisions	(3,835)	-
Corporation tax received	134,377	381,136
Share option expense	332,505	-
Net cash generated from operating activities	3,058,068	1,155,534
Cash flows from investing activities		
Purchase of tangible fixed assets	(131,166)	(58,847)
Sale of tangible fixed assets	954	-
Government grants received	68,446	-
Interest received	-	15,959
Net cash from investing activities	(61,766)	(42,888)
Cash flows from financing activities		
Interest paid	-	(423)
Net cash used in financing activities	-	(423)
Net increase in cash and cash equivalents	2,996,302	1,112,223
Cash and cash equivalents at beginning of period	3,919,815	2,807,592
Cash and cash equivalents at the end of period	6,916,117	3,919,815
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	6,916,117	3,919,815

PYTHAGORAS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 7 MAY 2021

7 May 2021 £	31 March 2020 £
<u>6,916,117</u>	<u>3,919,815</u>

The notes on pages 17 to 35 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

1. General information

Pythagoras Communications Limited is a company limited by shares. The Company was incorporated in England and Wales. The registered office is 1 More London Place, London, SE1 2AF.

The principal activity of the Company and Group continued to be that of software consultancy, support and supply.

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 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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and that the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

There are three main sources of revenue which is made up of consultancy, licences, and maintenance and other support. For further segmentation of revenue refer to note 4 in the financial statements.

Consultancy and managed service revenue

Consultancy and managed service revenue is recognised once the services are provided and in accordance with the stage of completion of the contract once all the following conditions are satisfied;

- the amount of revenue can be measured reliably,
- it is probable that the Group will receive the consideration due under the contract,
- the stage of completion of the contract at the end of the reporting period can be measured reliably,

Licensing revenue

Licensing revenue is provided on either a subscription or consumption basis which allows the customer to use the software over the contract period, including any upgrades. Therefore revenue is recognised evenly over the contract period as customers consume and receive benefits.

Software, maintenance and other support revenue

In house Software and support revenue is invoiced upfront at the point of sale and deferred over the course of the contract. Third party Software, maintenance and other support revenue is initially recognised upfront at the point of sale. Therefore, revenue is recognised when the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer,
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- the amount of revenue can be measured reliably,
- it is probable that the Group will receive the consideration due under the transaction and,
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In respect of the different types of revenue detailed above, where payments have been received in advance for the services not yet delivered at the reporting date, those revenues are classified as deferred income on the Group's balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its deemed useful economic life.

2.5 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.

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:

Short term leasehold property	- Over a period of 3 years
Fixtures and fittings	- 20% to 50% straight line
Office equipment	- 20% to 50% 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.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.7 Debtors

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.9 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are 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 Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a 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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

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.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

2. Accounting policies (continued)

2.12 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is GBP.

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Group in independently administered funds.

2.15 Interest income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Group 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.

2.17 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss 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.

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 and the Group operate and generate income.

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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.18 Research and development

The Company elects to expense all research and development expenditure when it is incurred.

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Goodwill and intangible assets

The group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, and any legal and regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Software/Licencing	1,476,159	1,140,665
Consultancy	8,799,216	7,081,534
Maintenance and support	2,323,250	2,223,140
	<u>12,598,625</u>	<u>10,445,339</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	12,598,625	10,445,339
	<u>12,598,625</u>	<u>10,445,339</u>

5. Other operating income

	2021 £	2020 £
Government grants receivable	68,446	-
	<u>68,446</u>	<u>-</u>

PYTHAGORAS COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021**

6. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Share based payment	332,505	-
Exchange differences	1,265	588
Depreciation of tangible fixed assets	85,900	87,636
Amortisation of intangible assets, including goodwill	-	22,927
	-	22,927

7. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the period was £1,706,718 (2020 - £1,425,616).

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 7 May 2021 £	Group 31 March 2020 £
Wages and salaries	7,448,871	6,282,182
Social security costs	860,911	719,347
Cost of defined contribution scheme	261,832	228,282
	8,571,614	7,229,811

The average monthly number of employees, including the directors, during the period was as follows:

	2021 No.	2020 No.
Office	108	105

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL)

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	428,153	191,054
Company contributions to defined contribution pension schemes	109,677	80,000
	<u>537,830</u>	<u>271,054</u>

During the period retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

10. Interest receivable

	2021 £	2020 £
Other interest receivable	-	15,959
	<u>-</u>	<u>15,959</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	-	423
	<u>-</u>	<u>423</u>

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(140,275)	(134,411)
	<u>(140,275)</u>	<u>(134,411)</u>
Total current tax	<u>(140,275)</u>	<u>(134,411)</u>
Deferred tax		
Origination and reversal of timing differences	11,296	(1,345)
	<u>11,296</u>	<u>(1,345)</u>
Total deferred tax	<u>11,296</u>	<u>(1,345)</u>
Taxation on loss on ordinary activities	<u>(128,979)</u>	<u>(135,756)</u>

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,577,739</u>	<u>1,071,720</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	299,770	203,627
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(249,942)	5,832
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(394,902)	(351,817)
Other differences leading to an increase (decrease) in the tax charge	216,095	90
Changes in tax rate affecting deferred tax	-	2,156
Amortisation of goodwill	-	4,356
Total tax charge for the period/year	<u>(128,979)</u>	<u>(135,756)</u>

Factors that may affect future tax charges

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

12. Taxation (continued)

There were no factors that may affect future tax charges.

13. Intangible assets

Group

	Goodwill £
Cost	
At 1 April 2020	824,304
At 7 May 2021	<u>824,304</u>
Amortisation	
At 1 April 2020	824,304
At 7 May 2021	<u>824,304</u>
Net book value	
At 7 May 2021	<u><u>-</u></u>
At 31 March 2020	<u><u>-</u></u>

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

13. Intangible assets (continued)

Company

	Goodwill £
Cost	
At 1 April 2020	1,109,740
At 7 May 2021	<u>1,109,740</u>
Amortisation	
At 1 April 2020	1,109,740
At 7 May 2021	<u>1,109,740</u>
Net book value	
At 7 May 2021	<u><u>-</u></u>
At 31 March 2020	<u><u>-</u></u>

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

14. Tangible fixed assets

Group and Company

	Short-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
At 1 April 2020	12,536	121,849	536,780	671,165
Additions	1,868	2,767	126,531	131,166
Disposals	(14,404)	(124,616)	(663,311)	(802,331)
At 7 May 2021	-	-	-	-
At 1 April 2020	12,536	110,189	441,356	564,081
Charge for the period on owned assets	581	7,697	77,622	85,900
Disposals	(13,117)	(117,886)	(518,978)	(649,981)
At 7 May 2021	-	-	-	-
Net book value				
At 7 May 2021	-	-	-	-
At 31 March 2020	-	11,660	95,424	107,084

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	867,662
At 7 May 2021	<u>867,662</u>
Impairment	
At 1 April 2020	867,662
At 7 May 2021	<u>867,662</u>
Net book value	
At 7 May 2021	<u><u>-</u></u>
At 31 March 2020	<u><u>-</u></u>

The following were subsidiary undertakings of the Company:

Point Beyond Limited

The Company owns 100% of the issued share capital. The only share class of the subsidiary is Ordinary. The subsidiary was dormant during the period.

Creative Sharepoint Limited

The Company owns 100% of the issued share capital. The share classes of the subsidiary are A and B. The subsidiary was dormant during the period.

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

16. Debtors

	Group 7 May 2021 £	<i>Group</i> <i>31 March</i> <i>2020</i> £	Company 7 May 2021 £	<i>Company</i> <i>31 March</i> <i>2020</i> £
Trade debtors	-	1,778,220	-	1,778,220
Other debtors	-	147,236	-	147,236
Prepayments and accrued income	-	507,089	-	507,089
	<u>-</u>	<u>2,432,545</u>	<u>-</u>	<u>2,432,545</u>

17. Cash and cash equivalents

	Group 7 May 2021 £	<i>Group</i> <i>31 March</i> <i>2020</i> £	Company 7 May 2021 £	<i>Company</i> <i>31 March</i> <i>2020</i> £
Cash at bank and in hand	6,916,117	3,919,815	6,916,117	3,919,815
	<u>6,916,117</u>	<u>3,919,815</u>	<u>6,916,117</u>	<u>3,919,815</u>

18. Creditors: Amounts falling due within one year

	Group 7 May 2021 £	<i>Group</i> <i>31 March</i> <i>2020</i> £	Company 7 May 2021 £	<i>Company</i> <i>31 March</i> <i>2020</i> £
Trade creditors	-	341,243	-	341,243
Amounts owed to group undertakings	1,143,085	-	1,143,085	-
Other taxation and social security	-	636,088	-	636,088
Other creditors	-	32,274	3,728	36,002
Accruals and deferred income	-	2,027,730	-	2,027,730
	<u>1,143,085</u>	<u>3,037,335</u>	<u>1,146,813</u>	<u>3,041,063</u>

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

19. Financial instruments

	Group 7 May 2021 £	<i>Group</i> <i>31 March</i> <i>2020</i> £	Company 7 May 2021 £	<i>Company</i> <i>31 March</i> <i>2020</i> £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>-</u>	<u>5,858,393</u>	<u>-</u>	<u>5,858,393</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(1,143,085)</u>	<u>(664,738)</u>	<u>(596,446)</u>	<u>(664,738)</u>

Financial assets measured at amortised cost comprise cash at bank, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and loans.

20. Deferred taxation

	7 May 2021 £	<i>31 March</i> <i>2020</i> £
At beginning of year	(16,970)	<i>(18,315)</i>
Charged to profit and loss	(11,296)	<i>1,345</i>
Transferred to parent on acquisition	28,266	<i>-</i>
	<u>-</u>	<u>(16,970)</u>

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

21. Provisions

Group

	Dilapidation £
At 1 April 2020	3,835
Charged to profit or loss	(3,835)
At 7 May 2021	-

Company

	Dilapidation £	Total £
At 1 April 2020	3,835	3,835
Charged to profit or loss	(3,835)	(3,835)
At 7 May 2021	-	-

22. Share capital

	7 May 2021 £	31 March 2020 £
Allotted, called up and fully paid		
9,484,650 (2020 - 9,033,000) Ordinary shares of £0.0001 each	948.47	903.30

During the period, the company allotted 451,650 Ordinary shares for the aggregate consideration of £332,505.

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021

23. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit and loss account

Includes all current and prior period retained profits and losses.

24. Share based payments

At the start of the period the following share options were outstanding:

-338,737 share options granted to employees at an exercise price of £0.7362 per option in 2018

-112,913 share options granted to employees at an exercise price of £0.7362 per option in 2019

During the period a charge of £332,505 has been recognised in relation to the exercise of these options. There were no options outstanding and unexercised at the period end and thus no liability was provided for within the accounts. no liability had been provided for in previous periods as the fair value of the options at the point they were granted was below their exercise price.

25. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £261,832 (2020: £231,282).

Contributions totalling £Nil (2020: £28,855) were payable to the fund at the balance sheet date and are included in creditors.

26. Commitments under operating leases

At 7 May 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group	<i>Group</i>	Company	<i>Company</i>
	7 May	<i>31 March</i>	7 May	<i>31 March</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£	<i>£</i>	£	<i>£</i>
Not later than 1 year	-	140,888	-	140,888
	<u>-</u>	<u>140,888</u>	<u>-</u>	<u>140,888</u>

PYTHAGORAS COMMUNICATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 7 MAY 2021**

27. Controlling party

The company was controlled by E Stone and J Stone, former directors, by virtue of their combined shareholding until 7 May 2021.

From 7 May 2021 the company's immediate parent undertaking, Pythagoras Communications Holdings Limited, was acquired by EY Professional Services Limited, a company registered in England and Wales.

Following the acquisition, the company's ultimate parent undertaking and controlling party is Ernst and Young LLP. Ernst & Young LLP is the parent undertaking of the smallest and largest group that consolidates these financial statements, copies of which are available from its registered office, 1 More London Place, London, SE1 2AF.

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