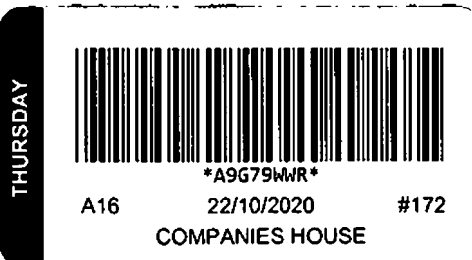


DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED

COMPANY INFORMATION

Directors

D Hook
J Treadway Resigned 31 March 2019
C Herzog
S Leicht
J Oei
K Christian Appointed 8 May 2019
M Diwersy Appointed 8 May 2019

Secretary

G Williams Hamer

Company number

09984464

Registered office

The Campus
4 Crinan Street
London
N1 9XW

Auditor

Ernst & Young LLP
Grosvenor House
Grosvenor Square
Southampton
SO15 2BE

Bankers

National Westminster Bank Plc
3 London Street
Basingstoke
Hampshire

Solicitors

Taylor Wessing
5 New Street Square
London
EC4A 3TW

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 32

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic and directors' report and financial statements for the year ended 31 December 2019.

Business Review

In May 2019 a rationalisation of the wider Digital Science Group corporate structure was undertaken. The aim was for this structure to become more aligned with the way management views and assesses the business. This resulted in a transfer of trade, investments, assets and liabilities from Holtzbrinck Science & Technology Limited (formerly Digital Science & Research Ltd) to the Company. This reorganisation has resulted in synergies and other economic benefits to the Company.

Results for the year

The results for the year are set out on page 7 of the financial statements and show a loss for the year, after taxation, of £3,545,525 (2018: £2,328,714).

	2019 £	2018 £	Change %
Revenue	8,958,670	6,837,898	29
Operating Loss	3,958,539	1,929,280	105
Current assets	15,641,462	13,651,682	15
Current liabilities	31,569,313	23,042,083	37

The statement of financial position on page 8 of the financial statements shows the company's financial position at the end of the period.

Principal risks and uncertainties

The company's business activities, together with the factors likely to affect its future development, its financial position, and financial risk management objectives, details of its financial instruments and derivatives, and its exposures to competitive, legislative and credit risk are described in the financial statements. The main financial risks to which the company are exposed are as follows:-

Covid-19

The Directors have been closely monitoring the potential impacts of the Covid-19 pandemic on the company. The directors believe the company is well placed to withstand the economic effects for a number of reasons. The company's products are all electronic, so there will be no supply chain issues, the business model is subscription based, giving security over future revenues due to high rates of recurring revenue. The customer base of the OneDS group is predominantly in the field of research which has been mostly exempt from government shut downs.

The principal risks from the pandemic are recoverability of assets through customer payments and reduction in revenue. However given the nature of the company's customer base and business model, there have so far been no significant financial impacts. The directors expect revenue still to grow during the current financial year, however, the rate of growth is likely to be lower than original forecasts. Further details of these considerations can be seen in Note 26 to the financial statements.

The company has technology solutions sufficient to enable most employees to effectively work remotely, and a business model that lends itself to remote working, enabling business activities to continue while offices are closed and employees are required to isolate and adhere to social distancing requirements.

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Market Conditions

Market conditions are good across the regions in which we operate. Long sales cycles and the scale of new investment required continue to pose challenges but we have made efforts to mitigate these problems.

The UK market has established as we move into the new forecasting cycle. Clients (and potential clients) are showing a willingness to invest in products that can respond dynamically to the changing regulatory landscape, particularly around open access.

North America represents the largest available market by far, and so we continue to refine our sales and marketing strategy to address the specific need of this market. Additionally, Brexit has continued to create uncertainty across the UK market and will continue to do so until the issue(s) with the EU are finalized.

Clients

The company's most significant clients are top-tier research institutions throughout the English-speaking world. Our focus continues to be to target these institutions and develop long-term strategic partnerships with existing clients to help inform the development of the product in a direction that meets the changing needs of the market.

Quality assurances

The nature of the business conducted by the organisation involves exposure to quality problems. Management of these risks is critical to the success of the business and is implemented through the adoption and maintenance of operational procedures. The company is accredited with ISO 9001 and manages quality through procedures by the standard.

Competitive risk

The business of the company is spread across a number of different geographies. We continue to actively expand our product offering and have developed and refined our provision of hosted services. This is enabling the company to spread its risk more evenly.

Other

Financial, commercial, operational, social, environmental and ethical risk are all considered in the company's internal control. The company seeks to manage these effective policies, training and awareness programmes.

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

DocuSigned by:

FD7E142FE03B4C1...
D Hook
Director
7 October 2020

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company is that of a software technology company.

Results and dividends

The directors do not recommend the payment of a dividend.

Directors

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

D Hook	
J Treadway	Resigned 31 March 2019
C Herzog	
S Leicht	
J Oei	
K Christian	Appointed 8 May 2019
M Diwersy	Appointed 8 May 2019

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- 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 IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of disclosure to auditor

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

Going concern

In their assessment of Going Concern the directors have given consideration to the impacts of the Covid-19 pandemic on the company's financial position, for which consideration has to be given to the company and its direct subsidiaries collectively referred to as the Digital Science group on the basis that the company controls the resources and cashflows of the subsidiaries, due to the operating structure of the entities in the group.

The directors consider that the Digital Science group including the Company has adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements. The Digital Science group operates in the scientific research industry and sales are of an online subscription, therefore has not been adversely affected by the Covid-19 pandemic and related lockdown restrictions. Going concern has been assessed, taking into account the group's current financial position and after modelling the impact of certain scenarios related to the impact of Covid-19. One 'base case scenario' and one 'reverse stress test' scenario has been modelled to address the risk posed by Covid-19.

The 'base case scenario' takes into account a broad assessment of the financial impact that has been modelled including impact on sales, operating costs and controllable mitigating actions. In modelling the scenario, the Digital Science group has considered the potential impact new invoiced sales, recurring revenue implications of travel restrictions. The base case does not threaten the going concern of the group and company.

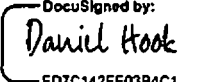
The 'reverse stress test' aimed to determine the break point of the going concern of the Digital Science group including the Company to identify those factors that would cause the business to fail and assist in the evaluation of those factors and to determine if this is reasonably possible. The 'reverse stress test scenario' modelled a revenue forecast that would cause the Company to become cash flow negative for the next 12 months. This indicated that revenues would need to have zero growth for the following 2 financial years, with the company incurring the same level of expenses during the same time before the Company would need to seek additional liquidity resources. This scenario was considered to be implausible due to a range of factors including; the recent evidence of increased scientific research in near term, revenue is on a subscription basis with good renewal rates, there are also controllable mitigating actions that can be implemented by the group and company.

Based on the above modelling, the Directors have a reasonable expectation that the Digital Science group and company will continue in operation and meet its liabilities as they fall due for the foreseeable future and for at least 12 months from the signing date of these financial statements.

Post balance sheet events

Covid-19 has been identified as a non-adjusting post balance sheet event, details of the considerations and risks assessed by the directors are detailed in Note 23 to the financial statements.

On behalf of the board

DocuSigned by:

.....ED7C142FE03B4C1.....

D Hook
Director

7 October 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Digital Science & Research Solutions Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 below. 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.

Emphasis of matter – effects of COVID-19

We draw attention to Note 26 of the Financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting the wider UK and global economies as well as the company's ability to operate normally. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED

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 by the parent company, 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 3, 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.

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

Ryan Squires (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton

9 October 2020

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 (Restated) £
Revenue	2	8,958,670	6,837,898
Other operating income		-	-
Administrative expenses		(12,753,376)	(8,767,178)
Operating loss	3	(3,794,706)	(1,929,280)
Finance income	6	397,594	360,518
Finance costs	7	(351,490)	(654,393)
Loss before taxation		(3,748,602)	(2,223,155)
Income tax credit	8	36,910	59,441
Total comprehensive loss for the period		(3,711,692)	(2,163,714)

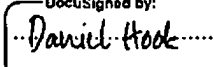
The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

		2019	2018
	Notes	£	(Restated) £
Non-current assets			
Right-of-use assets	9	948,143	-
Property, Plant and Equipment	10	220,830	-
Investments	12	45,483,574	29,471,363
Intangibles	11	14,495,298	14,261,658
		<u>61,147,845</u>	<u>43,733,021</u>
Current assets			
Trade and other receivables	14	15,624,716	13,191,699
Cash and cash equivalents	21	180,579	459,983
		<u>15,805,295</u>	<u>13,651,682</u>
Total assets		<u>76,953,140</u>	<u>57,384,703</u>
Equity and liabilities			
Equity			
Called up share capital	19	48,745	40,451
Share premium account	20	57,587,843	43,637,843
Retained earnings		(13,047,366)	(9,335,674)
Total equity		<u>44,589,222</u>	<u>34,342,620</u>
Non-current liabilities			
Lease liabilities		794,605	-
Total non-current liabilities		<u>794,605</u>	-
Current liabilities			
Trade and other payables	16	31,146,610	23,042,083
Lease liabilities		422,703	-
Total current liabilities		<u>31,569,313</u>	<u>23,042,083</u>
Total equity and liabilities		<u>76,953,140</u>	<u>57,384,703</u>

The financial statements were approved by the Board of directors and authorised for issue on 7 October 2020

Signed on its behalf by:

DocuSigned by:

 FD7C142FE03B4C1...
 D Hook

Director**Company Registration No: 09984464**

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Balance at 1 January 2019		40,451	43,637,843	(9,335,674)	34,012,620
31 December 2019:					
Loss and total comprehensive income for the period		-	-	(3,711,692)	(3,711,692)
Issue of share capital	20	8,294	13,950,000	-	13,958,294
Balance at 31 December 2019		48,745	57,587,843	(13,047,366)	44,589,222
Balance at 1 January 2018 (Restated)		30,450	43,177,463	(7,171,960)	36,035,953
31 December 2018:					
Loss and total comprehensive income for the period		-	-	(2,163,714)	(2,163,714)
Issue of share capital		10,001	460,380	-	470,381
Balance at 31 December 2018 (Restated)	20	40,451	43,637,843	(9,335,674)	34,342,620

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 (Restated) £
Cash flows from operating activities			
Cash generated/(absorbed) by operations	25	2,518,672	(2,221,509)
Interest paid		(351,490)	(654,393)
Net cash inflow/(outflow) from operating activities		<u>2,167,182</u>	<u>(2,875,902)</u>
Investing activities			
Purchase of property, plant and equipment		(240,776)	-
Purchase of intangibles		(252,438)	-
Investment in subsidiaries		(14,264,455)	(196,403)
Disposal of subsidiaries		-	-
Investment in associates		(688,000)	-
Other investments		(1,389,756)	-
Interest received		397,594	360,518
Net cash from/(used in) investing activities		<u>(16,437,831)</u>	<u>164,115</u>
Financing activities			
Proceeds from issue of shares		13,958,294	470,381
Payment of principal portion of lease liabilities		32,951	-
Net cash generated from financing activities		<u>13,991,245</u>	<u>470,381</u>
Net (decrease)/increase in cash and cash equivalents		<u>(279,404)</u>	<u>(2,241,406)</u>
Cash and cash equivalents at beginning of period		459,983	2,701,389
Cash and cash equivalents at end of period		<u>180,579</u>	<u>459,983</u>

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Digital Science & Research Solutions Limited is a limited liability company incorporated in England and Wales and domiciled in the United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

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

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

Covid-19

The directors have identified the Covid-19 pandemic as a non-adjusting post balance sheet event, and considered the impacts on the entity, going concern and its key investments where relevant. Further details of these considerations can be seen in note 26 to the financial statements.

The Directors have been closely monitoring the potential impacts of the Covid-19 pandemic on the company. The directors believe the company is well placed to withstand the economic effects for a number of reasons. The company's products are all electronic, so there will be no supply chain issues, the business model is subscription based, giving security over future revenues due to high rates of recurring revenue. The customer base for the Digital Science Group including the company is predominantly in the field of research which has been mostly exempt from government shut downs.

The principal risks from the pandemic are recoverability of assets through customer payments and reduction in revenue. However given the nature of the company's customer base and business model, there have so far been no significant financial impacts. The directors expect revenue still to grow during the current financial year, however, the rate of growth is likely to be lower than original forecasts.

The company has technology solutions sufficient to enable most employees to effectively work remotely, and a business model that lends itself to remote working, enabling business activities to continue while offices are closed and employees are required to isolate and adhere to social distancing requirements.

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.2 Going concern

In their assessment of Going Concern the directors have given consideration to the impacts of the Covid-19 pandemic on the company's financial position, for which consideration has to be given to the company and its direct subsidiaries collectively referred to as the Digital Science group on the basis that the company controls the resources and cashflows of the subsidiaries, due to the operating structure of the entities in the group.

The directors consider that the Digital Science group including the Company has adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements. The Digital Science group operates in the scientific research industry and sales are of an online subscription, therefore has not been adversely affected by the Covid-19 pandemic and related lockdown restrictions. Going concern has been assessed, taking into account the group's current financial position and after modelling the impact of certain scenarios related to the impact of Covid-19. One 'base case scenario' and one 'reverse stress test' scenario has been modelled to address the risk posed by Covid-19.

The 'base case scenario' takes into account a broad assessment of the financial impact that has been modelled including impact on sales, operating costs and controllable mitigating actions. In modelling the scenario, the Digital Science group has considered the potential impact new invoiced sales, recurring revenue implications of travel restrictions. The base case does not threaten the going concern of the group and company.

The 'reverse stress test' aimed to determine the break point of the going concern of the Digital Science group including the Company to identify those factors that would cause the business to fail and assist in the evaluation of those factors and to determine if this is reasonably possible. The 'reverse stress test scenario' modelled a revenue forecast that would cause the Company to become cash flow negative for the next 12 months. This indicated that revenues would need to have zero growth for the following 2 financial years, with the company incurring the same level of expenses during the same time before the Company would need to seek additional liquidity resources. This scenario was considered to be implausible due to a range of factors including; the recent evidence of increased scientific research in near term, revenue is on a subscription basis with good renewal rates, there are also controllable mitigating actions that can be implemented by the group and company.

Based on the above modelling, the Directors have a reasonable expectation that the Digital Science group and company will continue in operation and meet its liabilities as they fall due for the foreseeable future and for at least 12 months from the signing date of these financial statements.

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.4 Non-current investments

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

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.5 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised 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 to another entity.

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.10 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

1.11 New Standards adopted in the period

The company has adopted the following new and amended IFRS and IFRIC standards and interpretations during the period, mandatory as at 1 January 2019 unless otherwise stated. Adoption of these revised standards and interpretations did not have any material impact on the company's financial statements.

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatment
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term interests in associates and joint ventures
Annual improvements 2015-2017 cycle	IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, IAS 23 Borrowing

IASB have issued the following standards and interpretations with an effective date after the date of these financial statements:

Standard or interpretations	Title
Effective from 1 January 2021	
IFRS 17	Insurance contracts

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.11 New Standards adopted in the period (continued)

IFRS 16 Leases

IFRS 16 is effective for fiscal years beginning on or after 1 January 2019 and supersedes IAS 17 "Leases" as well as the associated interpretations. According to the new standard, lessees have to recognise a lease liability for the obligation to pay lease payments as well as an asset for the right of use granted for the leased item at the beginning of the lease term. A lease exists if a contract transfers the right to use an asset and the customer obtains control of that asset at the same time. During subsequent measurement, the right-of-use asset is amortized and the lease liability is rolled forward using the effective interest method.

The accounting model for sublease contracts, where the Company acts as lessor, remains similar to the former lease accounting standard classifying leases as either finance or operating leases. However, subleases under IFRS 16 are in general more likely to be classified as finance leases compared to the former lease accounting standard.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

As of the date of first-time application, the right-of-use assets are measured at the amount of the corresponding lease liability, adjusted for accrued payments as of 31 December 2018. Lease liabilities are recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. On the date of initial application, current knowledge was used in assessing extension or termination options.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, but to account for the lease expense on a straight-line basis over the lease term. On transition, the same applies to leases previously accounted for as operating leases with a remaining lease term of less than 12 months.

Furthermore the group has elected to apply the practical expedient to rely on its assessment that the lease was onerous under IAS 37 and therefore adjust the right-of-use asset at the date of initial application by the onerous lease provision rather than conduct an impairment test; and to apply the practical expedient to exclude initial direct costs from the right-of-use asset.

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

The effect (increase/ (decrease)) of adopting IFRS16 as at 1 January 2019 is set out below:

	1 January 2019 £
Assets	
Right-of-use assets	1,184,356
Total Assets	<u>1,184,356</u>
Equity & Liabilities	
Lease liabilities	
Current	236,213
Non-current	948,143
Total lease liabilities	<u>1,184,356</u>
Other liabilities	
Current	-
Non-current	-
Total other liabilities	<u>-</u>
Total liabilities	<u>1,184,356</u>

The impacts of the first application of IFRS 16 on the opening balance sheet are the following:

- the accounting of the right-of-use assets and lease liabilities;
- adjustment of the right-of-use asset for accrued lease payments as of 31 December 2018;
- adjustment of the right-of-use asset for onerous lease provisions as of 31 December 2018

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****1 Accounting policies****Prior year restatement**

The results for the year ended 31 December 2018 and opening reserves at 1 January 2018 have been restated by £165,000 each, resulting in a cumulative restatement of £330,000 as at 31 December 2018. This relates to additional interest income of £165,000 per annum which should have been recorded in financial years to 31 December 2017 and 31 December 2018 per contractual terms existing at the time. The affected lines in the financial statements are set out below:

	Before Restatement	Restated Amount	After Restatement
Statement of comprehensive income			
Finance Income	195,518	165,000	360,518
Loss before taxation	(2,388,155)	165,000	(2,223,155)
Total comprehensive loss for the period	(2,328,714)	165,000	(2,163,714)
Statement of financial position			
Investments	29,141,363	330,000	29,471,363
Total Assets	57,054,703	330,000	57,384,703
Retained earnings	(9,665,674)	330,000	9,335,674
Total equity	34,012,620	330,000	34,342,620
Total equity and liabilities	57,054,703	330,000	57,384,703
Statement of changes in Equity			
Balance at 1 January 2019	(9,665,674)	330,000	(9,335,674)
Balance at 1 January 2018	(7,336,960)	165,000	(7,171,960)
Loss and total comprehensive income for the period	(2,328,714)	165,000	(2,163,714)
Balance at 31 December 2018	(9,665,674)	330,000	(9,335,674)
Note 6 Investment Income			
Other interest income	195,518	165,000	360,518

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****2 Revenue**

Turnover attributable to geographical markets outside the United Kingdom amounted to £8,958,670 (2018: £6,955,752)

Analysis of revenue:	2019	2018
	£'000	£'000
Rendering of services	8,958,670	6,837,898

3 Operating loss

	2019	2018
	£	£
Operating loss for the period is stated after charging:		
Exchange losses	296,638	208,378
Fees payable to the company's auditor for the audit of the company's	36,240	30,200

4 Employees

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

	2019	2018
	Number	Number
The average number of monthly employees	86	78

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	7,509,222	5,496,698
Social security costs	792,954	581,022
Pension costs	308,847	211,262

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

5 Directors' remuneration

	2019 £'000	2018 £'000
Remuneration for qualifying services	762,908	-
Company contribution to defined contribution pension scheme	<u>12,090</u>	<u>-</u>

Directors accruing benefits under

	2019 Number	2018 Number
Defined benefit pension schemes	<u>-</u>	<u>-</u>
Defined Contribution pension schemes	<u>2</u>	<u>-</u>

Highest paid director

	2019 £'000	2018 £'000
Emoluments and other benefits	<u>572,492</u>	<u>-</u>
Company contribution to defined contribution pension scheme	<u>5,833</u>	<u>-</u>

This individual had accrued pension at the year-end relating to the defined benefit scheme of £nil (2018: £nil).

6 Investment income

	2019 £	2018 (Restated) £
Interest income		
Other interest income	<u>397,594</u>	<u>360,518</u>

7 Finance costs

	2019 £	2018 £
Other interest payable	<u>351,490</u>	<u>654,393</u>

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

8 Income tax expense	2019 £'000	2018 £'000
Tax charged on the income statement		
Current income tax:		
Current income tax	(34,483)	(59,441)
Adjustments in respect of current income tax of previous years	(2,427)	-
	(36,910)	(59,441)
Deferred income tax:		
Relating to origination and reversal of temporary differences	-	-
Relating to change in tax rates	-	-
	-	-
Total deferred income tax	-	-
Income tax expense reported in income statement	(36,910)	(59,441)

Reconciliation of the total tax charge

The charge for the period can be reconciled to the loss per the income statement as follows:

	2019 £	2018 (Restated) £
Loss before taxation	(3,748,602)	(2,223,155)
Expected tax charge based on a corporation tax rate of 19% (19%)	(712,234)	(422,399)
Income not subject to corporation tax	-	-
Expenses not deductible in determining taxable profit	278,406	2,134
Unutilised tax losses carried forward	399,345	360,824
Adjustments in respect of prior years	(2,427)	-
	(36,910)	(59,441)
Tax charge for the period	(36,910)	(59,441)

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

9 Right-of-use assets

	Land and buildings
	£
Cost	
At 1 January 2019	1,184,356
Additions	-
	<hr/>
At 31 December 2019	1,184,356
	<hr/>
Accumulated depreciation and impairment	
At 1 January 2019	-
Charge for the year	236,213
	<hr/>
At 31 December 2019	236,213
	<hr/>
Carrying amount	
At 31 December 2018	-
At 31 December 2019	948,143
	<hr/>

10 Property, plant and equipment

	Office Equipment
	£
Cost	
At 31 December 2018	63,088
Additions	240,776
	<hr/>
At 31 December 2019	303,864
	<hr/>
Accumulated depreciation and impairment	
At 31 December 2018	63,088
Charge for the year	19,946
	<hr/>
At 31 December 2019	83,034
	<hr/>
Carrying amount	
At 31 December 2018	-
At 31 December 2019	220,830
	<hr/>

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

11 Intangibles

	Intangibles	
	£	
Cost		
At 31 December 2018		-
Additions		252,438
		<u>252,438</u>
At 31 December 2019		<u>252,438</u>
Accumulated amortisation		
At 31 December 2018		-
Charge for the year		18,799
		<u>18,799</u>
At 31 December 2019		<u>18,799</u>
Carrying amount		
At 31 December 2018		-
At 31 December 2019		<u>233,639</u>
	2019	2018
	£	£
Goodwill	<u>14,261,658</u>	<u>14,261,658</u>

In 2017 the Company acquired the trade and assets of Symplectic Limited and Altmetric LLP, for a consideration of £14,893,120. The Company accounted for this acquisition as common control transactions at book value reflecting net liabilities acquired at book value of £1,047,987 and goodwill of £14,261,658.

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

12 Investments

	2019	2018 (Restated)
	£	£
Investments in subsidiaries	43,405,818	29,471,363
Investments in associates	688,000	-
Other investments	1,138,323	-
Loans as investments	251,433	-
	<u> </u>	<u> </u>

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

During the previous year the company purchased the share capital of Digital Science & Research SRL from parent company Holtzbrinck Science & Technology Limited (formerly Digital Science & Research Limited) for a consideration of £31,403. The company purchased the remaining share capital for a consideration of £7,455 during 2019.

During the year the company became the sole partner in Figshare LLP, for a consideration of £995,000.

During the year the company purchased the share capital of several entities from parent company Holtzbrinck Science & Technology Limited (formerly Digital Science & Research Limited) details and consideration paid as follows:

Writelatex Limited	68.63%	8,355,000
Digital Science & Research Pty Limited	100.00%	91,000
CC Technology Limited	100.00%	4,764,000
Digital Science & Research ooo	100.00%	52,000
Total		<u>13,262,000</u>

Associate investment in: Thinglab was purchased from Holtzbrinck Science & Technology Limited (formerly Digital Science & Research Limited) during the year for a consideration of £688,000.

Fair value of financial assets carried at amortised cost

The directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

13 Subsidiaries

Details of the company's principal subsidiaries at 31 December 2019 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Symplectic Limited	England and Wales	100.00%	100.00%	Software services
Figshare LLP	England and Wales	100.00%	50.00%	Software services
Digital Science & Research Solutions Inc	USA	100.00%	100.00%	Software services
UberResearch GmbH	Germany	100.00%	100.00%	Software services
Altmetric 2015 Limited	England and Wales	100.00%	100.00%	Software services
Altmetric LLP*	England and Wales	100.00%	100.00%	Software services
Digital Science & Research SRL	Romania	100.00%	85.00%	Software development
Writelatex Limited	England and Wales	68.63%	-	Software services
Digital Science & Research Pty Limited	Australia	100.00%	-	Software services
CC Technology Limited	Scotland	100.00%	-	Software development
Digital Science & Research ooo	Russia	100.00%	-	Software services

*Shares held by subsidiary undertakings

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

13 Subsidiaries (continued)

Investments in the following companies are stated as follows:

	Intercompany holdings (%)	Cost	Impairment	Net
Symplectic Limited	100.00%	11,007,402	(1,678,549)	9,328,853
Figshare LLP	100.00%	1,832,665	-	1,832,665
Altmetric 2015 Limited	100.00%	2,782,135	-	2,782,135
Digital Science & Research Solutions Inc	100.00%	4,462,300	-	4,462,300
UberResearch GmbH	100.00%	11,060,213	-	11,060,213
UberResearch Inc	100.00%	638,794	-	638,794
Digital Science & Research SRL	85.00%	38,858	-	38,858
Writelatex Limited	68.63%	8,355,000	-	8,355,000
Digital Science & Research PTY Limited	100.00%	91,000	-	91,000
CC Technology Limited	100.00%	4,764,000	-	4,764,000
Digital Science & Research ooo	100.00%	52,000	-	52,000
Total		45,084,367	(1,678,549)	43,405,818

The investments in subsidiaries are all stated at cost. The investments were tested for impairment during the period and the cost was considered equal to the recoverable value of these investments.

14 Trade and other receivables

	2019 £	2018 £
Trade receivables	108,082	5,449
Other receivables	410,936	126,069
Amounts due from subsidiary undertakings	14,937,638	12,978,834
Amounts due from fellow group undertakings	84,156	-
Prepayments	83,904	81,347
	<u>15,624,716</u>	<u>13,191,699</u>

Included within amounts due from subsidiary undertakings are loans repayable from the subsidiary undertakings with an aggregate value of £10,179,873 (2018: £6,999,175). These loans are interest bearing and repayable on demand. The interest rates are as follows: 2.61% for UK loans, 3.94% for US loans and 1.43% for EU loans.

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

15 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Ageing of past due but not impaired receivables	2019	2018
	£	£
Neither past due nor impaired	38,122	-
Past due but not impaired <60 days	-	-
Past due but not impaired 60-90 days	92,066	5,449
Over 90 days	(22,106)	-
	<u>108,082</u>	<u>5,449</u>

16 Trade and other payables

	2019	2018
	£	£
Trade payables	386,271	23,423
Amounts due to subsidiary undertakings	27,012,709	22,109,377
Amounts due to fellow group undertakings	627,024	-
Accruals	3,107,634	822,071
Social security and other taxation	4,164	19,893
Other payables	8,808	67,319
	<u>31,146,610</u>	<u>23,042,083</u>

Included within amounts due to subsidiary undertakings are loans payable to subsidiary undertakings with an aggregate value of £23,897,478 (2018: £3,742,256). These loans are interest bearing and repayable on demand. The interest rates are as follows: 2.61% for UK loans, 3.94% for US loans and 1.43% for EU loans.

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

16 Lease liabilities

	2019 £	2018 £
Current	422,703	-
Non-current	794,605	-
	<u>1,217,308</u>	<u>-</u>

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 December 2019 is as follows:

	2019 £'000	2018 £'000
Minimum Lease Payments:		
Within one year	450,265	-
After one year but not more than five years	828,098	-
More than five years	-	-
	<u>1,278,363</u>	<u>-</u>
Finance charges:		
Within one year	27,561	-
After one year but not more than five years	33,494	-
More than five years	-	-
	<u>61,055</u>	<u>-</u>
Present Value of payments:		
Within one year	422,703	-
After one year but not more than five years	794,605	-
More than five years	-	-
	<u>1,217,308</u>	<u>-</u>

The Company has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019****17 Deferred taxation**

There is no deferred tax asset or liability recognised in the accounts of the company. Deferred tax balances are calculated at the latest enacted rate of 19%. There is an un-recognised deferred tax asset in the company which is compromised as follows

	2019 £	2018 £
Tax losses	(2,578,415)	(2,179,070)
	<u>(2,578,415)</u>	<u>(2,179,070)</u>

This deferred tax asset is not recognized due to the losses incurred by the company in the current period, and the uncertainty as to exactly when the carried forward deferred tax assets will be available for use against future taxable profits.

Factors affecting future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted. Subsequent measures have been put in place to retain the UK corporation tax rate at 19% for 2020 & 2021. Deferred tax has been calculated using a rate of 19% as this is the substantively enacted rate at which it was expected that temporary differences would reverse at the balance sheet date.

18 Retirement benefit schemes**Defined contribution schemes**

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

The total costs charged to income in respect of defined contribution plans is £308,847, (2018: £211,263).

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2019**

19 Share capital	2019	2018
	£	£
Ordinary share capital		
<i>Issued and fully paid</i>		
48,745 Ordinary shares of £1 each	48,745	-
22,503 Ordinary shares class 1 of £1 each	-	32,504
7,947 Ordinary shares class 2 of £1 each	-	7,947
	<u>48,745</u>	<u>40,451</u>

During the previous year 7,501 Ordinary shares class 1 and 2,499 Ordinary shares class 2 of £1 each were issued and fully paid at £470,381 for cash consideration.

During the year both classes of share capital were converted to Ordinary shares. A further 8,294 Ordinary shares were issued and fully paid at £13,958,294 for cash consideration.

20 Share premium account	£
At 31 December 2018	43,637,843
Issue of new shares	<u>13,950,000</u>
At 31 December 2019	<u>57,587,843</u>

21 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2019	2018
	£	£
Cash and bank balances	<u>180,579</u>	<u>459,983</u>

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

22 Capital risk management

The Company's principal financial instruments comprise related party borrowings, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Company's operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the company's financial instruments are foreign currency risk, credit risk, interest rate risk and liquidity risk. The board reviews and agrees policies for managing each of these risk and they are summarised below.

Foreign currency risk

The company is exposed to foreign exchange risk in a number of currencies, principally the US Dollar and the Euro.

The company operates with in foreign management policies agreed with the company's ultimate holding company.

Credit risk

Credit risk is the risk that a counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities and from its financing activities, foreign exchange transaction and other financial instruments.

Trade receivables

Customer credit risk is managed subject to the company's established policy, procedures and control relating to customers' credit risk management. Formal credit limits are in place for all major customers. It is not the company's policy to enter into credit insurance arrangements due mainly to restriction on countries covered and the cost of arranging insurance cover. However, the company's historic bad debt experience has been low.

Interest rate risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long-term debt obligations. All of the Company's long term debt obligations are funded through the company's ultimate holding company. Banking facilities at the level of the company are arranged mainly by means of uncommitted credit facilities in order to manage the Company's working capital funding requirements. Management of the interest rate exposure on long-term debt obligation is undertaken at the level of the Company's ultimate holding company.

The sensitivity to a reasonable possible change in interest rates, with all other variables, held constant of the company's profit before tax (through the impact of floating rate borrowings) has been tested, but as the effect was immaterial this has not been disclosed.

Liquidity risk

Long-term Company's financial facilities are arranged at the level of the company's ultimate holding company. The company arranges adequate short and medium-term liquidity through its immediate and ultimate holding companies to fund forecast working capital requirements.

The Company's financial liabilities as at 31 December 2019, detailed in note 11, are expected to be settled within 1 year.

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2019

23 Related party transactions

At the year end, the company had the following balances with related parties:

	Loans receivable		Trade receivables	
	2019	2018	2019	2018 (Restated)
	£	£	£	£
Altmetric 2015 Limited	4,441,450	2,885,142	-	-
Digital Science & Research Solutions Inc	3,744,809	2,281,371	2,648,973	3,648,877
Symplectic Limited	24,194	-	-	-
Digital Science & Research SRL	212,793	-	3,894	-
UberResearch GmbH	1,756,627	1,832,662	299,373	1,008,623
Holtzbrinck Science & Technology Limited	-	-	296,788	29,055
Writelatex Limited	-	-	17,795	-
Biodata Inc	-	-	83,356	-
Figshare LLP	-	-	1,300,586	1,592,548
CC Technology Limited	-	-	26,524	-
Macmillan Publishers international Limited	-	-	-	32,556
	10,179,873	6,999,175	4,677,289	6,311,659

	Loans payable		Trade payables	
	2019	2018	2019	2018
	£	£	£	£
Digital Science & Research Solutions Inc	1,080,117	-	2,588,799	1,427,324
Symplectic Limited	9,799,013	9,704,537	1,063	-
Digital Science & Research SRL	-	-	71,605	50,257
Holtzbrinck Science & Technology Limited	3,804,727	3,873,580	186,234	503,218
CC Technology Limited	1,282,625	-	-	-
Macmillan Publishers international Limited	1,366,409	32,556	618,967	-
Altmetric LLP	5,896,264	5,747,559	-	-
Georg von Holtzbrinck GmbH & Co. KG	-	-	8,057	-
Digital Science & Research Inc	-	-	24,863	8,013
UberResearch GmbH	668,323	697,628	130,932	79,778
Digital Science & Research Pty Limited	-	-	111,736	24,464
	23,897,478	20,055,860	3,742,256	2,093,054

DIGITAL SCIENCE & RESEARCH SOLUTIONS LIMITED**SCHEDULE OF ADMINISTRATIVE EXPENSES****FOR THE YEAR ENDED 31 DECEMBER 2019****24 Controlling party**

The company's immediate parent undertaking is Digital Science & Research Limited which holds 75% of the issued share capital of the company. The Address of their registered office is The Campus, 4 Crinan Street, London, United Kingdom, N1 9XW.

The company's ultimate parent undertaking and controlling party is Georg von Holtzbrinck GmbH & Co KG, a German partnership.

Georg Von Holtzbrinck GmbH & Co KG is the parent undertaking of the largest group of undertaking of which the company is a subsidiary undertaking for which group financial statements are prepared.

25 Cash generated from operations

	2019	2018
	£	(Restated) £
Loss for the period	(3,711,692)	(2,163,714)
Adjustments for:		
Finance income	(397,594)	(360,518)
Finance costs	351,490	654,393
Depreciation	19,946	13,984
Depreciation on right-of-use assets	236,213	-
Amortisation of intangibles	18,799	-
Movements in working capital:		
Decrease/(Increase) in trade and other receivables	(2,103,017)	(1,558,412)
Increase/(decrease) in trade and other payables	8,104,527	1,192,758
Cash generated/(absorbed) by operations	2,518,672	(2,221,509)

26 Post balance sheet events

Since the year end the Covid-19 global pandemic has been identified as a non-adjusting post balance sheet event. The directors are closely monitoring the effects of this pandemic on the financial position of the company.

The principal risks identified were recoverability of assets through customer payments and reduction in revenue. However given the nature of the company's customer base and business model, there have so far been no significant financial impacts. Explanation of the measures and considerations are included in the Going Concern disclosure in the directors report and notes to the accounts

The company has technology solutions sufficient to enable most employees to effectively work remotely, and a business model that lends itself to remote working, enabling business activities to continue while offices are closed and employees are required to isolate and adhere to social distancing requirements.

On 14 February 2020 the Company purchased the remaining share capital in Writelatex Ltd increasing its holding to 100%. Consideration for this was cash of £4.7m, and share capital of 1% issued to former shareholders of Writelatex Ltd.