

**DUEDIL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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**DUEDIL LIMITED**

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**COMPANY INFORMATION**

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**Directors**

M Blackadder (appointed 31 July 2021)  
S Borthwick (appointed 31 July 2021)  
J W Fitzpatrick  
A Yates (appointed 31 July 2021)  
J Gale (resigned 31 July 2021)  
P Kemp (resigned 31 July 2021)  
R Matthews (resigned 31 July 2021)  
I Milbourn (appointed 11 February 2021, resigned 31 July 2021)  
A Millard (resigned 31 July 2021)  
C Tottman (resigned 11 February 2021)

**Registered number** 06999618

**Registered office**

10 Queen Street Place  
London  
EC4R 1AG

**Independent auditors**

Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Introduction**

The directors present their Strategic Report on DueDil Limited (the "Company") for the financial year ended 31 December 2020.

**Principal activities**

The Company exists to inform and connect the economy by telling the story behind every business. DueDil provides instant access to information on more than 50 million companies through an easy to integrate API and intuitive web application.

Our clients use DueDil to accelerate their adoption of digital technology into all areas of their business, fundamentally changing how they operate and deliver value to their own customers. DueDil's purpose-built technology stack creates proprietary data and insights on tens of millions of companies, which is deeply embedded into our clients' core workflows. Our clients use our solutions to size their addressable market, compliantly onboard customers and risk rate counterparties at speed.

By balancing breadth and depth of insights and easy integration we help our clients replace business operations that have traditionally been manually driven and paper-based. Nowhere is this more apparent than with our clients who serve SMEs, the segment of the market most in need of richer sources of insight.

Greater regulation and sophistication in the use of technology to drive business growth, and in particular increasing rates of API (Application Programming Interface) adoption across many industries, are driving growing demand for DueDil's products, notably from businesses in the Financial Services sector.

**Business review**

Operating turnover increased by 9% to £5.5m, compared to £5.1m in 2019, continuing the trend of increasing year-on-year growth since the Company's formation.

Underlying operating gross margin increased to 83%, compared to 80% in 2019.

The operating loss for the year reflects the Board's intention to continue investment into its go to market operations and new products and solutions that complement DueDil's core API and web application solutions.

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Principal risks and uncertainties**

Performance and financial risk management are fundamental to the Company's management processes. The principal risks and uncertainties faced by the Company are as follows:

**Performance risk**

This is the risk identified that the Company will fail to meet its contractual obligations in connection with availability of the Company's API and web application in accordance with service level agreements (SLAs), which is critical for a large number of our clients. The Company sets internal targets which are more stringent than our client SLAs, and these are continually monitored in 'real-time'. The Company publishes service availability statistics on a generally available web page. In order to further mitigate this risk, the Company undertook a major project in the latter part of 2019 to increase the reliability and resilience of both platforms by switching its hosting provider to Google's Cloud Platform.

**Liquidity risk**

The Company's current assets are cash or assets which are converted into cash within a short period of time and the directors ensure that the Company maintains a sufficient cash balance to minimise liquidity risk. The Company's income stream is based on pre-agreed contractual arrangements with clients thereby reducing price and credit risk. Conversion of trade debtors into cash in accordance with contractual terms is closely monitored. The Company continually monitors its current and future funding requirements through its risk management and regularly updated financial projections.

**Foreign currency risk**

The majority of the Company's clients are invoiced in £STG thereby minimising the Company's exposure to currency rate risk.

**Market competition and technological change**

The Company continues to invest in new products and solutions designed to address more of our existing and future clients' needs and to address competition in the Company's markets. During each quarter the Company rigorously reviews its Product Roadmap for the subsequent quarter to ensure the correct projects are being undertaken and that resources are allocated in the most efficient manner. As noted above, the Company undertook a major project in the latter part of 2019 to increase the reliability and resilience of both platforms by switching its hosting provider to Google's Cloud Platform, as an example of the Company's ongoing assessment and implementation of the appropriate technologies to best meet our clients' needs.

**Other risks and uncertainties**

The UK officially left the European Union on 31 January 2020. As the majority of the Company's current clients are based in the UK, the Company has not and is not expecting any material adverse impact on trading arising from the UK's exit from the European Union.

**Financial key performance indicators**

The Company's key financial and other performance indicators for the year were as follows:

	2020	2019	%
Turnover (£000s)	5,497	5,056	8.7%
Operating loss (£000s)	(5,104)	(5,317)	-4.0%
Loss after tax (£000s)	(5,530)	(5,341)	3.5%
Average number of employees	61	64	-5%

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**DUEDIL LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Other key performance indicators**

In addition to a broad range of financial KPIs the Company also monitors a number of operational KPIs, both of which are used on a regular basis to inform management decisions and actions.

This report was approved by the board on 31 December 2021 and signed on its behalf.

**J W Fitzpatrick**  
Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company'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 Company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The loss for the year, after taxation, amounted to £5,530,443 (2019 - loss £5,341,167).

There were no dividends declared or paid during the year (2020: £nil).

**Directors**

The directors who served during the year were:

J W Fitzpatrick  
J Gale (resigned 31 July 2021)  
P Kemp (resigned 31 July 2021)  
R Matthews (resigned 31 July 2021)  
I Milbourn (appointed 11 February 2021, resigned 31 July 2021)  
A Millard (resigned 31 July 2021)  
C Tottman (resigned 11 February 2021)

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Future developments**

The Company was acquired by Artesian Solutions Limited (Company number: 05667880) to create a new RegTech player focused on the end-to-end customer lifecycle, by combining the best of both platforms - DueDil's Business Information Graph (B.I.G.) and Premium APIs, and Artesian's powerful web application and advanced rules engine – to deliver an easy to deploy solution for banks, insurers and FinTechs to engage, onboard and grow the right business customers for life.

We are currently working on plans to integrate our products to ultimately deliver a broader and richer set of capabilities which benefit all of our customers. Both product sets have complementary capabilities that will allow UK & Irish financial services, insurance and FinTech companies to find the right customers, onboard them faster and keep them for life.

**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'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's auditors are aware of that information.

**Post balance sheet events**

On 31 July 2021:

- the Company's issued share capital classes in existence prior to this date were all re-classed as S1 Deferred Shares, with no voting, dividend or pre-emption rights attaching;
- existing convertible loan notes were converted into Ordinary shares;
- the Company raised additional Ordinary share capital of £1.6M to support future working capital requirements; and
- Artesian Solutions Limited (Company Number: 05667880) purchased all of the Company's Ordinary share capital.

On 3 December 2021, the Company's existing bank debt was repaid and refinanced with a replacement facility taken out in the name of Artesian Solutions Limited, on more favourable terms, guaranteed by both companies and secured by fixed and floating charges on the assets of both companies.

The Company reached an agreement with its landlord for the early surrender of the lease on its office, and an onerous lease provision has been recognised in these accounts.

**Auditors**

The auditors, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31 December 2021 and signed on its behalf.

**J W Fitzpatrick**  
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUEDIL LIMITED**

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**Opinion**

We have audited the financial statements of Duedil Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the 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 Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 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 DUEDIL LIMITED (CONTINUED)**

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

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

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

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

- adequate accounting records have not been kept, 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 4, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUEDIL LIMITED (CONTINUED)**

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**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 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:

**The extent to which the audit was considered capable of detecting irregularities, including fraud.**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and challenging assumptions and judgements made by management in their critical accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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**DUEDIL LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUEDIL LIMITED (CONTINUED)**

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**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.

David Cox (Senior Statutory Auditor)

for and on behalf of  
**Haysmacintyre LLP**

Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

31 December 2021

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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		2020 £	2019 £
Turnover	4	5,497,150	5,056,476
Cost of sales		(936,818)	(1,004,460)
<b>Gross profit</b>		<u>4,560,332</u>	<u>4,052,016</u>
Administrative expenses		(8,883,809)	(9,368,968)
Costs associated with onerous lease	11	(780,312)	-
<b>Operating loss</b>	5	<u>(5,103,789)</u>	<u>(5,316,952)</u>
Interest payable and similar expenses	9	(676,654)	(362,247)
<b>Loss before tax</b>		<u>(5,780,443)</u>	<u>(5,679,199)</u>
Tax on loss	10	250,000	338,032
<b>Loss for the financial year</b>		<u><u>(5,530,443)</u></u>	<u><u>(5,341,167)</u></u>

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 15 to 31 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	12	321,038	338,824
Tangible assets	13	94,955	150,818
		415,993	489,642
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	2,295,828	2,857,502
Cash at bank and in hand	15	1,520,524	1,870,478
		3,816,352	4,727,980
Creditors: amounts falling due within one year	16	(8,572,114)	(7,999,636)
		(4,755,762)	(3,271,656)
<b>Net current liabilities</b>			
		(4,339,769)	(2,782,014)
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after more than one year	17	(6,549,720)	(3,208,025)
<b>Provisions for liabilities</b>			
Other provisions	20	(618,292)	-
		(618,292)	-
		(11,507,781)	(5,990,039)
<b>Capital and reserves</b>			
Called up share capital	21	7,937	6,524
Share premium account	22	28,806,044	28,794,756
Profit and loss account	22	(40,321,762)	(34,791,319)
		(11,507,781)	(5,990,039)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 December 2021.

**J W Fitzpatrick**  
Director

The notes on pages 15 to 31 form part of these financial statements.

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**DUEDIL LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	6,524	28,794,756	(34,791,319)	(5,990,039)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(5,530,443)	(5,530,443)
Shares issued during the year	1,413	11,288	-	12,701
<b>At 31 December 2020</b>	<u>7,937</u>	<u>28,806,044</u>	<u>(40,321,762)</u>	<u>(11,507,781)</u>

The notes on pages 15 to 31 form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2019	6,524	28,794,756	(29,510,152)	(708,872)
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(5,341,167)	(5,341,167)
Share option charge	-	-	60,000	60,000
<b>At 31 December 2019</b>	<u>6,524</u>	<u>28,794,756</u>	<u>(34,791,319)</u>	<u>(5,990,039)</u>

The notes on pages 15 to 31 form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(5,530,443)	(5,341,167)
<b>Adjustments for:</b>		
Depreciation of tangible assets	225,662	76,066
Impairments of fixed assets	40,884	-
Interest paid	676,654	362,247
Taxation credit	(250,000)	(338,032)
Decrease/(increase) in debtors	820,463	(788,736)
(Decrease)/increase in creditors	(185,987)	1,542,851
Increase in provisions	618,292	-
Corporation tax received	-	338,032
Share option charge	-	60,000
<b>Net cash generated from operating activities</b>	<u>(3,584,475)</u>	<u>(4,088,739)</u>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(132,917)	(338,824)
Purchase of tangible fixed assets	(59,982)	(78,161)
<b>Net cash from investing activities</b>	<u>(192,899)</u>	<u>(416,985)</u>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	12,701	-
New secured loans	-	963,731
Repayment of loans	(409,847)	-
Other new loans	4,501,220	2,048,500
Interest paid	(676,654)	(362,247)
<b>Net cash used in financing activities</b>	<u>3,427,420</u>	<u>2,649,984</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(349,954)</u>	<u>(1,855,740)</u>
Cash and cash equivalents at beginning of year	1,870,478	3,726,218
<b>Cash and cash equivalents at the end of year</b>	<u><u>1,520,524</u></u>	<u><u>1,870,478</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,520,524	1,870,478
	<u><u>1,520,524</u></u>	<u><u>1,870,478</u></u>

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**DUEDIL LIMITED**

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**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	1,870,478	(349,954)	1,520,524
Debt due after 1 year	(3,208,025)	(3,341,695)	(6,549,720)
Debt due within 1 year	(3,241,206)	(749,678)	(3,990,884)
	<u>(4,578,753)</u>	<u>(4,441,327)</u>	<u>(9,020,080)</u>

The notes on pages 15 to 31 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. General information**

Duedil Limited is a private limited company, limited by shares and registered in England and Wales. Its registered office is 10 Queen Street Place, London, EC4R 1AG.

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

The following principal accounting policies have been applied:

**2.2 Going concern**

On 3 December 2021, the Company's existing bank debt was repaid and refinanced with a replacement facility taken out in the name of Artesian Solutions Limited (the parent company), on more favourable terms, guaranteed by both companies and secured by fixed and floating charges on the assets of both companies. In addition, Artesian Solutions Limited has provided a commitment to ensure that the Company can continue as a going concern for at least 12 months from the date of signing these 31 December 2020 financial statements. Artesian will provide sufficient financial support to the Company as required, for the Company to continue to meet its financial liabilities as they fall due and so that it may carry on its business without unnecessary disruption.

Together with the recent purchase of all of the Company's ordinary share capital by Artesian Solutions Limited, the directors have a reasonable expectation that the Company will have adequate resources to continue operating for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**2.3 Foreign currency translation**

**Functional and presentation currency**

The Company'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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and 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. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company 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; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.5 Operating leases: the Company as lessee**

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

**2.6 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.7 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.

**2.8 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.9 Pensions**

**Defined contribution pension plan**

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

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

**2.10 Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

**2.11 Taxation**

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 reporting date in the countries where the Company operates and generates income.

**2.12 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.13 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 the leasehold term
Fixtures and fittings	- 20% straight line
Office equipment	- 25% 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.

**2.14 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.15 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.

**2.16 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 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 Company's cash management.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.17 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.

**2.18 Provisions for liabilities**

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

**2.19 Onerous leases**

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

**2.20 Financial instruments**

The Company 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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

The preparation of the financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Key judgements made by management include:

Recognition of intangible fixed assets

The Company capitalises development expenditure in accordance with FRS102 s18. Amounts capitalised include the total cost of any external products or services and labour costs directly attributable to the development programme. Management judgement is involved in determining the appropriate internal costs to capitalise and the amounts involved.

If there is any uncertainty in terms of the technical feasibility, ability to sell the product or any other risk that means the programme does not meet the requirements of the standard the development costs are expensed within the statement of comprehensive income.

**4. Turnover**

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

	2020 £	2019 £
Operating income	5,497,150	5,056,476
	<u>5,497,150</u>	<u>5,056,476</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	5,497,150	5,056,476
	<u>5,497,150</u>	<u>5,056,476</u>

**5. Operating loss**

The operating loss is stated after charging:

	2020 £	2019 £
Exchange differences	9,721	14,346
Other operating lease rentals	<u>473,103</u>	<u>506,695</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**6. Auditors' remuneration**

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>16,000</u>	<u>16,500</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Taxation compliance services	4,500	4,300
Other services relating to taxation	14,355	18,725
All other services	4,250	20,108
	<u>23,105</u>	<u>43,133</u>

**7. Employees**

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

	2020 £	2019 (restated) £
Wages and salaries	4,685,167	4,802,376
Social security costs	558,376	561,254
Cost of defined contribution scheme	69,004	54,700
	<u>5,312,547</u>	<u>5,418,330</u>

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

	2020 No.	2019 No.
	<u>61</u>	<u>64</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**8. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	174,876	170,833
	<u>174,876</u>	<u>170,833</u>

Key management personnel are considered to be the directors.

**9. Interest payable and similar expenses**

	2020 £	2019 £
Bank interest payable	414,184	362,247
Other loan interest payable	262,470	-
	<u>676,654</u>	<u>362,247</u>

**10. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
R&D tax credit	<u>(250,000)</u>	<u>(338,032)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(250,000)</u>	<u>(338,032)</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**10. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(5,780,443)</u>	<u>(5,679,199)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(1,098,284)	(1,079,048)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	38,107	24,348
Capital allowances for year less than depreciation	2,714	2,142
Adjustments to tax charge in respect of prior periods	-	(38,032)
Deferred tax not recognised	807,463	752,558
<b>Total tax credit for the year</b>	<u>(250,000)</u>	<u>(338,032)</u>

**11. Exceptional items**

	2020 £	2019 £
Costs associated with onerous lease	780,312	-
	<u>780,312</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

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12. Intangible assets

	Development expenditure £
<b>Cost</b>	
At 1 January 2020	338,824
Additions	132,917
At 31 December 2020	<u>471,741</u>
<b>Amortisation</b>	
Charge for the year on owned assets	150,703
At 31 December 2020	<u>150,703</u>
<b>Net book value</b>	
At 31 December 2020	<u><u>321,038</u></u>
<b>At 31 December 2019</b>	<u><u>338,824</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**13. Tangible fixed assets**

	Short-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	356,643	56,396	137,229	235,243	785,511
Additions	1,951	58,031	-	-	59,982
At 31 December 2020	<u>358,594</u>	<u>114,427</u>	<u>137,229</u>	<u>235,243</u>	<u>845,493</u>
<b>Depreciation</b>					
At 1 January 2020	287,987	12,250	134,708	199,749	634,694
Charge for the year on owned assets	29,723	30,078	1,950	13,209	74,960
Impairment charge	40,884	-	-	-	40,884
At 31 December 2020	<u>358,594</u>	<u>42,328</u>	<u>136,658</u>	<u>212,958</u>	<u>750,538</u>
<b>Net book value</b>					
At 31 December 2020	<u>-</u>	<u>72,099</u>	<u>571</u>	<u>22,285</u>	<u>94,955</u>
<b>At 31 December 2019</b>	<u>68,656</u>	<u>44,146</u>	<u>2,521</u>	<u>35,494</u>	<u>150,817</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**14. Debtors**

	2020 £	2019 £
Trade debtors	1,514,134	1,867,704
Other debtors	590,235	492,850
Prepayments and accrued income	191,459	496,948
	<u>2,295,828</u>	<u>2,857,502</u>

**15. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	1,520,524	1,870,478
	<u>1,520,524</u>	<u>1,870,478</u>

**16. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Bank loans	3,990,884	1,192,706
Other loans	-	2,048,500
Trade creditors	759,682	1,217,430
Other taxation and social security	928,506	305,541
Other creditors	38,500	69,977
Accruals and deferred income	2,854,542	3,165,482
	<u>8,572,114</u>	<u>7,999,636</u>

The bank loan was repaid in full on 3 December 2021. The loan has an interest rate of 9.25% and is secured on the business' assets.

Other loans relate to Convertible Loan Notes, which were converted into Ordinary shares on 31 July 2021

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**17. Creditors: Amounts falling due after more than one year**

	2020 £	2019 £
Bank loans	-	3,208,025
Other loans	6,549,720	-
	<u>6,549,720</u>	<u>3,208,025</u>

The bank loan was repaid in full on 3 December 2021. The loan has an interest rate of 9.25% and is secured on the business' assets.

Other loans relate to Convertible Loan Notes, which were converted into Ordinary shares on 31 July 2021.

**18. Loans**

Analysis of the maturity of loans is given below:

	2020 £	2019 £
<b>Amounts falling due within one year</b>		
Bank loans	3,990,884	1,192,706
Other loans	-	2,048,500
	<u>3,990,884</u>	<u>3,241,206</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	-	1,924,815
	<u>-</u>	<u>1,924,815</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	-	1,283,210
Other loans	6,549,720	-
	<u>6,549,720</u>	<u>1,283,210</u>
	<u>10,540,604</u>	<u>6,449,231</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**19. Financial instruments**

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<u>2,104,369</u>	<u>2,360,554</u>
<b>Financial liabilities</b>		
Other financial liabilities measured at fair value through profit or loss	<u>(14,193,328)</u>	<u>(10,902,120)</u>
Financial assets measured at amortised cost comprise trade and other debtors.		
Financial liabilities measured at amortised cost comprise bank and other loans, trade and other creditors and accruals and deferred income.		

**20. Provisions**

	2020 £
Charged to the profit or loss	618,292
<b>At 31 December 2020</b>	<u>618,292</u>

The onerous lease provision recognises the outstanding rent on the leased offices which were vacated during the year.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**21. Share capital**

	2020	2019
	£	£
<b>Allotted, called up and fully paid</b>		
14,851,262 (2019 - 14,851,262) Ordinary shares of £0.00001 each	149	149
6,779,877 (2019 - 6,995,116) A Preferred shares of £0.00001 each	68	70
14,547,376 (2019 - 145,547,376) B Preferred shares of £0.00001 each	145	145
616,025,002 (2019 - 616,025,003) C Preferred shares of £0.00001 each	6,160	6,160
1 (2019 - 1) D Preferred share of £0.00001	-	-
4,533,046 (2019 - NIL) E Ordinary shares of £0.00001 each	45	-
137,013,426 (2019 - NIL) F Ordinary shares of £0.00001 each	1,370	-
	<u>7,937</u>	<u>6,524</u>

**22. Reserves****Share premium account**

The share premium account represents the difference between the par value of the shares issued and the subscription or issue price.

**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**23. Share based payments**

The Company runs a share based payment scheme. Employee share options are granted with vesting periods of 36 months, contingent on the ongoing employment with the Company. Employees who leave the Company prior to vesting of share options will be considered to have forfeited those options.

	Weighted average exercise price (pence) 2020	Number 2020	Weighted average exercise price (pence) 2019	Number 2019
Outstanding at the beginning of the year	0.28	77,043,245	21.7	1,047,361
Granted during the year	0.001	114,108,453	0.07	86,740,735
Forfeited during the year	0.25	(5,305,291)	0.65	(10,744,851)
Exercised during the year	0.001	(117,117,034)	0	-
<b>Outstanding at the end of the year</b>	<b>0.25</b>	<b>68,729,373</b>	<b>0.28</b>	<b>77,043,245</b>

**24. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £69,004 (2019: £54,700). Contributions totalling £17,117 (2019: £nil) were payable to the fund at the reporting date and are included in creditors.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**25. Commitments under operating leases**

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	535,815	535,815
Later than 1 year and not later than 5 years	267,908	803,723
	<u>803,723</u>	<u>1,339,538</u>

An onerous lease provision has been recognised with respect to the lease commitment. See note 19.

**26. Related party transactions**

During the year, two directors received a total of £101,592 for services performed outside of their roles as directors.

Also during the year a total of £13,000 was paid to a LLP, of which one director is a member, for general strategic services.

**27. Post balance sheet events**

On 31 July 2021:

- the Company's issued share capital classes in existence prior to this date were all re-classed as S1 Deferred Shares, with no voting, dividend or pre-emption rights attaching;
- existing convertible loan notes were converted into Ordinary shares;
- the Company raised additional Ordinary share capital of £1.6M to support future working capital requirements; and
- Artesian Solutions Limited (Company Number: 05667880) purchased all of the Company's Ordinary share capital.

On 3 December 2021, the Company's existing bank debt was repaid and refinanced with a replacement facility taken out in the name of Artesian Solutions Limited, on more favourable terms, guaranteed by both companies and secured by fixed and floating charges on the assets of both companies.

The Company reached an agreement with its landlord for the early surrender of the lease on its office, and an onerous lease provision has been recognised in these accounts.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.