

Company registration number 07620235 (England and Wales)

APPLEARN LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
PAGES FOR FILING WITH REGISTRAR

APPLEARN LIMITED

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APPLEARN LIMITED

COMPANY INFORMATION

Directors	Mark W Barlow Adam Prickett Andrew S Avanesian Christian L Grant Michael Velcich	(Appointed 23 February 2022) (Appointed 23 February 2022)
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Company number	07620235
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Registered office	Riverside House Kings Reach Business Park Yew Street Stockport Cheshire SK4 2HD
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Accountants	Hallidays Riverside House Kings Reach Business Park Yew Street Stockport Cheshire SK4 2HD
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APPLEARN LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Intangible assets	3		5,208		10,208
Tangible assets	4		73,066		60,147
			<u>78,274</u>		<u>70,355</u>
Current assets					
Debtors	5	2,322,427		1,057,776	
Cash at bank and in hand		288,086		1,605,637	
		<u>2,610,513</u>		<u>2,663,413</u>	
Creditors: amounts falling due within one year	6	<u>(2,732,864)</u>		<u>(2,351,211)</u>	
Net current (liabilities)/assets			<u>(122,351)</u>		<u>312,202</u>
Total assets less current liabilities			<u>(44,077)</u>		<u>382,557</u>
Creditors: amounts falling due after more than one year	7		<u>(18,782,209)</u>		<u>(16,994,713)</u>
Net liabilities			<u><u>(18,826,286)</u></u>		<u><u>(16,612,156)</u></u>
Capital and reserves					
Called up share capital			1		1
Share based payment reserve			114,329		64,329
Profit and loss reserves			<u>(18,940,616)</u>		<u>(16,676,486)</u>
Total equity			<u><u>(18,826,286)</u></u>		<u><u>(16,612,156)</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

APPLEARN LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved by the board of directors and authorised for issue on 16 June 2023 and are signed on its behalf by:

Adam Prickett
Director

Company Registration No. 07620235

APPLEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Applearn Limited is a private company limited by shares incorporated in England and Wales. The registered office is Riverside House, Kings Reach Business Park, Yew Street, Stockport, Cheshire, SK4 2HD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

At the balance sheet date, the company had excess liabilities over assets and therefore a net deficit position. The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. The validity of the use of this basis depends upon the following:-

The company manages its day to day working capital requirements through a loan agreement with its parent company, Applearn International Limited. The directors of Applearn International Limited have agreed to continue to support the company's working capital requirements through the loan agreement. The terms of the loan are that it may be repaid within one year and one day following the year end, on an annual rolling basis.

1.3 Turnover

Turnover represents amounts invoiced for software licensing, recognised equally over the subscription period of the software licence.

The Company recognises revenue when:
The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the Company's activities.

The subscription period of the software licences is typically greater than one year. Due to this proportions of the revenue received are deferred accordingly. The amount of deferred income within this financial year is £2,125,152 (2021: £1,597,862). Please see notes 7 and 8.

APPLEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Other intangibles	25% on cost
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	25% On cost
Fixtures and fittings	25% On cost
Office equipment	25% On cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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 instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

APPLEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Taxation

Current tax

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

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 taxable income.

Deferred tax

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

1.9 Retirement benefits

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

APPLEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Share-based payments

The company is part of a group that operates an equity settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. In accordance with FRS 102 Section 26; in the absence of an observable market price, the fair value of the share options has been arrived at using entity specific observable market data, namely a recent transaction in the shares of the group companies following an independent valuation. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The proceeds received net of any directly attributable transaction cost are credited to share capital (nominal value) and share premium when the options are exercised.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.11 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 in the period are included in profit or loss.

1.12 Research and Development costs

Research and development expenditure is written off in the year in which it is incurred apart from development expenditure incurred on intellectual property relating to clearly defined projects and whose outcome can be assessed with reasonable certainty. Such expenditure is carried forward as an intangible asset and amortised from the time that turnover commences over the life of the project.

1.13 Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

APPLEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Employees

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

	2022 Number	2021 Number
Total	46	48

3 Intangible fixed assets

	Other intangibles £
Cost	
At 1 January 2022 and 31 December 2022	85,822
Amortisation and impairment	
At 1 January 2022	75,614
Amortisation charged for the year	5,000
At 31 December 2022	80,614
Carrying amount	
At 31 December 2022	5,208
At 31 December 2021	10,208

The aggregate amount of research and development expenditure recognised as an expense during the period is £ 2,212,593 (2021: £2,038,931).

APPLEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 January 2022	86,684	19,408	97,092	203,184
Additions	-	-	40,135	40,135
At 31 December 2022	86,684	19,408	137,227	243,319
Depreciation and impairment				
At 1 January 2022	86,684	13,744	42,609	143,037
Depreciation charged in the year	-	1,825	25,391	27,216
At 31 December 2022	86,684	15,569	68,000	170,253
Carrying amount				
At 31 December 2022	-	3,839	69,227	73,066
At 31 December 2021	-	5,664	54,483	60,147

5 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,139,199	301,838
Corporation tax recoverable	737,900	679,984
Other debtors	200,685	75,954
	2,077,784	1,057,776
Amounts falling due after more than one year:		
Amounts owed by group undertakings	244,643	-
Total debtors	2,322,427	1,057,776

APPLEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Creditors: amounts falling due within one year		2022	2021
		£	£
	8	5,556	5,556
Bank loans		235,557	188,511
Trade creditors		108,915	87,157
Taxation and social security		1,948,016	1,550,793
Deferred income		37,887	42,691
Other creditors		396,933	476,503
Accruals		<u>2,732,864</u>	<u>2,351,211</u>
		<u><u>2,732,864</u></u>	<u><u>2,351,211</u></u>
7 Creditors: amounts falling due after more than one year		2022	2021
		£	£
	Notes		
	8	36,858	41,667
Bank loans and overdrafts		14,348,064	12,115,139
Amounts owed to group undertakings		177,135	47,069
Deferred income		4,220,152	4,790,838
Other creditors		<u>18,782,209</u>	<u>16,994,713</u>
		<u><u>18,782,209</u></u>	<u><u>16,994,713</u></u>
8 Loans and overdrafts		2022	2021
		£	£
		42,414	47,223
Bank loans		<u>42,414</u>	<u>47,223</u>
		<u><u>42,414</u></u>	<u><u>47,223</u></u>
		5,556	5,556
Payable within one year		36,858	41,667
Payable after one year		<u>36,858</u>	<u>41,667</u>
		<u><u>36,858</u></u>	<u><u>41,667</u></u>

Other borrowings

Credit Cards with a carrying amount of £16,577 (2021: £10,520) are denominated in £ Sterling with a commercial rate of interest. The final instalments are due on 11 January 2023 and 25 January 2023.

APPLEARN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

Summary of transactions with parent

Applearn International Limited

The company manages its day to day working capital requirements through a flexible loan agreement with its parent company, Applearn International Limited. The directors of Applearn International Limited have agreed to continue to support the company's working capital requirements through the loan agreement. The terms of the loan are that it may be repaid with notice of one year and one day on an annual rolling basis. The balance owed to Applearn International Limited at the year end was £14,348,064 (2021 : £12,115,139).

Summary of transactions with other related parties

Applearn Inc.

Applearn Inc is a wholly owned subsidiary of Applearn International Limited. The company is registered in the United States of America. Applearn Inc manages its day to day working capital requirements through a flexible loan agreement with Applearn Limited. The terms of the loan are interest free and repayable with notice of one year and one day on an annual rolling basis. The balance owed to Applearn Inc at the year end was £4,220,152 (2021 : £4,790,838).

Brainware s.r.o.

Brainware s.r.o is a subsidiary of Applearn International Limited. The company is registered in Slovakia. The terms of the loan are that it may be repaid with notice of one year and one day on an annual rolling basis. The balance owed from Brainware s.r.o. at the year end was £148,840 (2021 : £Nil).

YesElf s.r.o

YesElf s.r.o is a subsidiary of Applearn International Limited. The company is registered in Slovakia. The terms of the loan are that it may be repaid with notice of one year and one day on an annual rolling basis. The balance owed from YesElf s.r.o. at the year end was £95,804 (2021 : £Nil).

10 Parent company

The company's immediate parent is Applearn International Ltd, incorporated in England and Wales.

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.