

Daxtra Technologies Ltd.

Registered number: SC235713

Annual Report

For the period ended 31 December 2019



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DAXTRA TECHNOLOGIES LTD.

COMPANY INFORMATION

Directors A Mikheev
S P Finch
S Mak

Company secretary MBM Secretarial Services Limited

Registered number SC235713

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Edinburgh
EH2 4AD

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DAXTRA TECHNOLOGIES LTD.

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**GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Introduction

The directors present their Strategic Report for the 15 months ended 31 December 2019. These results comprise those of Daxtra Technologies Ltd, HR Information Limited, and Daxtra Technologies Inc.

Business review

Group turnover for the period was £11.34m, a pro-rata increase of 10.9% on the previous year (2018: £8.18m).

The operating profit for the period was £0.968m (2018: £0.675m).

The Group's balance sheet shows net current assets of £8.29m (2018: £8.23m). Shareholder funds are £8.31m (2018: £8.27m).

During the period the company continued a strategic focus on sales operations facilitating an increase in sales over the previous period. The company considers strategic growth to be a critical part of its long-term future. To achieve its future growth ambitions and to effectively scale the company in the longer term, it is essential that the company develops a global approach to managing all its business operations, which ensures it can meet customer needs in a consistent way.

Principal activities

The principal activity of the Group continues to be the development, licencing and ongoing support of computer software for the recruitment industry.

Daxtra and its related companies is a global organisation with employees in 7 countries. These accounts cover 3 countries, with a sales presence in multiple countries.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Principal risks and uncertainties

To deliver continued sustainable growth, the Group recognises the need to minimise the likelihood and impact of key risks. These risks are both general in nature i.e. business risks faced by all businesses and more specific to the Group and the market in which it operates.

The risks outlined here are those principal risks and uncertainties that are material to the Group. They do not include all risks associated with the Group and are not set out in any order of priority.

The Group manages competitive trading risk by continually updating the products and services it has to offer. The Group's principal financial instruments comprise cash and cash equivalents. Other financial assets and liabilities, such as trade creditors, arise directly from the Group's operating activities.

The main risks associated with the Group's financial assets and liabilities are set out below.

Price risk

Daxtra is subject to competitive pressure from other vendors. Whilst we are confident of the value we bring to our clients, price pressure is a risk to our future financial performance. We mitigate this by continuously improving and differentiating the product offering.

Liquidity risk

The Group aims to mitigate liquidity risk by managing cash generating by its operations. All changes in expenditure are approved by the directors. Flexibility is maintained by retaining surplus cash in readily accessible bank deposit and current accounts and fixed interest government bonds.

Foreign currency risk

The Group's principal transactions are sales denominated in Euros, GB Pounds, and US Dollars. As a result, the Group's cash flow can be affected by movements in the exchange rate, although the risk is mitigated through a natural hedge with costs incurred in local currency.

Information security

The Group takes cyber risk management seriously and takes steps to protect its data and IP in compliance with GDPR.

COVID-19

The Group has taken measures in response to the global Covid-19 pandemic. The Group has considered government and public health guidance in the regions it operates, adjusting business operations where appropriate. Customer retention statistics continue to be closely monitored and reviewed on an ongoing basis.

Financial key performance indicators

The Group use several key performance indicators to manage its daily operations and management review. These include, but are not limited to, the KPIs detailed below:

	2019	2018
	(15 month period)	
	£	£
Turnover	11,339,443	8,180,861
Operating profit	968,194	674,993
Profit before tax	1,049,575	636,625
EBITDA	1,037,560	702,848
Cash and cash equivalents	8,403,158	10,961,643
Net assets	8,311,201	8,265,522
Turnover per full time equivalent	164,340	125,859

DAXTRA TECHNOLOGIES LTD.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

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

A. Mikheev

A.Mikheev (Apr 26, 2021 10:33 GMT+1)

A. Mikheev
Director

Date: Apr 26, 2021

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2019**

The directors present their report and the audited consolidated financial statements for the period ended 31 December 2019.

Directors' responsibilities statement

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

Company law requires the directors to prepare audited consolidated 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 Section 1A - small entities 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Results and dividends

The profit for the period, after taxation, amounted to £848,071 (2018 - £684,934).

The Company paid and declared dividends of £779,175 (2018 - £nil).

Directors

The directors who served during the period and up to the date of the report were:

A Mikheev
S P Finch
S Mak

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Future developments

The Board continues to assess acquisition opportunities to complement the Group's organic growth strategy and increase the product coverage of the fuller value cycle. The Group has cash reserves of £11m. Areas under consideration include: competitors who bring market share; businesses with complementary data sources; companies with complimentary product suites without international reach.

Matters covered in the Group Strategic Report

The directors have included the business review, considerations of the principal risks and uncertainties, and the key performance indicators on pages 1 and 2.

Disclosure of information to auditor

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

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


Post balance sheet events

On 30 January 2020, the World Health Organisation (WHO) declared COVID-19 as a 'Public Health Emergency of International Concern'. The directors do not consider any adjustments to the reported financial information to be required in relation to this and no post balance sheet events have been identified as a result of this. The going concern basis of preparation is considered appropriate for the preparation of the financial statements as per note 2.3.

Auditor

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

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


A.Mikheev (Apr 26, 2021 10:33 GMT+1)

A Mikheev
Director

Date: Apr 26, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAXTRA TECHNOLOGIES LTD.

Opinion

We have audited the financial statements of Daxtra Technologies Ltd. (the 'Group and Company') for the period ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, and the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and Company's affairs as at 31 December 2019 and of the Group profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 1 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 - Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company and group financial statements, which is not modified, we draw your attention to the directors' view on the impact of COVID-19 as disclosed on page 1, and the consideration of the going concern basis of preparation in note 2.3, and non-adjusting post balance sheet events in note 28.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world.

The full impact following the recent emergence of COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

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 Group and Companies' 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAXTRA TECHNOLOGIES LTD.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

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 the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and 1 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAXTRA TECHNOLOGIES LTD.

Responsibilities of Directors

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

In preparing the financial statements, the directors are responsible for assessing the 1'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 intend to liquidate the 1 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Group and Companies' 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 Group and Companies' 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 Group the Companies and the Companies' members as a body for our audit work, for this report, or for the opinions we have formed.

Fiona Martin

Fiona Martin (Apr 26, 2021 11:14 GMT+1)

Fiona Martin (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH 12 5HD

Date: Apr 26, 2021

DAXTRA TECHNOLOGIES LTD.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Note	Period ended 31 December 2019 £	Year ended 30 September 2018 £
Turnover	4	11,339,443	8,180,861
Cost of sales		(732,634)	(418,800)
Gross profit		10,606,809	7,762,061
Administrative expenses		(9,672,807)	(7,087,078)
Other operating income	5	34,192	-
Operating profit	6	968,194	674,983
Income from fixed assets investments		54,215	15,171
Interest income	11	28,149	16,380
Interest payable and expenses	12	(983)	(69,909)
Profit before taxation		1,049,575	636,625
Tax on profit	13	(201,504)	48,309
Profit for the financial period		848,071	684,934
Total comprehensive income for the period		848,071	684,934
Profit for the period attributable to:			
Owners of the parent Company		848,071	684,934
Total comprehensive income for the period attributable to:			
Owners of the parent Company		848,071	684,934

The notes on pages 16 to 34 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	31 December 2019 £	30 September 2018 £
Fixed assets			
Tangible fixed assets	15	13,853	29,296
Fixed asset investments	16	5,000	5,000
		<u>18,853</u>	<u>34,296</u>
Current assets			
Debtors due after more than 1 year	17	207,201	612,885
Debtors due within 1 year	17	1,439,356	2,072,896
Current asset investments	18	4,510,060	-
Cash and cash equivalents	19	8,403,158	10,961,643
		<u>14,559,775</u>	<u>13,647,424</u>
Creditors: amounts falling due within one year	20	(6,267,427)	(5,416,198)
		<u>8,292,348</u>	<u>8,231,226</u>
Net current assets			
		<u>8,292,348</u>	<u>8,231,226</u>
Net assets			
		<u>8,311,201</u>	<u>8,265,522</u>
Capital and reserves			
Called up share capital	22	105	105
Share premium account	23	9,345	9,345
Other reserves	23	16,062	17,479
Profit and loss account	23	8,285,689	8,238,593
		<u>8,311,201</u>	<u>8,265,522</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf:

A. Mikheev
A.Mikheev (Apr 26, 2021 10:33 GMT+1)

A Mikheev
Director

Date: Apr 26, 2021

The notes on pages 16 to 34 form part of these financial statements

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	31 December 2019 £	30 September 2018 £
Fixed assets			
Tangible fixed assets	15	3,473	12,364
Investments	16	5,002	5,002
		8,475	17,366
Current assets			
Debtors due after more than 1 year	17	-	412,885
Debtors: amounts falling due within one year	17	1,487,136	3,566,053
Cash and cash equivalents	19	6,170,317	3,795,094
		7,657,453	7,774,032
Creditors: Amounts Falling Due Within One Year	20	(1,660,709)	(1,439,591)
Net current assets		5,996,744	6,334,441
Total assets less current liabilities		6,005,219	6,351,807
Net assets		6,005,219	6,351,807
Capital and reserves			
Called up share capital	22	105	105
Share premium account	23	9,345	9,345
Profit and loss account brought forward		6,342,357	5,330,561
Profit for the period		454,387	717,623
Other changes in the profit and loss account		(800,975)	294,173
		5,995,769	6,342,357
Profit and loss account carried forward		6,005,219	6,351,807

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

A. Mikheev
A. Mikheev (Apr 26, 2021 10:33 GMT+1)

A Mikheev
Director

Date: Apr 26, 2021

The notes on pages 16 to 34 form part of these financial statements.

DAXTRA TECHNOLOGIES LTD.

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

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2017 (Unaudited)	104	1,846	294,173	5,330,561	5,626,684
Profit for the year	-	-	-	717,623	717,623
Revaluation of investment shares to market value	-	-	-	294,173	294,173
Shares issued during the year	1	7,499	-	-	7,500
Release of revaluation reserve on disposal of investment shares	-	-	(294,173)	-	(294,173)
At 1 October 2018	105	9,345	-	6,342,357	6,351,807
Profit for the period	-	-	-	454,387	454,387
Dividends: Equity capital	-	-	-	(779,175)	(779,175)
Purchase of own shares	-	-	-	(21,800)	(21,800)
At 31 December 2019	105	9,345	-	5,995,769	6,005,219

The notes on pages 16 to 34 form part of these financial statements.

DAXTRA TECHNOLOGIES LTD.

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

	Called up share capital	Share premium account	Fair value reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 October 2017 (Unaudited)	104	1,846	294,173	11,442	7,259,486	7,567,051
Profit for the year	-	-	-	-	684,934	684,934
Revaluation of investment shares to market value	-	-	-	-	294,173	294,173
Foreign exchange difference on consolidation	-	-	-	6,037	-	6,037
Shares issued during the year	1	7,499	-	-	-	7,500
Release of revaluation reserve on disposal of investment shares	-	-	(294,173)	-	-	(294,173)
At 1 October 2018	105	9,345	-	17,479	8,238,593	8,265,522
Profit for the period	-	-	-	-	848,071	848,071
Foreign exchange difference on consolidation	-	-	-	(1,417)	-	(1,417)
Dividends: Equity capital	-	-	-	-	(779,175)	(779,175)
Purchase of own shares	-	-	-	-	(21,800)	(21,800)
At 31 December 2019	105	9,345	-	16,062	8,285,689	8,311,201

The notes on pages 16 to 34 form part of these financial statements.

DAXTRA TECHNOLOGIES LTD.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	31 December 2019 £	30 September 2018 £
Cash flows from operating activities		
Profit for the financial period	848,071	684,934
Adjustments for:		
Depreciation of tangible fixed assets	20,438	12,694
Foreign exchange difference	(1,417)	-
Loss on disposal of tangible fixed assets	-	79,192
Interest income	(28,149)	(16,380)
Interest paid	983	52,538
Dividends received	(54,215)	(15,171)
Taxation charge	201,504	(48,309)
Decrease in debtors	189,837	644,720
Decrease in amounts owed by related undertakings	803,586	164,453
Increase in creditors	925,250	270,230
(Decrease)/increase in amounts owed to related undertakings	(282,829)	794,972
Corporation tax paid/(repaid)	53,103	(74,950)
Net cash generated from operating activities	<u>2,676,162</u>	<u>2,548,923</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(4,995)	(49)
Purchase of listed investments	-	(121,290)
Sale of listed investments	-	1,846,953
Purchase of unlisted and other investments	(4,510,058)	-
Interest income	28,149	16,380
Dividends received	54,215	15,171
Net cash from investing activities	<u>(4,432,689)</u>	<u>1,757,165</u>
Cash flows from financing activities		
Issue of ordinary shares	-	7,500
Purchase of ordinary shares	(21,800)	-
Dividends paid	(779,175)	-
Interest paid	(983)	(52,538)
Net cash used in financing activities	<u>(801,958)</u>	<u>(45,038)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(2,558,485)</u>	<u>4,261,050</u>
Cash and cash equivalents at beginning of period	10,961,643	6,700,593
Cash and cash equivalents at the end of period	<u>8,403,158</u>	<u>10,961,643</u>

DAXTRA TECHNOLOGIES LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019

	31 December 2019 £	30 September 2018 £
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	<u>8,403,158</u>	<u>10,961,643</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

1. General information

Daxtra Technologies Ltd is a private Company limited by shares registered and incorporated in Scotland. The Company's registered number is SC235713 and the Company's registered address is situated at 5th Floor 125 Princes Street, Edinburgh, EH2 4AD.

The principal activity of the Company during the period under review continued to be that of the design and supply of computer software and the sale of related hardware and services.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

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

The 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 pound.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 October 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Going concern

On 30 January 2020, the World Health Organisation (WHO), declared COVID-19 as a 'Public Health Emergency of International Concern'. The Directors have considered the impact of the outbreak on current and future trading, and have not identified any concerns. The Directors have considered the company and group cash position for the next 12 months and are of the opinion that the company has sufficient resources to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on the above, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Rendering of services

Turnover 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 turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	-	25%
Office equipment	-	25%

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2.7 Debtors

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

2.8 Cash and cash equivalents

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

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

2.9 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

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

2.11 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.12 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.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.14 Operating leases: the Group as lessee

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

2.15 Pensions

Defined contribution pension plan

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

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

2.16 Interest income

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

2.17 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 balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.18 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.

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

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key areas of judgement include an assessment of deferred income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

4. Turnover

	Period ended 31 December 2019 £	Year ended 30 September 2018 £
Sales of software and associated services	11,339,443	8,180,861

Analysis of turnover by country of destination:

	Period ended 31 December 2019 £	Year ended 30 September 2018 £
United Kingdom	4,970,453	3,786,907
Rest of Europe	462,521	354,660
Rest of World	5,906,469	4,039,294
	<u>11,339,443</u>	<u>8,180,861</u>

5. Other operating income

	Period ended 31 December 2019 £	Year ended 30 September 2018 £
R & D Tax credit	34,192	-

6. Operating profit

The operating profit is stated after charging:

	Period ended 31 December 2019 £	Year ended 30 September 2018 £
Exchange differences	156,098	6,916
Other operating lease rentals	198,578	166,173

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

7. Auditor's remuneration

	Period ended 31 December 2019 £	Year ended 30 September 2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	27,500	41,000
Fees payable to the Group's auditor and its associates in respect of:		
All other services	9,795	34,715

8. Employees

Staff costs were as follows:

	Group Period ended 31 December 2019 £	Group Year ended 30 September 2018 £	Company Period ended 31 December 2019 £	Company Year ended 30 September 2018 £
Wages and salaries	4,128,526	2,770,238	2,150,820	1,622,117
Social security costs	362,653	335,538	224,290	168,214
Cost of defined contribution scheme	64,529	84,240	35,588	15,167
	<u>4,555,708</u>	<u>3,190,016</u>	<u>2,410,698</u>	<u>1,805,498</u>

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

	Period ended 31 December 2019 No.	Year ended 30 September 2018 No.
Administration	69	65

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

9. Directors' remuneration

During the period, directors received emoluments of £160,346 (2018: £60,835).

The highest paid director received remuneration of £94,909 (2018: £60,835).

10. Income from investments

	Period ended 31 December 2019 £	Year ended 30 September 2018 £
Dividends received from unlisted investments	54,215	15,171

11. Interest receivable

	Period ended 31 December 2019 £	Year ended 30 September 2018 £
Interest receivable from group companies	17,440	958
Other interest receivable	10,709	15,422
	<u>28,149</u>	<u>16,380</u>

12. Interest payable and similar expenses

	Period ended 31 December 2019 £	Year ended 30 September 2018 £
Other interest payable	983	69,909

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

13. Taxation

	Period ended 31 December 2019 £	Year ended 30 September 2018 £
Corporation tax		
Current tax on profits for the year	230,000	7,299
Adjustments in respect of prior periods	(28,496)	(55,608)
Taxation on profit on ordinary activities	<u>201,504</u>	<u>(48,309)</u>

Factors affecting tax charge for the period/year

The tax assessed for the period/year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018: 19%) as set out below:

	Period ended 31 December 2019 £	Year ended 30 September 2018 £
Profit on ordinary activities before tax	<u>1,049,575</u>	<u>636,625</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	199,419	120,959
Effects of:		
Expenses not deductible for tax purposes	15,766	2,536
Income not taxable for tax purposes	-	(17,738)
Exempt ABGH distributions	-	(2,882)
Adjustments to tax charge in respect of prior periods	(28,496)	(55,608)
Research and development tax credit	(90,580)	(100,307)
Deferred tax not recognised	2,662	(3,973)
Chargeable gains	-	18,520
Losses carried back	-	53,064
Other permanent differences	-	(58,855)
Unrelieved loss on foreign subsidiaries	102,733	-
Other differences leading to a decrease in the tax charge	-	(4,025)
Total tax charge for the period/year	<u>201,504</u>	<u>(48,309)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

13. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

14. Dividends

	Period ended 31 December 2019 £	Year ended 30 September 2018 £
Dividends paid on ordinary shares	779,175	-

15. Tangible fixed assets

Group

	Fixtures & fittings £	Office equipment £	Other fixed assets £	Total £
Cost				
At 1 October 2018	92,531	94,885	12,717	200,133
Additions	-	4,995	-	4,995
At 31 December 2019	92,531	99,880	12,717	205,128
Depreciation				
At 1 October 2018	82,286	82,472	6,079	170,837
Charge for the period on owned assets	7,185	10,010	3,243	20,438
At 31 December 2019	89,471	92,482	9,322	191,275
Net book value				
At 31 December 2019	3,060	7,398	3,395	13,853
At 30 September 2018	10,245	12,413	6,638	29,296

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

15. Tangible fixed assets (continued)

Company

	Fixtures & fittings £	Office equipment £	Total £
Cost			
At 1 October 2018	48,109	90,458	138,567
Additions	-	4,995	4,995
At 31 December 2019	48,109	95,453	143,562
Depreciation			
At 1 October 2018	48,109	78,094	126,203
Charge for the period on owned assets	-	13,886	13,886
At 31 December 2019	48,109	91,980	140,089
Net book value			
At 31 December 2019	-	3,473	3,473
At 30 September 2018	-	12,364	12,364

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

16. Fixed asset investments

Group

	Unlisted investments £
Cost	
At 1 October 2018	5,000
At 31 December 2019	<u>5,000</u>

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost			
At 1 October 2018	2	5,000	5,002
At 31 December 2019	<u>2</u>	<u>5,000</u>	<u>5,002</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Daxtra Technologies Inc	3310 West Clay Street, Richmond, VA 23230, USA	Ordinary	100%
H R Information Ltd	Regent House, 316 Beulah Hill, London SE19 3HF, UK	Ordinary	100%
Daxtra Corporation	2120 University Avenue, Berkley, California, 94704, USA	Ordinary	100%

The principal activity of the subsidiary companies is the development, licencing and ongoing support of computer software for the recruitment industry.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**
17. Debtors

	Group 31 December 2019 £	Group 30 September 2018 £	Company 31 December 2019 £	Company 30 September 2018 £
Due after more than one year				
Amounts owed by related undertakings (note 27)	207,201	612,885	1	412,885
Due within one year				
Trade debtors	967,656	978,894	530,755	554,341
Amounts owed by group companies (note 27)	-	-	623,331	2,279,028
Amounts owed by related undertakings (note 27)	70,163	468,065	19,745	83,871
Other debtors (note 26)	196,845	584,721	111,757	254,444
Prepayments and accrued income	204,693	41,216	201,546	394,369
	<u>1,646,558</u>	<u>2,685,781</u>	<u>1,487,135</u>	<u>3,978,938</u>

18. Current asset investments

	Group 31 December 2019 £	Group 30 September 2018 £
Unlisted investments	4,510,060	-

The investments represent interest bearing treasury bills. The Directors believe the fair value of investments equates to the cost.

19. Cash and cash equivalents

	Group 31 December 2019 £	Group 30 September 2018 £	Company 31 December 2019 £	Company 30 September 2018 £
Cash at bank and in hand	8,403,158	10,961,643	6,170,317	3,795,094

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**
20. Creditors: Amounts falling due within one year

	Group 31 December 2019 £	Group 30 September 2018 £	Company 31 December 2019 £	Company 30 September 2018 £
Trade creditors	158,525	47,589	81,960	47,493
Amounts owed to group companies	-	-	293,002	-
Amounts owed to related undertakings (note 27)	2,894,599	3,177,427	11,515	489,207
Corporation tax	208,808	-	-	-
Other taxation and social security	211,896	43,576	189,933	58,794
Other creditors	455,704	91,241	347,709	91,241
Accruals and deferred income	2,337,895	2,056,365	736,590	752,856
	<u>6,267,427</u>	<u>5,416,198</u>	<u>1,660,709</u>	<u>1,439,591</u>

21. Financial instruments

	Group 31 December 2019 £	Group 30 September 2018 £	Company 31 December 2019 £	Company 30 September 2018 £
Financial assets				
Financial assets representing cash and bank	8,408,158	10,961,643	6,170,317	3,795,094
Financial assets that are debt instruments measured at amortised cost	1,274,677	1,505,509	749,542	1,177,454
	<u>9,682,835</u>	<u>12,467,152</u>	<u>6,919,859</u>	<u>4,972,548</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(2,952,124)	(2,019,443)	(1,166,260)	(891,590)

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and prepayments and accrued income.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

22. Share capital

	31 December 2019 £	30 September 2018 £
Allotted, called up and fully paid		
10,530,000 (2018 - 10,540,000) Ordinary shares of £0.00001 each	105.30	105.40
5,000 (2018 - 5,000) A Ordinary shares of £0.00001 each	0.05	0.05
	<u>105.35</u>	<u>105.45</u>

During the period 10,000 Ordinary shares of £0.00001 each were repurchased by the company for a consideration of £21,800.

23. Reserves

Share premium account

The share premium reserve represents the amounts received in excess of nominal value for issued share capital.

Profit & loss account

The profit and loss account is comprised of current and prior period profits and equity distributions.

Other reserve

The other reserve represents adjustments arising from the translation of balances brought forward in foreign currencies.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

24. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £35,588 (2018: £15,167).

25. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 31 December 2019 £	Group 30 September 2018 £	Company 31 December 2019 £	Company 30 September 2018 £
Not later than 1 year	93,496	117,004	93,496	117,004
Later than 1 year and not later than 5 years	66,917	303,997	66,917	303,997
	<u>160,413</u>	<u>421,001</u>	<u>160,413</u>	<u>421,001</u>

26. Transactions with directors

Included within other debtors is an amount of £nil (2018: £160,778) due from A Mikheev.

Also included within other debtors is an amount of £59,685 (2018: £82,320) due from S Finch. This amount is unsecured, interest free.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

27. Related party transactions

A Mikheev and S P Finch are directors of Daxtra Technologies Inc., Infogistics Limited, HR Information Limited, Harbour Business Centres Ltd, Daxtra Corporation, Daxtra Technologies Asia Ltd. and Daxtra Technologies GmbH. S P Finch is also a director of Premium Lets Limited.

Related party balances with the parent Company included in debtors are an amount due from Infogistics Limited of £3,965 (2018: £489,207 creditor) and an amount due from Daxtra Technologies Asia Limited of £11,327 (2018: 50,973).

Related party balances with the parent company included in creditors are an amount due to Harbour Business Centres Limited of £11,514 (2018: £28,445 debtor). Amounts due from the aforesaid company in more than one year are £nil (2018: £412,885). Related party debtors also include an amount owed by Daxtra Technologies GMBH due in less than one year of £4,453 (2018: £4,453).

All amounts are interest free, unsecured and have no fixed terms of repayment unless stated otherwise.

The group made no sales to related parties in the period (2018: £372,343). During the year the group incurred expenses and management charges from the following related parties: Infogistics Limited charges at group level totalled £1,595,000 (2018: £2,140,000), and Harbour Business Centres Limited charges at group level totalled £613,989 (£453,645).

The Company has taken advantage of the exemption under the terms of paragraph 33.1A of FRS102 from disclosing transactions with entities that are wholly owned by Daxtra Technologies Ltd.

Noted below are the various group balances with related parties:

	31 December 2019 £	30 September 2018 £
Amount due from/(to) the following entities (consolidated)		
Daxtra Technologies Asia Limited	(268,255)	153,885
Harbour Business Centres Limited (less than 1 year)	195,686	28,445
Harbour Business Centres Limited (more than 1 year)	-	412,885
Premium Lets Limited	-	200,000
Infogistics Limited	(2,549,117)	(3,177,427)
Daxtra Technologies GMBH	4,453	4,453
	-	-
	<u>(2,617,233)</u>	<u>(2,377,759)</u>

28. Post balance sheet events

On 30 January 2020, the World Health Organisation (WHO) declared COVID-19 as a 'Public Health Emergency of International Concern'. The directors have considered the impact of the outbreak within the Strategic report on page 1. The directors do not consider any adjustments to the reported financial information to be required in relation to this and no post balance sheet events have been identified as a result of this. The going concern basis of preparation is considered appropriate for the preparation of the financial statements as per note 2.3.

DAXTRA TECHNOLOGIES LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

29. Controlling party

The Company has no ultimate controlling party in the opinion of the directors.