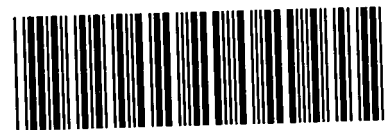


Company Registration No. 01326934 (England and Wales)

**Mitrefinch Limited**  
**Annual Report And Financial Statements**  
**For The Period Ended 28 February 2021**

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# MITREFINCH LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr G J Wilson Mr R J Kerr
<b>Secretary</b>	Mrs J L Aspell
<b>Company number</b>	01326934
<b>Registered office</b>	The Mailbox 101 Wharfside Street Birmingham B1 1RF
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Chamberlain Square Birmingham B3 3AX

# MITREFINCH LIMITED

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# MITREFINCH LIMITED

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 28 FEBRUARY 2021

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The directors present the strategic report for the period ended 28 February 2021.

The principal activity of Mitrefinch Limited (the "Company") is the development and delivery of workforce management software and related hardware. The company offers on-premises solutions chargeable up-front or hosted solutions charged on a subscriptions basis to customers across the UK and Canada.

#### Fair review of the business

The Company's parent company Mitrefinch Holdings Limited was acquired by Advanced Business Software and Solutions Limited on 15 October 2020. The Company's financial year was subsequently extended to 28 February 2021.

During the 15-month period ended 28 February 2021, the Company has experienced an increase in EBITDA and continued growth in revenue. EBITDA has increased to £5,823,729 (12 months ended 30 November 2019 - £4,865,726), and revenue increased to £18,002,689 (12 months ended 30 November 2019 - £13,569,641).

Mitrefinch's strategy continues to focus on the transition to becoming a HCM focused software business, delivering integrated products which can be used in isolation or part of a complete workforce management suite. Product development in both hardware and software is targeted at accelerating growth into the enterprise marketplace. This strategy is supported by a commitment to continue investment in development.

Overall employee numbers have remained stable in order to optimise the output of each department and to position the business for a period of a scalable future growth.

#### Principal risks and uncertainties

Below are details of the Company's principal risks and the mitigating activities in place to address them.

##### Financial risk management

##### Credit risk

Credit risk is the risk that a counter party to a transaction with the Company fails to discharge its obligations in respect of the instrument. The Company's credit risk arises on (i) transactions with customers following delivery of goods and/or services or on (ii) cash and cash equivalents placed with banks and financial institutions.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

The Company has no significant concentration of credit risk in trade receivables; exposure is spread over a large number of counterparties and customers. With respect to cash and deposits, the Company's exposure to credit risk arises from the risk of default by the counterparty with a maximum exposure equal to the carrying amount of these assets. To mitigate this risk, cash and deposits are only held with reputable banking institutions.

##### Other principal risks and uncertainties

##### Liquidity risk

Liquidity risk is the risk that the Company cannot meet financial liabilities when they fall due. The Company's policy for managing liquidity risk is to ensure that the business has enough financial resource to meet its day-to-day activities at any point in time. Management believes that the cash resources on hand, together with the profits of the business cover the resources needed to meet the financial obligations of the Company along with taking into consideration of the available group funding.

##### Macroeconomic risk

A prime risk and area of uncertainty facing the Company is still the nature of and demand within the IT business marketplace. Global market uncertainty and national issues including the focus on national debt, have a direct or indirect impact on the organisations and businesses with which the Company trades. The directors seek to manage

## MITREFINCH LIMITED

### Innovation risk

The IT market is subject to rapid, and often unpredictable, change. As a result, the Company's products and services might become unattractive to its customer base. The Company monitors technology and market developments and invests to keep its existing offerings up to date as well as seeking out new opportunities and initiatives

### COVID-19

During the period, COVID-19 has resulted in a global pandemic affecting customers within the UK, Europe and wider territories. The speed and severity of the impact has been unprecedented, with Governments introducing considerable measures to help business through this extremely challenging time. To date the COVID-19 pandemic has not materially impacted the Company's operations or demand for the Company's products.

On the basis of the cash position at 28 February 2021, underlying profitability of the business, and various stress cash flow scenarios, the directors have determined that the group is a going concern and has the ability to meet its liabilities as they fall due, and therefore believe it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would be necessary if the group was not a going concern.

### Key performance indicators

The business monitors itself against a number of performance indicators. The key indicators are as follows:

	Period ended 28 Feb 2021	Year ended 30 Nov 2019	Change
	£	£	%
Turnover	18,002,689	13,569,641	33%
EBITDA	5,823,729	4,865,726	20%
Profit before tax	1,235,792	2,451,319	(50)%
Gross profit margin	85%	88%	(3)%

# MITREFINCH LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2021

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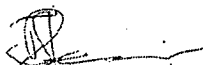
### Other performance indicators

#### Reconciliation of EBITDA to PBT

	Period ended 28 Feb 2021 £	Year ended 30 Nov 2019 £
EBITDA	5,823,729	4,865,726
Amortisation	(3,658,695)	(931,843)
Depreciation	(659,717)	(507,103)
Interest receivable	-	13,060
Interest payable	(28,127)	(27,074)
Management charge	236,660	175,870
Other operating costs	-	(242,000)
Exceptional	-	(353,065)
Dividends received	(478,058)	(542,252)
Profit before tax	1,235,792	2,451,319

Exceptionals include one-off, non-recurring or extraordinary items.

On behalf of the board



Mr R J Kerr

Director

Date 3 October 2022

# MITREFINCH LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 28 FEBRUARY 2021

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The directors present their annual report and audited financial statements for the period ended 28 February 2021.

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the company has prepared a Strategic Report, which includes information that would have previously been included in the Directors' Report.

#### Principal activities

The principal activity of the company continues to be the development and supply of workforce management software.

#### Branches

The financial statements include the results and reserves of a Canadian branch of Mitrefinch Limited, the operating address of which is 5500 North Service Road, Burlington, Ontario, L7L 6W6.

#### Results and dividends

The results for the year under review are set on pages 9 to 31.

No ordinary dividends were paid (2019 - £nil). The directors do not recommend payment of a final dividend.

#### Political contributions

There were no political donations made during the period/year (2020: £NIL).

#### Directors

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

Mr A W Hicks	(Appointed 15 October 2020 and resigned 1 February 2022)
Mr G J Wilson	(Appointed 15 October 2020)
Mr I D Jefferson	(Resigned 5 November 2020)
Mr M R Jenkins	(Resigned 5 November 2020)
Mr R J Kerr	(Appointed 1 February 2022)

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

#### Research and development

The company continuously invests in research and development to remain at the forefront of technological advancements and retain its position as an industry leader in its field. Research and development is undertaken on a project-by-project basis.

#### Future developments

The directors believe that there is scope for expansion and growth within the existing client base and marketplace as the benefits of being a member of a leading software group bear fruit.

#### Independent auditors

During the period, KPMG LLP resigned as the Company's auditors and PricewaterhouseCoopers LLP were appointed.

The independent auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

# MITREFINCH LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 28 FEBRUARY 2021**

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### **Statement of directors' responsibilities**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Statement of disclosure to auditors**

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

# MITREFINCH LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 28 FEBRUARY 2021**

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### Going concern

The Company has net current assets of £7,469,243 (as at 30 November 2019: £4,337,242). The directors have reviewed the cashflow forecasts of the Group and consider there to be sufficient resources to allow the company to meet its obligations for the foreseeable future (being a period of not less than twelve months from the date of signing the financial statements).

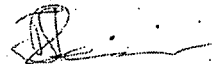
Therefore, the directors have considered it is appropriate to adopt the going concern basis in preparing the financial statements. In reaching this position, a downside severe cash flow scenario has been reviewed. The assumptions modelled in this scenario are based on an estimated potential impact of Covid 19 restrictions and regulations, and also considering the Group's potential responses over the next 12 months.

The downside scenario assumptions include a range of estimated impacts primarily based on the rate of acquiring new software contracts and professional services assignments while also assessing the retention of the existing client base. The business has positively traded throughout the Covid period; however, it has seen a lower level of new business activity than in the pre Covid period. For this downside assessment scenario revenue, profit and cash flow are assumed not to return to the pre Covid levels within the next 12-month period.

The Aston Midco Limited Group (the "Group") operates business divisions which are focused on key market segments. Each unit has experienced sensitivity in its results arising from the impact on their markets due to Covid-19. Overall, as a portfolio of markets the business has remained consistent with Health and Care outperforming expectations and others such as Legal operating below historic levels.

Additional further areas could be assessed in mitigating the downside scenario. These are within management's control and could include reductions to discretionary spend, delaying recruitment and reducing other controllable spend. We have assumed no significant structural changes to the business will be needed in the scenario modelled and any mitigations are not considered to have any significant impacts on customer experience.

On behalf of the board



Mr R J Kerr  
Director

Date: 3 October 2022

# ***Independent auditors' report to the members of Mitrefinch Limited***

## **Report on the audit of the financial statements**

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### **Disclaimer of Opinion**

Because of the significance of the matter described in the Basis for disclaimer of opinion paragraph below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on Mitrefinch Limited's financial statements (the "financial statements").

We were engaged to audit the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 28 February 2021; the Statement of comprehensive income and the Statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law.

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### **Basis for Disclaimer of opinion**

We were unable to obtain sufficient appropriate audit evidence in relation to the following matters:

On 15 October 2020, the company was acquired by Advanced Business Software and Solutions Limited. Prior to acquisition and until the period ended 28 February 2021, the accounting records were maintained by a firm of external accountants where the records have not been properly maintained as required by the Companies Act 2006. As a result, we were unable to obtain sufficient appropriate audit evidence in respect of accuracy, existence and completeness of journals, costs of sales, operating expenses and revenues throughout the period and completeness and valuation of inventories, accruals and deferred revenue as at the reporting date.

As a result of these matters, we were unable to determine whether any adjustments might have been necessary in respect of the elements making up the Balance sheet, the Statement of comprehensive income and the Statement of changes in equity.

### ***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

Notwithstanding our disclaimer of an opinion on the financial statements, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 28 February 2021 is consistent with the financial statements.

Because of the significance of the matter described in the Basis for disclaimer of opinion paragraph above, we have been unable to form an opinion whether, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

Notwithstanding our disclaimer of opinion on the financial statements, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit and performed subject to the pervasive limitation described above, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### *Auditors' responsibilities for the audit of the financial statements*

Our responsibility is to conduct an audit in accordance with ISA (UK) and to issue an auditors' report. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Arising from the limitation of our work referred to in the Basis for disclaimer of opinion paragraph above:

- we have not obtained all the information and explanations which we consider necessary for the purposes of our audit; and
- in our opinion, adequate accounting records have not been kept by the company.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

*Matt Palmer*

Matt Palmer (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
3 October 2022

**MITREFINCH LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 28 FEBRUARY 2021**

	Notes	Period ended 28 February 2021 £	Year ended 30 November 2019 £
<b>Turnover</b>	<b>3</b>	18,002,689	13,569,641
Cost of sales		(2,711,655)	(1,690,767)
<b>Gross profit</b>		15,291,034	11,878,874
Administrative expenses		(15,130,048)	(10,131,663)
Other operating income		627,759	175,870
<b>Operating profit</b>	<b>4</b>	788,745	1,923,081
Interest receivable and similar income	<b>7</b>	478,058	555,312
Interest payable and similar expenses	<b>8</b>	(28,127)	(27,074)
Amounts written off investments	<b>9</b>	(2,884)	-
<b>Profit before taxation</b>		1,235,792	2,451,319
Tax on profit	<b>10</b>	(26,385)	215,712
<b>Profit for the financial period</b>		1,209,407	2,667,031
<b>Other comprehensive expense</b>			
Currency translation differences		-	(1,152)
<b>Total comprehensive income for the period</b>		1,209,407	2,665,879

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

The notes on pages 12 - 31 form part of these financial statements.

# MITREFINCH LIMITED

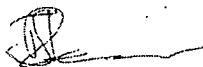
## BALANCE SHEET

AS AT 28 FEBRUARY 2021

	Notes	2021		2019	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		2,167,773		3,667,581
Tangible assets	12		1,478,924		1,924,453
Investments	13		16,125,269		85,162
			<u>19,771,966</u>		<u>5,677,196</u>
<b>Current assets</b>					
Stocks	15	679,473		594,064	
Debtors	16	13,028,747		9,075,992	
Cash at bank and in hand		1,348,006		420,946	
		<u>15,056,226</u>		<u>10,091,002</u>	
<b>Creditors: amounts falling due within one year</b>	17	(7,586,983)		(5,753,760)	
<b>Net current assets</b>			<u>7,469,243</u>		<u>4,337,242</u>
<b>Total assets less current liabilities</b>			<u>27,241,209</u>		<u>10,014,438</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(88,449)		(210,635)
<b>Provisions for liabilities</b>					
Deferred tax liability	20	213,732		117,173	
		<u>(213,732)</u>		<u>(117,173)</u>	
<b>Net assets</b>			<u>26,939,028</u>		<u>9,686,630</u>
<b>Capital and reserves</b>					
Called up share capital	22		382,001		382,001
Capital contribution reserve			16,042,991		-
Profit and loss account			10,514,036		9,304,629
<b>Total equity</b>			<u>26,939,028</u>		<u>9,686,630</u>

The notes on pages 12 - 31 form part of these financial statements.

The financial statements on pages 4-31 were approved by the board of directors and authorised for issue on 3 October 2022 and are signed on its behalf by:



Mr R J Kerr  
Director

Company Registration No. 01326934

# MITREFINCH LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 28 FEBRUARY 2021

	Share capital contribution £	Capital contribution reserve £	Profit and loss account £	Total £
<b>Balance at 1 December 2018</b>	382,001	-	6,638,750	7,020,751
<b>Year ended 30 November 2019:</b>				
Profit for the year	-	-	2,667,031	2,667,031
Other comprehensive expense: Currency translation differences	-	-	(1,152)	(1,152)
Total comprehensive income for the year	-	-	2,665,879	2,665,879
<b>Balance at 30 November 2019</b>	382,001	-	9,304,629	9,686,630
<b>Period ended 28 February 2021:</b>				
Profit and total comprehensive income for the period	-	-	1,209,407	1,209,407
Capital contribution	-	16,042,991	-	16,042,991
<b>Balance at 28 February 2021</b>	382,001	16,042,991	10,514,036	26,939,028

The notes on pages 12 - 31 form part of these financial statements.

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 28 FEBRUARY 2021

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### 1 Accounting policies

#### Company information

Mitrefinch Limited is a private company limited by shares incorporated in the United Kingdom. The registered office is The Mailbox, 101 Wharfside Street, Birmingham, B1 1RF.

#### 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.

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 £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. The accounting policies have been applied consistently, other than where new policies have been adopted.

On the grounds that the company's results are consolidated into its parent, the company has taken advantage of certain exemptions conferred by section 1.11 of FRS102 as follows:

- Exemption from presenting a statements of cashflows as a primary note to the financial statements;
- Exemption from disclosing details of its financial instruments;
- Exemption from disclosing key management remuneration

Aston Midco Limited is the smallest and largest group into which Mitrefinch Limited is consolidated. The registered office of Aston Midco Limited is 13-14 Esplanade, St Helier, Jersey, JE1 1EE.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

The company has taken advantage of the disclosure exemptions of Section 33.1A of FRS102 which permit it to not present details of its transactions with members of the group headed by Aston Midco Limited where relevant group companies are all wholly owned. Details of outstanding balances as at the year-end are given in note 16 and 17.

#### 1.2 Business combinations

The company has taken advantage of the transitional exemptions offered by section 35.10(a) of FRS102 which permits it not to restate its business combinations on the grounds that these predate the company's date of transition to FRS102. The directors have not attempted to quantify the adjustment that would have taken place had this exemption not been utilised.

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 28 FEBRUARY 2021

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#### 1 Accounting policies

(Continued)

##### 1.3 Going concern

The Company has net current assets of £7,469,243 (as at 30 November 2019: £4,337,242). The directors have reviewed the cashflow forecasts of the Group and consider there to be sufficient resources to allow the company to meet its obligations for the foreseeable future (being a period of not less than twelve months from the date of signing the financial statements).

Therefore, the directors have considered it is appropriate to adopt the going concern basis in preparing the financial statements. In reaching this position, a downside severe cash flow scenario has been reviewed. The assumptions modelled in this scenario are based on an estimated potential impact of Covid 19 restrictions and regulations, and also considering the Group's potential responses over the next 12 months.

The downside scenario assumptions include a range of estimated impacts primarily based on the rate of acquiring new software contracts and professional services assignments while also assessing the retention of the existing client base. The business has positively traded throughout the Covid period; however, it has seen a lower level of new business activity than in the pre Covid period. For this downside assessment scenario revenue, profit and cash flow are assumed not to return to the pre Covid levels within the next 12-month period.

Additional further areas could be assessed in mitigating the downside scenario. These are within management's control and could include reductions to discretionary spend, delaying recruitment and reducing other controllable spend. We have assumed no significant structural changes to the business will be needed in the scenario modelled and any mitigations are not considered to have any significant impacts on customer experience.

Additional further areas could be assessed in mitigating the downside scenario. These are within management's control and could include reductions to discretionary spend, delaying recruitment and reducing other controllable spend. We have assumed no significant structural changes to the business will be needed in the scenario modelled and any mitigations are not considered to have any significant impacts on customer experience.

##### 1.4 Reporting period

These financial statements present a 15-month period to 28 February 2021. As such, the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

##### 1.5 Turnover

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

Revenue from the sale of goods and software is recognised when the significant risks and rewards of ownership have passed to the buyer (usually on dispatch), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from support contracts is recognised over the period against which the support is provided.

##### 1.6 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 28 FEBRUARY 2021

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#### 1 Accounting policies

(Continued)

##### 1.7 Intangible fixed assets other than goodwill

Intangible assets comprise software development costs attributable to specific software projects the company develops for resale. Such assets are defined as having finite useful lives and are amortised on a straight-line basis over the period in which the completed software will generate revenue. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

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:

Development costs	Straight line over 1 - 5 years
-------------------	--------------------------------

##### 1.8 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.

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and freehold buildings	Straight line over 20 years
Fixtures, fittings and equipment	Straight line over 5 years
Motor vehicles	Straight line over 4 years

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.

##### 1.9 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

##### 1.10 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 28 FEBRUARY 2021

---

#### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.12 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.

#### 1.13 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.

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 28 FEBRUARY 2021

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#### 1 Accounting policies

(Continued)

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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

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

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **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.

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 28 FEBRUARY 2021

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#### 1 Accounting policies

(Continued)

##### **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.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied, and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.14 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 28 FEBRUARY 2021

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#### 1 Accounting policies

(Continued)

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### **1.16 Employee benefits**

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

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

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

##### **1.17 Retirement benefits**

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

##### **1.18 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

##### **1.19 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2021

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### 1 Accounting policies

(Continued)

#### 1.20 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.

### 2 Judgements 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 to be 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.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Depreciation

The depreciation policy has been set according to management's experience of the useful lives of a typical asset in each category, something which is reviewed annually. It is not considered practical to use a per unit basis to allocate depreciation without undue cost and therefore amounts are charged annually. The depreciation charged during the year was £659,717 (2019 - £507,103) which the directors feel is a fair reflection of the benefits derived from the consumption of the tangible fixed assets in use during the period.

#### Research and Development

The research and development policy has been set according to management's experience of software development projects and the typical useful life of software developed for sale. Research activities are identified by senior management and the cost of these is expensed. Only where development work can be evidenced to generate on going or future revenues are amounts capitalised. It is not considered practical to identify each unit of development and capitalise accordingly; as such management capitalise overall project time by staff on a monthly basis using average salary costs. Third party expenditure is capitalised on an invoice cost basis. Amortisation is based on the period over which the completed software project is expected to generate revenue. Management feel the amortisation of £3,658,695 (2019 - £931,843) charged in the period is a fair reflection of the benefits derived from the consumption of the intangible fixed assets in use during the period.

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 28 FEBRUARY 2021

#### 2. Judgements and key sources of estimation uncertainty

(Continued)

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### Revenue recognition

The company's core revenue streams relate primarily to software provided to its customers under service contracts, with a significant maintenance and support element. For each of these contracts, the exact timing of costs on an individual contract is uncertain, and accordingly the revenues are spread across the period of support on a straight-line basis, leading to the recognition of deferred revenue.

Where a contract includes an element of initial setup, the contract is split into the fair value of each component; any setup costs are recognised at point of the setup being substantially completed, and the residual fair value is deferred across the period of subsequent support.

#### 3. Turnover

An analysis of the company's turnover is as follows:

	2021 £	2019 £
<b>Turnover analysed by class of business</b>		
Software sales and support	18,002,689	13,569,641
	<u>18,002,689</u>	<u>13,569,641</u>
	2021 £	2019 £
<b>Other significant revenue</b>		
Dividends received	478,058	542,252
Grants received	391,099	-
	<u>869,157</u>	<u>542,252</u>
	2021 £	2019 £
<b>Turnover analysed by geographical market</b>		
UK	15,396,328	11,092,116
Rest of Europe	1,113,189	1,392,379
Rest of the World	1,493,172	1,085,146
	<u>18,002,689</u>	<u>13,569,641</u>

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 FEBRUARY 2021

### 4 Operating profit

	2021	2019
	£	£
Operating profit for the period is stated after (crediting)/charging:		
Exchange gains	(19,774)	(79,251)
Research and development costs	321,130	142,796
Government grants	(391,099)	-
Fees payable to the company's auditors for the audit of the company's financial statements	47,046	39,600
Depreciation of owned tangible fixed assets	424,556	301,638
Depreciation of tangible fixed assets held under finance leases	235,161	205,465
Profit on disposal of tangible fixed assets	(12,988)	(30,365)
Amortisation of intangible assets	3,658,695	931,843
Cost of stocks recognised as an expense	1,870,435	1,274,095
Operating lease charges	147,133	119,123

### 5 Employees

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

	2021	2019
	Number	Number
Administration and sales	30	41
Support and implementation	46	39
Production and development	44	41
Engineering	13	13
Total	133	134

Their aggregate remuneration comprised:

	2021	2019
	£	£
Wages and salaries	5,324,256	4,101,075
Social security costs	873,505	696,881
Other pension costs	185,262	155,765
	6,383,023	4,953,721

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 28 FEBRUARY 2021

#### 6 Directors' remuneration

The company directors do not take any remuneration via this company; instead they are remunerated by the parent company Mitrefinch Holdings Limited. The Company incurs management charges from Mitrefinch Holdings Limited which includes an element of cost for services provided by the directors. The total recharged during the year in relation to remuneration of directors was £772,678 (2019 - £474,139), of which £728,612 (2019 - £438,652) was remuneration for qualifying services (including employers' national insurance) and £44,066 (2019 - £35,487) was company pension contributions to defined contribution schemes.

These recharges include remuneration to the highest paid director of £410,625 (2019 - £227,583) of which £385,625 (2019 - £207,666) was remuneration for qualifying services and £25,000 (2019 - £19,917) was company pension contributions to defined contribution schemes.

The directors appointed after the acquisition of the Mitrefinch Holdings Limited by Advanced Business Software and Solutions Limited on 15 October 2020 are also directors of other companies in the Aston Midco Limited Group. These directors' services to the Company do not occupy a significant amount of their time and as such the directors do not consider that they have received any remuneration for their incidental services to the Company during the period. These directors are remunerated for their services to this Company by another Group company.

#### 7 Interest receivable and similar income

	2021	2019
	£	£
<b>Interest income</b>		
Interest on bank deposits	-	12
Interest receivable from group companies	-	13,048
	<u>-</u>	<u>13,060</u>
Total interest revenue	-	13,060
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	478,058	542,252
	<u>478,058</u>	<u>555,312</u>
Total income	<u><u>478,058</u></u>	<u><u>555,312</u></u>

#### 8 Interest payable and similar expenses

	2021	2019
	£	£
Interest on finance leases and hire purchase contracts	28,127	27,074
	<u>28,127</u>	<u>27,074</u>

#### 9 Amounts written off investments

	2021	2019
	£	£
Amounts written off investments held at fair value	(2,884)	-
	<u>(2,884)</u>	<u>-</u>

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2021

### 10 Tax on profit

	2021 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	114,981	-
Adjustments in respect of prior periods	(153,690)	(61,695)
<b>Total current tax</b>	<u>(38,709)</u>	<u>(61,695)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(158,457)	(70,457)
Changes in tax rates	-	12,865
Adjustment in respect of prior periods	223,551	(96,425)
<b>Total deferred tax</b>	<u>65,094</u>	<u>(154,017)</u>
<b>Total tax charge/(credit)</b>	<u>26,385</u>	<u>(215,712)</u>

The actual charge/(credit) for the period can be reconciled to the expected charge for the period based on the profit or loss and the standard rate of tax as follows:

	2021 £	2019 £
Profit before taxation	<u>1,235,792</u>	<u>2,451,319</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	234,800	465,751
Tax effect of expenses that are not deductible in determining taxable profit	36,747	83,170
Adjustments in respect of prior years	(153,690)	(158,119)
Effect of change in corporation tax rate	-	12,865
Group relief	(197,294)	(619,379)
Research and development tax credit	33,188	-
Deferred tax adjustments in respect of prior years	223,551	-
Dividend income	(90,831)	-
Foreign PE exemption	(80,135)	-
Fixed asset timing differences	20,049	-
<b>Taxation charge/(credit) for the period</b>	<u>26,385</u>	<u>(215,712)</u>

### Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023, the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2021

### 11 Intangible fixed assets

	Development costs £
<b>Cost</b>	
At 1 December 2019	5,647,058
Additions	2,158,887
At 28 February 2021	<u>7,805,945</u>
<b>Accumulated amortisation</b>	
At 1 December 2019	1,979,477
Amortisation charged for the period	3,658,695
At 28 February 2021	<u>5,638,172</u>
<b>Carrying amount</b>	
At 28 February 2021	<u>2,167,773</u>
At 30 November 2019	<u>3,667,581</u>

### 12 Tangible assets

	Land and freehold buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 December 2019	1,389,656	869,101	1,333,895	3,592,652
Additions	-	35,044	183,124	218,168
Disposals	-	-	(75,708)	(75,708)
Exchange adjustments	-	(374)	(2,758)	(3,132)
At 28 February 2021	<u>1,389,656</u>	<u>903,771</u>	<u>1,438,553</u>	<u>3,731,980</u>
<b>Accumulated depreciation</b>				
At 1 December 2019	477,733	500,031	690,435	1,668,199
Depreciation charged in the period	122,006	191,504	346,207	659,717
Eliminated in respect of disposals	-	-	(72,695)	(72,695)
Exchange adjustments	-	(291)	(1,874)	(2,165)
At 28 February 2021	<u>599,739</u>	<u>691,244</u>	<u>962,073</u>	<u>2,253,056</u>
<b>Carrying amount</b>				
At 28 February 2021	<u>789,917</u>	<u>212,527</u>	<u>476,480</u>	<u>1,478,924</u>
At 30 November 2019	<u>911,923</u>	<u>369,070</u>	<u>643,460</u>	<u>1,924,453</u>

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2021

### 12 Tangible assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2019 £
Fixtures, fittings and equipment	-	18,605
Motor vehicles	412,725	616,447
	<u>412,725</u>	<u>635,052</u>
Depreciation charge for the period in respect of leased assets	<u>235,161</u>	<u>205,465</u>

### 13 Investments

	Notes	2021 £	2019 £
Investments in subsidiaries	14	16,125,089	1
Investments in joint ventures		-	82,097
Listed investments		180	3,064
		<u>16,125,269</u>	<u>85,162</u>
<b>Listed investments included above:</b>			
Listed investments carrying amount		<u>180</u>	<u>3,064</u>

The market value of listed investments is not materially different to cost.

During the period, the company acquired the remaining shares in Advance Systems International Limited and Mitrefinch US Holdings Inc for £15,662,470 and £380,521 respectively

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2021

### 14 Subsidiaries

Details of the company's subsidiaries at 28 February 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Mitrefinch (Australia) Pty Limited	Australia (1)	Time management systems	Ordinary	100.00	-
Mitrefinch LLC	USA (2)	Time management systems	Ordinary	100.00	-
Mitrefinch Inc	USA (3)	Time management systems	Ordinary	-	100.00
Advance Systems Access Control Solutions Limited	Eire (4)	Access control systems	Ordinary	-	100.00
Advance Systems International Limited	Eire (5)	Time management systems	Ordinary	100.00	-
Mitrefinch Holdings Inc	USA (6)	Holding Company	Ordinary	100.00	-

The registered offices of these companies are as follows:

- (1) Unit 20, 11-21 Underwood Road, Homebush, NSW 2140, Australia
- (2) 3200 Windy Hill Road, Suite 230 West, Atlanta GA 30339
- (3) 3200 Windy Hill Road, Suite 230 West, Atlanta GA 30339
- (4) Unit 4L, The Square Industrial Complex, Tallaght, Dublin, Ireland
- (5) Unit 4L, The Square Industrial Complex, Tallaght, Dublin, Ireland
- (6) 3200 Windy Hill Road, Suite 230 West, Atlanta GA 30339

During the period Mitrefinch Limited acquired the remaining 50% of shares in Advance Systems International Limited and 45% of shares in Mitrefinch Holdings Inc subsequently transferring the investments from joint ventures into wholly owned subsidiaries. Advance Systems Access Control Solutions Limited is a wholly owned subsidiary of Advance Systems International Limited. Mitrefinch Inc is a wholly owned subsidiary of Mitrefinch Holdings Inc.

### 15 Stocks

	2021	2019
	£	£
Finished goods and goods for resale	679,473	594,064

There are no provisions against this inventory at 28th February 2021 (as at 30 November 2019: £nil).

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2021

### 16 Debtors

	2021	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	5,263,010	4,533,167
Amounts owed by group undertakings	7,167,240	3,940,617
Other debtors	-	2,090
Prepayments	155,622	212,354
Accrued income	345,994	322,348
	<u>12,931,866</u>	<u>9,010,576</u>
Deferred tax asset (note 20)	96,881	65,416
	<u>13,028,747</u>	<u>9,075,992</u>

Trade debtors are stated after provisions for impairment of £1,089,563 (as at 30 November 2019: £408,679)

Amounts owed by group undertakings are interest free and repayable on demand.

Other debtors consists of £nil (2019 - £2,090) of loans given by the company.

### 17 Creditors: amounts falling due within one year

	Notes	2021	2019
		£	£
Obligations under finance leases	19	181,329	259,330
Trade creditors		429,699	855,286
Amounts owed to group undertakings		62,118	341,007
Corporation tax		82,481	91,113
Other creditors		29,114	33,589
Other taxation and social security		1,735,910	793,019
Deferred income		4,613,232	2,784,765
Accruals		453,100	595,651
		<u>7,586,983</u>	<u>5,753,760</u>

Amounts owed to group undertakings are interest free and repayable on demand.

### 18 Creditors: amounts falling due after more than one year

	Notes	2021	2019
		£	£
Obligations under finance leases	19	88,449	210,635

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 28 FEBRUARY 2021

#### 19 Finance lease obligations

	2021	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	189,860	277,051
In two to five years	90,038	218,065
	<u>279,898</u>	<u>495,116</u>
Less: future finance charges	(10,120)	(25,151)
	<u>269,778</u>	<u>469,965</u>

Finance lease payments represent rentals payable by the company for motor vehicles and certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Liabilities under finance lease contracts are secured against the assets to which they relate.

#### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021	Liabilities 2019	Assets 2021	Assets 2019
	£	£	£	£
<b>Balances:</b>				
Accelerated capital allowances	-	-	91,349	62,456
Short term timing differences	-	-	5,532	2,960
Development costs	213,732	117,173	-	-
	<u>213,732</u>	<u>117,173</u>	<u>96,881</u>	<u>65,416</u>

	2021
	£
<b>Movements in the period:</b>	
Net liability at 1 December 2019	51,757
Charge to profit or loss	65,094
Net liability at 28 February 2021	<u>116,851</u>

The deferred tax liability relating to Development costs arises due to reliefs for Research and Development being taken in the company's tax computation that relate to intangible assets. These are expected to mature over the useful life of the Development projects as set out in the accounting policies.

The deferred tax asset in relation to tax losses relates to corporation tax losses carried forward to be utilised in future periods. The company has no unrecognised deferred tax assets (as at 31 November 2019: £nil).

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 28 FEBRUARY 2021

### 21 Retirement benefit schemes

	2021	2019
	£	£
Charge to profit or loss in respect of defined contribution schemes	185,262	155,765

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

Contributions totalling £29,114 (2019 - £32,751) were payable to the fund at the year end and included within creditors: amounts falling due within one year.

### 22 Called up share capital

	2021	2019
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
382,001 (2019: 382,001) Ordinary shares of £1 each	382,001	382,001

Authorised share capital of 382,001 ordinary shares of £1 each. Each share has equal voting rights.

### 23 Capital contribution reserve

During the period a group company, Advanced Business Software and Solutions Limited, settled the purchase of the remaining shares of two now wholly owned subsidiaries, Advance Systems International Limited and Mitrefinch US Holdings Inc, on behalf of Mitrefinch Holdings Limited creating a capital contribution reserve of £16,042,991 (as at 30 November 2019: £nil). For more information see notes 13 & 14.

### 24 Financial commitments, guarantees and contingent liabilities

In the year ended 30 November 2019, the company had multilateral guarantees in respect of external finance with the immediate parent company Mitrefinch Holdings Limited. The security related to all the assets and intellectual property of Mitrefinch Limited in the event of a default on the parent company funding arrangements. These guarantees were cancelled on the acquisition of the company by Advanced Business Solutions and Software Limited on 15 October 2020.

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 28 FEBRUARY 2021

#### 25 Operating lease commitments

##### Lessee

Operating lease payments represent rentals payable by the company for certain properties and items of office equipment.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2019 £
Within one year	93,786	116,505
Between two and five years	72,408	189,640
	<u>166,194</u>	<u>306,145</u>

#### 26 Events after the reporting date

On 9 September 2022, the Company became an obligor to a banking facility held by Aston Finco Sarl, a company in the Advanced Group, comprising of a first Lien loan of \$330,000,000 (\$323,400,000 outstanding as at 28 February 2022) and £495,000,000 (£486,936,000 outstanding as at 28 February 2022) repayable at 1% per annum with the balance payable on 9 October 2026, a £75,000,000 revolving credit facility (£22,000,000 drawn at 28 February 2022) and a second Lien loan of \$115,000,000 and £175,000,000 falling due on 9 October 2027. The interest rates on both loans vary between 4.25% and 8.25% over LIBOR and SONIA.

#### 27 Related party transactions

##### Transactions with related parties

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

	Sales		Purchases	
	2021 £	2019 £	2021 £	2019 £
Entities over which the entity has control, joint control or significant influence	-	1,702,447	-	12,688

	Recharges	
	2021 £	2019 £
Entities with control, joint control or significant influence over the company	-	795,734

During the year the company received dividends totalling £478,058 (2019 - £542,252) from Advance Systems International Limited, a 50% owned joint venture.

# MITREFINCH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 28 FEBRUARY 2021

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### 27 Related party transactions

(Continued)

The company has taken advantage of the exemption granted by paragraph 33.1A of FRS102 not to disclose transactions entered into between two or more members of the group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

The following amounts were outstanding at the reporting end date:

	2021	2019
	£	£
<b>Amounts due from related parties</b>		
Entities over which the entity has control, joint control or significant influence	-	211,001
	<u>          </u>	<u>          </u>

In the year ended 30 November 2019, the company had multilateral guarantees in respect of external finance with the immediate parent company Mitrefinch Holdings Limited as detailed further in note 24.

### 28 Controlling party

The immediate holding company is Mitrefinch Holdings Limited, which is incorporated in Great Britain and registered in England and Wales.

Aston Midco Limited is the smallest and largest group into which Mitrefinch Limited is consolidated.

Copies of the financial statements are available from Aston Midco Limited with registered office 13-14 Esplanade, St Helier, Jersey, JE1 1EE.

The directors do not consider there to be an ultimate controlling party.