
MITREFINCH LIMITED

UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023

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MITREFINCH LIMITED

COMPANY INFORMATION

Directors	S E Dews S D Walsh
Company secretary	J L Aspell
Registered number	01326934
Registered office	The Mailbox Level 3 101 Wharfside Street Birmingham B1 1RF

MITREFINCH LIMITED

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MITREFINCH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2023

Introduction

The directors present their strategic report for the year ended 28 February 2023.

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

For the year ended 28 February 2023, the Company generated EBITDA loss of £94,792 (2022 - profit £6,160,098) and revenue of £15,580,300 (2022 - £15,581,572).

Mitrefinch's strategy continues to focus on the transition to becoming a Human Capital Management (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.

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

Financial risk

Financial 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 these risks by development of the Company's portfolio of market offerings, which enable it to leverage new revenue streams from new and existing customers, together with seeking to ensure a strong level of recurring revenue.

MITREFINCH LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2023**

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.

Key performance indicators

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

	2023	2022	Change
	£	£	%
Turnover	15,580,300	15,581,572	-
EBITDA	(94,792)	6,160,098	(102)
(loss)/Profit before tax	(2,351,671)	4,365,340	(163)
Gross profit margin	57%	76%	(19)

Future developments

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

This report was approved by the board on 30 January 2024 and signed on its behalf.



S E Dews
Director

MITREFINCH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2023

The directors present their report and the financial statements for the year ended 28 February 2023.

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 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.

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 loss for the year, after taxation, amounted to £1,916,060 (2022 - profit £2,628,958).

No ordinary dividends were paid in the year (2022 - £NIL). The directors do not recommend payment of a final dividend.

Directors

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

G J Wilson (resigned 5 July 2023)
R J Kerr (resigned 10 February 2023)
S E Dews (appointed 9 June 2023)
S D Walsh (appointed 9 June 2023)

The directors in place during the year and also at the date of approval benefit from qualifying third party indemnity provisions provided by the parent undertaking.

Political contributions

There were no political donations made during the year/period (2022: £NIL).

Going concern

At the balance sheet date, the company has net current assets. At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Principal risks and uncertainties

Principle risks and uncertainties have been disclosed in the strategic report.

MITREFINCH LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2023

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.

Research and development activities

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.

Employees

The company's UK employees were transferred to another Group company in April 2022.

Directors' responsibilities statement

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

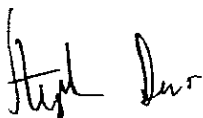
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

This report was approved by the board on 30 January 2024 and signed on its behalf.



S E Dews
Director

MITREFINCH LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2023**

	Note	2023 £	2022 £
Turnover	4	15,580,300	15,581,572
Cost of sales		(6,582,679)	(3,810,489)
Gross profit		8,997,621	11,771,083
Administrative expenses		(10,976,172)	(7,356,969)
Exceptional administrative expenses		(378,719)	-
Operating (loss)/profit	6	(2,357,270)	4,414,114
Interest receivable and similar income		19,267	-
Interest payable and similar expenses	10	(1,761)	(10,002)
Foreign exchange loss		(11,907)	(38,772)
(Loss)/profit before tax		(2,351,671)	4,365,340
Tax on (loss)/profit		435,611	(1,736,382)
(Loss)/profit for the financial year		(1,916,060)	2,628,958

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 9 to 30 form part of these financial statements.

MITREFINCH LIMITED
REGISTERED NUMBER: 01326934

STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	12	-	1,955,621
Tangible assets	13	778,988	1,013,940
Investments	14	16,125,269	16,125,269
		16,904,257	19,094,830
Current assets			
Stocks	15	871,520	901,973
Debtors: amounts falling due within one year	16	21,308,711	18,952,320
Bank and cash balances		1,600,548	1,602,563
		23,780,779	21,456,856
Creditors: amounts falling due within one year	17	(12,851,312)	(10,662,332)
Net current assets		10,929,467	10,794,524
Total assets less current liabilities		27,833,724	29,889,354
Provisions for liabilities			
Deferred tax liability		(181,798)	(321,368)
		(181,798)	(321,368)
Net assets		27,651,926	29,567,986
Capital and reserves			
Called up share capital	22	382,001	382,001
Capital contribution reserve		16,042,991	16,042,991
Profit and loss account		11,226,934	13,142,994
		27,651,926	29,567,986

MITREINCII LIMITED
REGISTERED NUMBER: 01326934

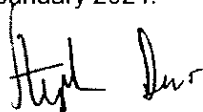
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 28 FEBRUARY 2023

For the financial year ended 28 February 2023 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 January 2024.



S E Dews
Director

The notes on pages 9 to 30 form part of these financial statements.

MITREFINCH LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2023**

	Called up share capital £	Capital contribution reserve £	Retained earnings £	Total shareholders' funds £
At 1 March 2021	382,001	16,042,991	10,514,036	26,939,028
Total comprehensive income for the year	-	-	2,628,958	2,628,958
At 1 March 2022	382,001	16,042,991	13,142,994	29,567,986
Total comprehensive loss for the year	-	-	(1,916,060)	(1,916,060)
At 28 February 2023	382,001	16,042,991	11,226,934	27,651,926

The notes on pages 9 to 30 form part of these financial statements.

MITREFINCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

1. General information

Mitrefinch Limited is a private company limited by shares incorporated in the United Kingdom. The registered office is The Mailbox Level 3, 101 Wharfside Street, Birmingham, B1 1RF.

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Aston Midco Limited as at 28 February 2023 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.4 Going concern

At the balance sheet date, the company has net current assets. At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

MITREFINCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

2. Accounting policies (continued)

2.5 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company 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:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the significant risks and rewards of ownership have been transferred to the buyer;
- the company retains no continuing involvement or control over the goods;
- the amount of revenue can be measured reliably;
- it is probable that future economic benefits will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that future economic benefits will flow to the company;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Subject to the revenue recognition conditions noted above being met, the company recognises revenue as follows:

- Software licence fee income is recognised in full in the statement of comprehensive income on delivery of the licence and the issue of authorisation codes to activate the software.
- Support and maintenance income is deferred at the date of invoicing and released to the statement of comprehensive income over the duration of the maintenance contract.
- The balance of maintenance income not released to the statement of comprehensive income is carried in the balance sheet within deferred revenue.
- Services income is recognised in the statement of comprehensive income in the month the services are performed.
- Income from the sale of hardware is recognised in the statement of comprehensive income when the goods are shipped to the customer.

MITREFINCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

2. Accounting policies (continued)

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 1 to 5 years.

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

2.7 Intangible assets

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
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2.8 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.

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.

Depreciation is provided on the following basis:

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

MITREFINCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

2. Accounting policies (continued)

2.9 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.

2.10 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.

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.

MITREFINCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 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.

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

MITRFFINCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

2. Accounting policies (continued)

2.13 Financial instruments (continued)

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.

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

MITREFINCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

2. Accounting policies (continued)

2.13 Financial instruments (continued)

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.

2.14 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.

2.15 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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 reporting date.

MITREFINCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

2. Accounting policies (continued)

2.16 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.

2.17 Pensions

Defined contribution pension plan

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

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

2.18 Operating leases: the Company as lessee

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.

2.19 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.

2.20 Exceptional items

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

MITREFINCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

3. Judgments 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 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 £306,857 (2022 - £427,364) 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 £1,955,621 (2021 - £3,658,695) 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.

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.

MITREFINCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

4. Turnover

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

	2023 £	2022 £
Turnover analysed by class of business		
Software sales and support	15,580,300	15,581,572
	<u>15,580,300</u>	<u>15,581,572</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	14,361,488	14,091,458
Rest of Europe	617,944	724,920
Rest of the world	600,868	765,194
	<u>15,580,300</u>	<u>15,581,572</u>

5. Exceptional administrative expenses

	2023 £	2022 £
Transformation Projects	331,494	-
Property Rationalisation	47,225	-
	<u>378,719</u>	<u>-</u>

MITREFINCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

6. Operating (loss)/profit

The operating profit is stated after charging/(crediting):

	2023	2022
	£	£
Exchange losses	11,097	25,885
Research and development costs	1,614,645	60,756
Depreciation of owned tangible fixed assets	224,514	237,658
Depreciation of tangible fixed assets held under finance leases	62,295	189,706
Profit on disposal of tangible fixed assets	-	(163,960)
Intangible fixed assets - amortisation	1,955,621	1,318,620
Cost of stocks recognised as an expense	2,489,565	1,247,051
Operating lease charges	65,087	185,716

The current year financial statements are not audited. The prior year financial statements were audited. The amount receivable by the company's auditors and their associates in respect of the audit of the prior year financial statements was £42,000. These costs were borne by a fellow Group company.

Research and development costs were higher in the year due to all costs being expensed in the year rather than capitalised as it has not been possible to reliably measure the future economic benefit.

MITREFINCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

7. Employees

Staff costs were as follows:

	2023	2022
	£	£
Wages and salaries	6,930,981	5,071,055
Social security costs	640,166	610,403
Other pension costs	272,546	176,010
	7,843,693	5,857,468

In April 2022, all UK employees were transferred to another Group company. Staff costs of £6,352,800 were recharged to the company in the current year (2022: £NIL).

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

	2023	2022
	No.	No.
Administration and sales	3	37
Support and implementation	2	56
Production and development	5	16
Engineering	5	27
	15	136

The average number of employees for the year has been calculated by taking the total number of UK employees for the one month before employees were transferred, then dividing this by 12 months, and adding the 5 employees in the Canadian branch. Consequently, average employee numbers are not comparable to prior years.

8. Directors' remuneration

The directors who served in the year were also directors of other companies in the Group. These directors' services to the Company did not occupy a significant amount of their time and as such the directors did not receive any remuneration for their incidental services to the Company during the year (2022: £NIL). The directors were remunerated for their services to this Company by another Group company.

MITREFINCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

9. Interest receivable and similiar income

	2023 £	2022 £
Inter-company interest receivable	19,267	-
Total interest revenue	<u>19,267</u>	<u>-</u>

10. Interest payable and similar expenses

	2023 £	2022 £
Interest on finance leases and hire purchase contracts	1,761	9,790
Other interest payable	-	212
	<u>1,761</u>	<u>10,002</u>

11. Tax on profit

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	-	1,262,402
Adjustments in respect of previous periods	-	350,000
	<u>-</u>	<u>1,612,402</u>
Total current tax	<u>-</u>	<u>1,612,402</u>
Deferred tax		
Origination and reversal of timing differences	-	107,636
Changes to tax rates	(387,429)	16,344
Adjustment in respect of prior periods	(48,182)	-
Total deferred tax	<u>(435,611)</u>	<u>123,980</u>
Taxation on profit	<u>(435,611)</u>	<u>1,736,382</u>

MITREFINCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

11. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit before taxation	<u>(2,351,670)</u>	<u>4,365,339</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(446,817)	829,414
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	198,604	308,622
Adjustments to tax charge in respect of prior periods	(48,182)	350,000
Difference in foreign tax rates	-	24,294
Tax rate changes	(46,748)	16,344
Group relief	(92,468)	100,072
Fixed asset timing differences	-	107,636
Total tax charge for the year	<u>(435,611)</u>	<u>1,736,382</u>

Factors that may affect future tax charges

The current period corporation tax rate is 19%. However, the Finance Bill 2021 had its third reading on 24 May 2021 and is now considered substantively enacted with a 25% rate applying from 1 April 2023. Deferred tax is provided at 25% being the rate enacted at the balance sheet date.

MITREFINCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023

12. Intangible assets

	Development expenditure £
Cost	
At 1 March 2022	8,912,414
At 28 February 2023	<u>8,912,414</u>
Accumulated amortisation	
At 1 March 2022	6,956,793
Charge for the year	1,955,621
At 28 February 2023	<u>8,912,414</u>
Net book value	
At 28 February 2023	<u>-</u>
At 28 February 2022	<u>1,955,621</u>

MITREFINCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

13. Tangible assets

	Land and freehold buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 March 2022	1,389,656	905,256	1,032,748	3,327,660
Additions	-	-	72,906	72,906
Disposals	-	(1,000)	-	(1,000)
At 28 February 2023	<u>1,389,656</u>	<u>904,256</u>	<u>1,105,654</u>	<u>3,399,566</u>
Accumulated depreciation				
At 1 March 2022	695,976	795,051	822,694	2,313,721
Charge for the year	92,593	72,668	141,596	306,857
At 28 February 2023	<u>788,569</u>	<u>867,719</u>	<u>964,290</u>	<u>2,620,578</u>
Net book value				
At 28 February 2023	<u>601,087</u>	<u>36,537</u>	<u>141,364</u>	<u>778,988</u>
At 28 February 2022	<u>693,681</u>	<u>110,205</u>	<u>210,054</u>	<u>1,013,940</u>

The net book value of land and buildings may be further analysed as follows:

	2023 £	2022 £
Freehold	601,088	693,681
	<u>601,088</u>	<u>693,681</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2023 £	2022 £
Motor vehicles	128,797	191,091
	<u>128,797</u>	<u>191,091</u>

MITREFINCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

13. Tangible assets (continued)

Depreciation charge for the period in respect of leased assets	<u>62,295</u>	<u>189,706</u>
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14. Investments

	Investments in subsidiary companies £	Listed investments £	Total £
Cost or valuation			
At 1 March 2022	<u>16,125,089</u>	<u>180</u>	<u>16,125,269</u>
At 28 February 2023	<u>16,125,089</u>	<u>180</u>	<u>16,125,269</u>

Listed investments

The fair value of the listed investments at 28 February 2023 was £180 (2022 - £180).

Subsidiaries

Details of the company's subsidiaries at 28 February 2023 are as follows:

	Registered office		Class of shares	Direct Holding	Indirect Holding
Mitrefinch (Australia) Pty Limited	Australia (1)	Time management systems	Ordinary	100	- %
Mitrefinch LLC	USA (2)	Time management systems	Ordinary	100	100 %
Mitrefinch Inc	USA (3)	Time management systems	Ordinary	-	100 %
Advance Systems Access Control Solutions Limited	Eire (4)	Access control systems	Ordinary	-	100 %
Advance Systems International Limited	Eire (5)	Time management systems	Ordinary	100	- %
Mitrefinch Holdings Inc	USA (6)	Holding Company	Ordinary	100	- %

MITREFINCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

14. Investments (continued)

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

15. Stocks

	2023 £	2022 £
Finished goods and goods for resale	871,520	901,973
	<u>871,520</u>	<u>901,973</u>

There are no provisions against this inventory at 28th February 2023 (2022: £NIL).

16. Debtors: amounts falling due with one year

	2023 £	2022 £
Trade debtors	7,388,937	9,193,243
Amounts owed by group undertakings	7,647,165	9,028,079
Other debtors	582,013	261,649
Prepayments	123,823	95,249
Accrued income	5,190,195	293,563
	<u>20,932,133</u>	<u>18,871,783</u>
Deferred tax asset (note 19)	376,578	80,537
	<u>21,308,711</u>	<u>18,952,320</u>

Trade debtors are stated after provisions for impairment of £2,376,744 (2022: £763,371).

Amounts owed by group undertakings are interest free and repayable on demand. An amount of £398,001 was subject to interest rate of 4.95% in the year (2022: £nil).

MITREFINCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

17. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	586,840	535,596
Amounts owed to group undertakings	3,620,163	267,685
Corporation tax	1,694,882	1,694,882
Other taxation and social security	144,497	1,602,026
Obligations under finance leases	31,235	172,512
Other creditors	3,810	8,677
Deferred income	6,431,626	5,406,948
Accruals	338,259	974,006
	<u>12,851,312</u>	<u>10,662,332</u>

All amounts owed to group undertakings are unsecured and repayable on demand.

18. Finance lease obligations

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	19,154	84,772
	<u>19,154</u>	<u>84,772</u>
Less: future finance charges	(179)	(710)
	<u>18,975</u>	<u>84,062</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.

MITREFINCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

19. 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	<i>Liabilities</i>	Assets	<i>Assets</i>
	2023	<i>2022</i>	2023	<i>2022</i>
	£	<i>£</i>	£	<i>£</i>
Balances:				
Accelerated capital allowances	-	-	-	75,005
Short term timing differences	-	-	376,578	5,532
Development costs	<u>181,798</u>	<u><i>321,368</i></u>	<u>-</u>	<u>-</u>
	<u>181,798</u>	<u><i>321,368</i></u>	<u>376,578</u>	<u><i>80,537</i></u>

	2023	<i>2022</i>
	£	<i>£</i>
Movement in the period:		
At 1 March 2022/2021	(240,831)	<i>(116,851)</i>
Charge to Profit and loss	<u>435,611</u>	<u><i>(123,980)</i></u>
At 28 February 2023/2022	<u>194,780</u>	<u><i>(240,831)</i></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, creating a timing difference between the book and tax value.

The company has no unrecognised deferred tax assets (as at February 2022 £NIL).

20. Retirement benefit schemes

	2023	<i>2022</i>
	£	<i>£</i>
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	272,546	<i>176,010</i>
	<u>272,546</u>	<u><i>176,010</i></u>

The company's UK employees were transferred to another Group company in April 2022. Consequently, the company no longer operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the fellow group company in an independently administered fund.

Contributions totalling £NIL (2022 - £9,643) were payable to the fund at the year end and included within creditors: amounts falling due within one year.

MITREFINCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2023**

21. Commitments under operating leases

Lessee

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

At 28 February 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	2022
	£	£
Not later than one year	-	72,408
	<u>-</u>	<u>72,408</u>

22. Called up share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
382,001 (2022 - 382,001) Ordinary shares of £1.00 each	<u>382,001</u>	<u>382,001</u>

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

23. Contingent liabilities

The Company has guaranteed bank borrowings of fellow group undertakings. As at the year end, the company is an obligor to a banking facility held by Aston FinCo S.à.r.l., comprising of:

A first Lien loan of:

- \$330 million - \$320.1 million outstanding as at 28 February 2023 (2022: \$323.4 million outstanding)
- £495 million - £482.0 million outstanding as at 28 February 2023 (2022: £486.9 million outstanding)
- £75 million revolving credit facility - £62.4 million outstanding as at 28 February 2023 (2022: £22 million outstanding)

A second Lien loan of:

- \$115 million - \$115 million outstanding as at 28 February 2023 (2022: \$115 million outstanding)
- £175 million - £175 million outstanding as at 28 February 2023 (2022: £175 million outstanding)

MITREFINCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

24. Post balance sheet events

Executive management team

Since the year end date, the group has appointed Simon Walsh as Chief Executive Officer, Stephen Dews as Chief Financial officer, Andrew Henderson as Chief Technology Officer and Anwen Robinson as the Senior Vice President for the Accelerator Vertical, adding significant sector experience and strength to the senior leadership team.

Strategy Refresh

Following the appointment of the new CEO in April 2023, the Group has embarked upon a transformational change programme supported by external advisors. The programme is focussed on prioritising resources into high growth market sectors and product categories to accelerate future growth and strengthen competitive positioning, the investment in scalable infrastructure, and the skills development of its people. During August 2023, the Group underwent a reorganisation to align it to its future strategy.

25. Related party transactions

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.

26. Controlling party

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

The parent company of the smallest group in which the Company is included in consolidated financial statements is that of Advanced Computer Software Group Limited a company registered in England and Wales. The parent company of the largest group in which the Company is included is Aston Midco Limited a company registered in Jersey.

The consolidated financial statements of both Advanced Computer Software Group Limited and Aston Midco Limited are available to the public from Companies House.

The ultimate controlling party of Mitrefinch Limited is Aston Topco Limited. The board do not consider there to be an ultimate controlling party of Aston Topco Limited.