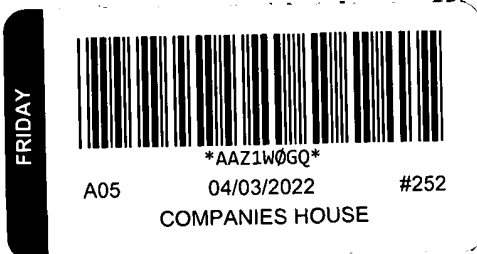


Kalibrate Technologies Limited

Annual report and financial
statements for the 18-month
period ended 31 December 2020

Registered number 02800886



Strategic report

Principal activities

The principal activity of the Company is the sale of pricing and network planning solutions and services to the petroleum and convenience retail and wholesale industries.

The Company's pricing solutions include intelligent software products and related services that optimise tactical pricing and allows customs to decide what price to set and make decisions for businesses selling to mass consumer markets. These strategic objectives could be sales volumes, customer acquisition, customer retention or profitability. Our planning solutions enable our customers to effectively manage their networks of outlets to meet their strategic and profit-making objectives.

Change in accounting reference date

The Company changed its accounting reference date from 30 June to 31 December. Accordingly, these financial statements cover the 18-month accounting period to 31 December 2020 ("FY20") and the prior period was the year ended 30 June 2019 ("FY19").

Business review

In FY20, the Company had revenue of \$12.1m (FY19: \$7.9m) and recorded a statutory loss before tax for the period of \$8.9m (FY19: \$3.5m as restated). Given that the two accounting periods are of different lengths, the percentage change between periods has not been set out as such a comparison would not be meaningful.

The Company is part of a group that is private equity backed and the primary indicators of financial performance that the Board of Directors are concerned with are revenue and earnings before interest, taxation, depreciation and amortisation ("EBITDA"), stated before exceptional items. This is a non-GAAP measure and the reconciliation of EBITDA to operating loss is set out in the income statement on page 9.

The outcome for those primary KPIs was as follows:

KPIs	FY20	FY19
Revenue	\$12.1m	\$7.9m
EBITDA Pre-Exceptional Items	\$2.3m	\$2.4m (as restated)

Risk management

Risk management continues to be a high priority. Processes are designed to identify, mitigate and manage risk. The Board of Directors are ultimately responsible for risk management. The principal risks facing the business, and the controls in place to mitigate these, are as follows:

Dependence on key executives and personnel

The Group continues to invest in applicable resources to ensure the success of both recruitment and onboarding of employees and subsequent training.

Competitive risk

The Group continues to dedicate significant research and development resource to the constant enhancement of our technology solutions and protects this intellectual property by securing patents where possible, thereby maintaining a competitive edge.

Credit risk

The Group's primary financial assets are bank balances, trade and other receivables. Bank balances are lodged with the sponsoring bank which carries a high credit rating. Trade and other receivables are shown net of provisions for doubtful receivables. The Group has a good record of cash collection from its customer base.

Strategic report (continued)

Risk management (continued)

Contract renewal and award

Whilst the Group invests in client relationship management, its rapid expansion could place strain on the quality of these services. As part of its current recruitment plan, the Group continues to add skilled resource in these areas.

Product risks

The Group continues to invest significantly in both people and quality control processes within its research and development teams in order to ensure high quality products which remain at the cutting edge for clients.

Economic conditions and current economic weakness

The markets in which the Group offers its products and services are directly affected by many local and international factors that are also beyond the Group's control. The Group continuously reviews opportunities to diversify and broaden its product base in order to appeal to a wider clientele in a broader range of industries with an increased geographical diversity.

Currency risk

Whilst the Group changed its reporting currency to US Dollars to reduce currency risk, each company has its own local functional currency to reduce local currency translation risk. The Group retains Euro denominated revenues and a Sterling cost base from its UK workforce, hence significant changes to Sterling or Euro exchange rates against the US Dollar could impact on the Group's results.

Liquidity risk

The Group maintains and monitors cash and bank balances to ensure it has sufficient available liquid resources for it to operate. Appropriate bank financing is put in place in order for the Group to meet its financial obligations.

Interest rate risk

The Group generates sufficient cash to service its bank loans under the current facility provided by the sponsoring bank. The Group regularly monitors forecast cash flows to ensure sufficient covenant headroom will be available in the future. The majority of the Group's bank debt is denominated in US dollars. The forecast cash flows take into account the potential for realistic movements in future USD LIBOR (or its successor indices).

UK withdrawal from the European Union ("Brexit")

The main products of the Group are intangible (i.e. software) and the majority of the Group's cash flows occur in North America. Accordingly, the Board believes that Brexit has not had, and will not have, a material impact on the company. Nonetheless, as a UK-headquartered Group, the Board continues to monitor the position, given that the near-term effects of Brexit are still being dealt with by the UK.

Coronavirus disease 2019 ("COVID-19")

The Board continues to consider the potential impact of COVID-19. The Board is of the view that COVID-19 has not had a material impact on the trading position of the group and, based on its current understanding of the situation, it believes that there will be a minimal ongoing impact on the business. However, as the situation continues to change, the Board will continue to review its position on a regular basis.

By order of the board

RS Laker
Director
31 January 2022



Directors' report

The Directors present their annual report and the audited financial statements for the 18-month period ending 31 December 2020.

Directors

The directors who held office during the year and up to the date of this report were as follows:

O D Shaw	(appointed 23 October 2019)
M R Peacock	
T A Russell	
A N Greatorex	
R S Laker	(appointed 27 May 2021)
J Maslen	(appointed 26 May 2020, resigned 22 March 2021)
J Dhody	(resigned 29 January 2020)
M B Hawtin	(resigned 22 May 2020)
I R Thompson	(resigned 31 December 2019)
S Bacon	(resigned May 26 2020)
A Siraj	(resigned 20 June 2020)
B McCusker	(resigned 27 August 2019)

Results and dividends

The results for the period are set out in the income statement on page 9. No dividends were paid or proposed during the current period or prior year.

Payments to suppliers

It is the company's policy to agree terms and conditions for its business transactions with its suppliers. The Company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Going concern

The directors have prepared the financial statements of the Company on the going concern basis, subject to the various considerations set out in Note 1.2 to the financial statements on page 13.

Employment policies

The Company's policy is to consult and discuss with employees those matters likely to affect employees' interests.

The Company gives full and fair consideration for employment to people who are disabled and attempts to continue, wherever possible, the employment of employees who become disabled whilst employed by the Company.

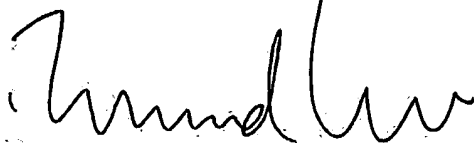
Directors' report (continued)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.



RS Laker

Director
31 January 2022

Company registration number: 02800886

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The Directors are responsible for preparing the Strategic report, 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 101 Reduced Disclosure Framework.

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 discussed 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 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.

Independent auditor's report to the members of Kalibrate Technologies Limited

Qualified opinion

We have audited the financial statements of Kalibrate Technologies Limited ("the company") for the 18-month period ended 31 December 2020 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the 18 month period then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework.

In our opinion, except for the matter described in the basis for qualified opinion section of our report, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

As stated in Note 1 to the financial statements, group accounts, as required by the Companies Act 2006, have not been prepared.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our qualified opinion.

Going concern

We draw attention to Note 1 to the financial statements, which notes the possibility that that the Group's (of which Kalibrate Technologies Limited is a member) shareholders may consider the future sale of the Group within the going concern period and that the outcome of such a transaction may have an impact on the future financing conditions and structure of the Group and its ability to continue to provide support to Kalibrate Technologies Limited. These events and conditions, along with the other matters explained in Note 1, constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Independent auditor's report to the members of Kalibrate Technologies Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Kalibrate Technologies Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola Davies (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
31 January 2022

Income statement
for 18-month period ended 31 December 2020

	Note	18 month period ended 31 December 2020	Year ended 30 June 2019 (as restated - Note 17)
		\$000	\$000
Continuing operations			
Revenue	1,2	12,062	7,904
Cost of Sales		(6,223)	(3,590)
Gross profit		5,839	4,314
Administrative expenses		(12,949)	(7,513)
Operating profit before exceptional acquisition and restructuring related costs, depreciation and amortisation of intangibles (EBITDA Pre-exceptional Items)		2,304	2,356
Amortisation of intangible assets and depreciation	7,8	(4,140)	(2,530)
Exceptional Items	3	(5,274)	(3,025)
Operating loss	3	(7,110)	(3,199)
Financial income and expenses	5	(1,784)	(348)
Loss before tax		(8,894)	(3,547)
Taxation	6	(1,053)	30
Loss for the period/year		(9,947)	(3,517)

Statement of comprehensive income
for 18-month period ended 31 December 2020

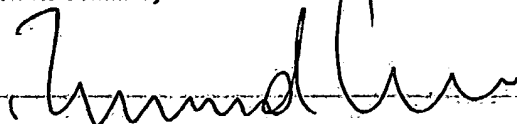
	Note	18 month period ended 31 December 2020	Year ended 30 June 2019 (as restated - Note 17)
		\$000	\$000
Loss for the period/year		(9,947)	(3,517)
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences		418	(294)
Total comprehensive expense for the year		(9,529)	(3,811)

The notes on pages 12 to 31 form an integral part of the financial statements.

Balance sheet
at 31 December 2020

	Note	2020 \$000	2019 (as restated - Note 17) \$000
Fixed assets			
Property, plant and equipment	7	491	784
Intangible assets	8	6,557	4,921
Investments	9	20,130	16,380
		<u>27,178</u>	<u>22,085</u>
Current assets			
Trade and other receivables	11	21,436	15,847
Contract assets	2	67	70
Cash and cash equivalents	12	-	380
		<u>21,503</u>	<u>16,297</u>
Creditors: Amounts falling due within one year	2, 13, 14	<u>(36,969)</u>	<u>(29,306)</u>
Net current liabilities		<u>(15,466)</u>	<u>(13,009)</u>
Total assets less current liabilities		11,712	9,076
Creditors: Amounts falling due after more than one year	14	(12,519)	(354)
Net (liabilities)/assets		<u>(807)</u>	<u>8,722</u>
Capital and reserves			
Share capital	15	137	137
Share premium		12,596	12,596
Foreign exchange reserve		(2,658)	(3,076)
Retained earnings		(10,882)	(935)
Shareholders' (deficit)/funds		<u>(807)</u>	<u>8,722</u>

These financial statements were approved by the board of directors on 31 January 2022 and were signed on its behalf by:



RS Laker
Director

The notes on pages 12 to 31 form an integral part of the financial statements.

Statement of changes in equity
for 18-month period ended 31 December 2020

	Share capital	Share premium	Other reserve	Foreign exchange reserve	Retained earnings	Total equity
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2018	137	12,596	-	(2,759)	2,511	12,485
Total comprehensive income for the year:						
Loss for the year (as restated - Note 18)	-	-	-	-	(3,517)	(3,517)
Impact of accounting policy change	-	-	-	-	48	48
Other comprehensive income	-	-	-	(317)	23	(294)
				(317)	(3,446)	(3,763)
Balance at 30 June 2019 (as restated - Note 17)	137	12,596	-	(3,076)	(935)	8,722
Total comprehensive income for the period:						
Loss for the period	-	-	-	-	(9,947)	(9,947)
Other comprehensive income	-	-	-	418	-	418
				418	(9,947)	(9,529)
Balance at 31 December 2020	137	12,596	-	(2,658)	(10,882)	(807)

The notes on pages 12 to 31 form an integral part of the financial statements.

Notes to the accounts

1 Accounting policies

Kalibrate Technologies Limited ("the Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 02800886 and the registered address is 196 Deansgate, Manchester, M3 3WF.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Kalibrate Acquisition Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Kalibrate Acquisition Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 25 Savile Row, London, United Kingdom, W1S 2ER.

Ordinarily, the Company is entitled to claim exemption from the preparation of consolidated financial statements under section 401 of the Companies Act 2006, due to it being included within the consolidated financial statements of Kalibrate Acquisition Limited, as explained above. However, as those consolidated financial statements of Kalibrate Acquisition Limited were not filed with the Registrar of Companies by the statutory filing deadline for this Company, the exemption does not apply for the 18 month period ended 31 December 2020. Accordingly, the Company is required under the Companies Act 2006 to prepare consolidated financial statements. The directors of the Company have elected not to prepare such consolidated financial statements on the grounds that:

- Doing so would take a significant amount of extra time, which would cause a further delay to the filing of these financial statements at Companies House, when these financial statements are already overdue for filing, despite the efforts of the Directors to avoid them being late.
- Had the financial statements been filed by the filing deadline, being a relatively short period of time before these financial statements were actually approved, then there would be no requirement for the Company to prepare consolidated financial statements, in any event.
- Taking both of these factors into account, the Directors are of the view that preparing consolidated financial statements for the Company would not be in the best interests of the Company as a whole.

Accordingly, the auditors have issued a qualified audit opinion.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, intangible assets and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosure:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes to the accounts

1 Accounting policies *(continued)*

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Company is part of the larger Kalibrate group and, as noted above, has an ultimate parent company, Kalibrate Acquisition Limited. The company relies upon the wider Group for its ongoing funding and the directors have obtained confirmation from its parent company that it is the intention of Kalibrate Acquisition Limited to continue to provide this support in the short to medium term, as explained further below.

The directors are aware that the directors of Kalibrate Acquisition Limited have prepared cash flow forecasts for a period through to 31 March 2023 which indicate that, taking account of reasonably possible downsides, the Group (of which Kalibrate Technologies Limited is a member) will have sufficient funds, through its cash and bank facilities, to meet its liabilities as they fall due for that period. Accordingly, these financial statements are prepared on a going concern basis.

Subsequent to the period end, the Group has received an investment (through a combination of equity share capital and zero-coupon loan notes) of \$13.6m from its ultimate controlling party.

The directors note that the Group made a loss before taxation of \$17.7m in the 18-month period ended 31 December 2020. However, this was after charging non-cash amortisation of intangible assets and depreciation of tangible assets, totalling \$15.4m, and charging non-cash financing charges of \$3.4m in respect of zero-coupon loan notes. Excluding these non-cash items, the Group made a proforma cash profit before taxation of \$1.1m in the period.

The directors also note that the consolidated balance sheet shows net liabilities of \$3.4m as at 31 December 2020. The Group and the Company have been owned by a private equity investor since 2017. As is typical with such an investor, its investment is via combination of share capital and loan notes. The loan notes do not bear any cash interest, are zero-coupon and are not due for repayment until 2027. The carrying value of the loan notes as at 31 December 2020 was \$28.9m. Excluding that liability, the consolidated balance sheet had net assets of \$25.5m.

As noted above, the Group has been owned by a private equity investor since 2017. During that period of ownership, the Group has delivered a significant increase in both revenue and pre-exceptional EBITDA, which are amongst the key performance indicators that the directors of the Group and ultimate parent company use to measure the performance of the business.

Given the significant, successful growth of the business since 2017 and the length of time that it has been owned by its current investor, the directors are mindful of the fact that the Group's owner may consider the sale of the business in the short to medium term.

In preparing the financial statements, as required by accounting standards the directors have considered the range of reasonably possible outcomes, in the event that the owner of the Group did decide to sell the business within 12 months of the date of approval of these accounts. It is not possible to predict, with any degree of certainty, whether the business might be sold or, even if it was, what the intentions of any buyer might be.

Therefore, whilst the directors expect the business to continue to trade in its current form, there is no certainty over the intentions of a potential future shareholder. After having taken appropriate advice, the directors consider that these circumstances regarding the potential future sale of the business indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise their assets and discharge their liabilities in the normal course of business, should such a sale take place.

Notes to the accounts (*continued*)

1 Accounting policies (*continued*)

1.2 Going concern (*continued*)

The Company is dependent on fellow group companies not seeking repayment of the amounts currently due, which at 31 December 2020 amounted to c. \$18.8m and Kalibrate Acquisition Limited providing additional financial support during that period. Kalibrate Acquisition Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it will ensure fellow group companies do not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. However, the intention of Kalibrate Acquisition Limited to continue to provide this support could change, should the shareholders of that company decide to sell the business, as explained above.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.3 Foreign currency

Financial statements are prepared under the functional currency of US dollar, despite the Company's debt being denominated in US dollar and share capital being denominated in Sterling, due to the majority of daily transactions within the Group being denominated in US dollar, such that the US dollar is considered to be the primary economic environment impacting the Company.

Transactions in foreign currencies are translated to the respective functional currencies of the Company at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The revenues and expenses are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Notes to the accounts (continued)

1.4 Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an asset, the Company assesses whether:

- The contract involves the use of an identified asset, this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all the capacity of a physically distinct asset;
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - The Company has the right to operate the asset; or
 - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments.

The Company presents right of use assets within "Property, plant and equipment" and lease liabilities in "Loans and borrowings" in the Balance Sheet.

Short term leases

The Company has elected not to recognise right of use assets and lease liabilities for short term leases that have a term of less than 12 months. The Company recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

Notes to the accounts (continued)

1 Accounting policies (continued)

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

1.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which the cost is incurred.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment on a straight-line basis over their estimated useful lives, having regard to residual value. The estimated useful lives are as follows:

Computer equipment	3 years
Furniture, fixtures and equipment	3 years
Leasehold property improvements and right of use assets	over the term of the lease

The residual values and useful lives of the assets are reviewed and adjusted, if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within operating expenses in the Statement of Comprehensive Income.

Notes to the accounts (continued)

1 Accounting policies (continued)

1.7 Intangible assets

Internally generated software

Expenditure on software development activities is capitalised if the product or process is technically feasible, commercially marketable, the costs are separately identifiable and reliably measurable, and the Company intends to, and has sufficient resources to, complete development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria above. Where no internally generated intangible asset can be recognised, development expenditure is charged to the Statement of Comprehensive Income in the year in which it is incurred. Amortisation is recorded once the asset is brought into use.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recorded on a straight-line basis over the useful life of the asset which is assessed individually as between three and five years.

Computer software

Purchased software is recorded at historical cost less accumulated amortisation. Amortisation is recorded on a straight-line basis over the asset's expected useful life of three to five years.

Research

Research expenditure is recognised as an expense in the year in which it is incurred.

1.8 Impairment excluding deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Notes to the accounts (continued)

1 Accounting policies (continued)

1.8 Impairment excluding deferred tax assets (continued)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.10 Revenue

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a service to a customer.

The following is a description of principal activities separated by reportable revenue streams from which the Company generates its revenue. For more detail see note 2.

Pricing

Revenues from perpetual software licence agreements, are recognised on a straight-line basis over the life of other non-distinct areas of the contract. Revenue under fixed-term subscription licence agreements are recognised on a straight-line basis over the life of the contract.

Professional services include implementation fees, consultancy and training. Revenues and costs derived from fixed fee contracts for consultancy are distinct from the software provision as the consultancy does not determine the use of the software and vice-versa and are recognised over the period in which each individual contract is delivered. Provisions for any estimated losses on incomplete contracts are made in the year in which the loss is anticipated. Professional service revenues for implementation and training are recognised over the same period as the associated software licence to which they relate.

Planning

Revenues from network planning contracts for which the duration is more than six weeks are recognised based on milestones completed. All other revenue from network planning contracts is recognised upon completion of the contracted service. Revenues from maintenance and support services are recognised over the period that the services are provided on a straight-line basis. Payments received in advance of services performed are recorded as deferred income and vice versa.

Revenues from royalty arrangements are recognised only once the actual revenue to be recognised is ascertained.

Contract Costs

Contract costs associated with the implementation of software are recognised on a straight-line basis over the life of other non-distinct areas of the contract.

Notes to the accounts (continued)

1 Accounting policies (continued)

1.11 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

1.12 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.13 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. See note 18.

2 Revenue

All of the Company's revenues were generated from the principal activities of the Company, the geographical spread of revenue is presented below:

	18 month period ended 31 December 2020	Year ended 30 June 2019
Europe	\$000	\$000
North America	9,280	5,550
Rest of the World	-	564
	<u>2,782</u>	<u>1,790</u>
	<u>12,062</u>	<u>7,904</u>

Notes to the accounts (continued)

2 Revenue (continued)

All of the Company's revenues were generated from the principal activities of the Company, the spread between the three distinct revenue streams is presented below:

	18 month period ended 31 December 2020	Year ended 30 June 2019
Pricing	\$000	\$000
Planning	11,196	7,568
Insights	866	307
	-	29
	<u>12,062</u>	<u>7,904</u>
	31 December 2020	30 June 2019
	\$000	\$000
Receivables, which are included in trade and other receivables	892	1,519
Contract assets	67	70
Contract liabilities	<u>(3,759)</u>	<u>(3,422)</u>
	<u>(2,800)</u>	<u>(1,833)</u>

The contract assets primarily relate to the rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers for Pricing contracts, for which revenue is recognised in a straight line over the life of the license provided or associated contract length for other key services.

Notes to the accounts (continued)

3 Operating loss

Operating loss is stated after charging

	18 month period ended 31 December 2020 \$000	Year ended 30 June 2019 \$000
Depreciation of property, plant and equipment	335	296
Amortisation of intangible assets	3,805	2,234
Research and development as incurred	5,174	4,345

During the year, the company incurred certain exceptional costs which are not expected to recur in future years, as summarised below:

Exceptional items

	Note	18 month period ended 31 December 2020 \$000	Year ended 30 June 2019 \$000
Professional advisor fees		3,356	2,215
Restructuring costs		803	602
Duplicate contract costs		630	-
Impairment of intercompany receivable		789	-
Profit share from joint venture		(313)	-
Other exceptional items		9	208
		<u>5,274</u>	<u>3,025</u>

Auditor's remuneration:

During the year the company obtained the following services from the Company's auditors at costs as detailed below:

	18 month period ended 31 December 2020 \$000	Year ended 30 June 2019 \$000
Audit of these financial statements	108	10

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent.

The Company has borne the audit fees on behalf of all of the companies in the Group, of which the Company is part.

Notes to the accounts (continued)

4 Employees and directors

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

	Number of employees 18 month period ended 31 December 2020 \$'000	Number of employees Year ended 30 June 2019 \$'000
Research and development	52	39
Sales and marketing	7	8
Professional services	16	16
Administrative and management	16	22
	<u>91</u>	<u>85</u>

The aggregate payroll costs of these persons were as follows:

	18 month period ended 31 December 2020 \$'000	Year ended 30 June 2019 \$'000
Wages and salaries	10,817	7,213
Social security costs	1,273	69
Pension costs	470	271
	<u>12,560</u>	<u>7,553</u>

Key management compensation

	18 month period ended 31 December 2020 \$'000	Year ended 30 June 2019 \$'000
Salaries and short-term employee benefits	2,087	1,893
Post employment benefits	101	57
	<u>2,188</u>	<u>1,950</u>

Key management compensation for the Company includes the Board of the Company and senior executives within the Company.

	18 month period ended 31 December 2020 \$'000	Year ended 30 June 2019 \$'000
Directors		
Aggregate emoluments		
Salaries and short-term employee benefits	1,299	667
Post employment benefits	57	
	<u>1,356</u>	<u>667</u>
Remuneration of highest paid director including pension contributions	<u>393</u>	<u>667</u>

Notes to the accounts (continued)

5 Finance income and expense

Recognised in profit or loss

	18 month period ended 31 December 2020 \$000	Year ended 30 June 2019 \$000
Interest on bank deposits	-	2
Total finance income	-	2
Interest charged on lease liability	37	26
Charges on loans	1,747	324
Total finance expense	1,784	350

6 Taxation

Recognised in the income statement

	18 month period ended 31 December 2020 \$000	Year ended 30 June 2019 \$000
Current tax		
Current year tax	1,053	(923)
Prior year tax	-	48
Total current tax	1,053	(875)
Deferred tax		
Current year tax	-	1,197
Prior year tax	-	(352)
Total deferred tax	-	845
Total tax charge/(credit)	1,053	(30)

Reconciliation of effective tax rate

	18 month period ended 31 December 2020 \$000	Year ended 30 June 2019 (as restated - Note 17) \$000
Loss before tax	(8,894)	(3,547)
Tax using the UK corporation tax rate of 19% (2019: 19%)	(1,690)	(674)
Credit for research and development	972	(367)
Overseas tax and withholdings	82	107
Income not taxable	(276)	-
Expenses not deductible for tax purposes	302	-
Adjustment in relation to prior year	-	(304)
Tax rate differences	-	120
Effects of unrecognised temporary differences	1,663	1,088
Total tax charge/(credit)	1,053	(30)

Notes to the accounts (continued)

6 Taxation (continued)

Factors that may affect future current and total tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

7 Property, plant and equipment

	Leasehold property improvements \$000	Right of use asset \$000	Computer equipment \$000	Furniture and fixtures, and office equipment \$000	Total \$000
Cost					
Balance at 30 June 2019	485	900	2,015	85	3,485
Adjustment	(111)	(19)	(1,055)	-	(1,185)
Additions	4	-	38	8	50
Disposals	(38)	-	(1)	-	(39)
Foreign exchange	24	61	72	6	163
Balance at 31 Dec 2020	<u>364</u>	<u>942</u>	<u>1,069</u>	<u>99</u>	<u>2,474</u>
Depreciation					
Balance at 30 June 2019	388	343	1,919	51	2,701
Adjustment	(32)	(137)	(1,016)	-	(1,185)
Charge for the period	47	201	63	24	335
Reclassification	(137)	137	-	-	-
Disposals	-	-	(1)	-	(1)
Foreign exchange	19	37	71	5	132
Balance at 31 Dec 2020	<u>285</u>	<u>581</u>	<u>1,036</u>	<u>80</u>	<u>1,982</u>
Net book value					
At 30 June 2020	<u>79</u>	<u>361</u>	<u>33</u>	<u>19</u>	<u>491</u>
At 30 June 2019	<u>97</u>	<u>557</u>	<u>96</u>	<u>34</u>	<u>784</u>

The Company leases property and classes this as a Right of use asset and has applied IFRS 16 in the current financial year. Information about the leases for which the Company is a lessee is presented below.

	Property \$000
Balance at 1 July 2019	557
Adjustments	118
Reclassification	(137)
Depreciation charge in the period	(201)
Foreign exchange	24
Balance at 31 December 2020	<u>361</u>

Notes to the accounts (continued)

8 Intangible assets

	Computer software	Internally generated software	Total
	\$000	\$000	\$000
Cost			
Balance at 30 June 2019	1,160	11,685	12,845
Additions	-	5,174	5,174
Disposals	(417)	-	(417)
Foreign exchange	52	1,013	1,065
Balance at 31 December 2020	795	17,872	18,667
Amortisation			
Balance at 30 June 2019	1,029	6,895	7,924
Amortisation charge for the period	13	3,792	3,805
Disposals	(417)	-	(417)
Foreign exchange	44	754	798
Balance at 31 December 2020	669	11,441	12,110
Net book value			
At 31 December 2020	126	6,431	6,557
At 30 June 2019	131	4,790	4,921

The amortisation charge of \$3,805,000 is recognised within administrative expenses in the income statement.

9 Investments

	2020	2019
	\$000	\$000
Long term debt in subsidiary	16,369	16,369
Investment in subsidiaries	3,761	11
	20,130	16,380

Notes to the accounts (continued)

9 Investments (continued)

Subsidiary companies	Country of incorporation	Per cent interest in ordinary shares at 31 Dec 2020	Principal activity
Knowledge Support Systems Licensing Limited	UK	100	Intermediate holding company
Knowledge Support Systems Inc.	USA	100*	Pricing and planning
Market Planning Solutions Inc.	USA	100*	Pricing, planning & insights
MPSI Systems Japan Co Ltd	Japan	100*	Planning
MPSI Systems Limited	UK	100*	Planning
Trade Area Systems Inc	USA	100*	Planning and pricing
eSite Analytics Inc	USA	58.5*	Planning and pricing
Kalibrate Australia Pty Limited	Australia	100*	Pricing and planning
MPSI Systems Canada, Inc.	Canada	100*	Planning
Kalibrate Software (Shanghai) Co Ltd	China	100*	Pricing and planning
MPSI International, Inc.	USA	100*	Planning
MPSI Systems Pte Limited	S. Korea	100*	Planning
MPSI Africa Limited Inc	USA	100*	Planning
Kalibrate Strategic Advisory Services India LLP	India	70*	Pricing and planning
Market Planning Solutions India LLP	India	70*	Pricing and planning
Kalibrate Technologies (Canada) Limited	Canada	100%*	Intermediate holding company
Kent Group Limited	Canada	100%*	Planning

* Indirect holding.

In the opinion of the Directors, the investments in and amounts due from the Company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet. The subsidiary companies registered offices were as follows:

Country	Companies	Registered office address
United Kingdom	Knowledge Support Systems Licensing Limited MPSI Systems Limited	196 Deansgate, Manchester, M3 3W
United States	Knowledge Support Systems Inc Market Planning Solutions Inc Trade Area Systems Inc MPSI International, Inc MPSI Africa Limited Inc	640 George Washington Highway Building A, Suite 100, Lincoln, RI 02865
United States	eSite Analytics Inc	528 Johnnie Dodds Blvd, Suite 201, Mount Pleasant, SC 29464
Japan	MPSI Systems Japan Co Ltd	Shukaen Bldg, 3F, 11-1 Komazawa 2 Chome Setagaya-Ku, Tokyo 154-0012.
Australia	Kalibrate Australia Pty Limited	The Hub, 696 Bourke Street, Melbourne, VIC 3000.
Canada	MPSI Systems Canada, Inc Kalibrate Technologies (Canada) Limited	Borden Ladner Gervais LLP, 22 Adelaide Street West, Suite 3400, Toronto, Ontario, M5H 4E3
Canada	Kent Group Limited	367 Princess Ave, London, Ontario N6B 2A7, Canada
China	Kalibrate Software (Shanghai) Co Ltd	12F, No. 331 North Caoxi Rd, Bldg A, CCIG International Plaza Shanghai, China
South Korea	MPSI Systems Pte Limited	13, 1303-dong, 1202, Hyun Jung-ro, Western Ilsan, Goyang-si, Gyeonggi-do
India	Kalibrate Strategic Advisory Services India LLP	8th Floor, Raheja Centre, Free Press Journal Marg, 214 Nariman Point. Mumbai, 400021

Notes to the accounts (continued)

10 Deferred tax

The Company has no recognised deferred tax assets and liabilities at either 31 December 2020 or 30 June 2019.

The company has estimated losses of £20,006,000 (2019: £12,337,000 as restated - see Note 17) available for carry forward against future trading profits. No deferred tax asset has been recognised due to the uncertainty of generating future taxable profits.

11 Trade and other receivables

	2020	2019
		(as restated - Note 17)
	\$000	\$000
Trade receivables	892	1,519
Amounts due from subsidiaries	19,341	11,930
Tax receivables	5	1,340
Other receivables	392	680
Prepayments	806	378
	<u>21,436</u>	<u>15,847</u>

Amounts due from subsidiaries are payable upon demand.

Included within trade and other receivables is \$nil expected to be recovered in more than 12 months (2019: \$nil).

12 Cash and cash equivalents

	2020	2019
	\$000	\$000
Cash and cash equivalents per balance sheet	-	380
Cash and cash equivalents	-	<u>380</u>

13 Trade and other payables

	2020	2019
	\$000	\$000
Trade payables	1,933	1,339
Amounts due to subsidiaries	18,822	13,805
Other tax and social security	-	530
Accruals and deferred income	5,763	4,876
Borrowings (Note 14)	9,808	8,756
Bank overdrafts	643	-
	<u>36,969</u>	<u>29,306</u>

Amounts due to subsidiaries are payable upon demand.

Notes to the accounts (continued)

14 Borrowings

This note provides information about the contractual terms of the Company's loans and borrowings, which are measured at amortised cost.

	2020 \$000	2019 \$000
Current liabilities		
Lease liability	216	124
Property loan	29	65
Bank loans	3,563	-
Revolving credit facility	6,000	8,567
	<u>9,808</u>	<u>8,756</u>
Non-current liabilities		
Lease liability	50	354
Bank loans	12,469	-
	<u>12,519</u>	<u>354</u>
Total borrowings	<u>22,327</u>	<u>9,110</u>

Terms and debt repayment schedule

	Currency	Nominal Interest rate	Year of maturity	Face value 2020 \$000	Carrying amount 2020 \$000
Bank loans	US\$	US\$ LIBOR plus 3%-4%	2023	16,032	16,032
Overdraft and RCF	US\$	US\$ LIBOR plus 3%-4%	2023	6,000	6,000
Lease liability	GBP	4%	2022	348	266
Property loan	GBP	3%	2021	29	29
				<u>22,409</u>	<u>22,327</u>

15 Share capital

	Number of ordinary shares	\$000
Issued, called up and fully paid		
At 31 December 2020 and 30 June 2019	<u>37,156,043</u>	<u>137</u>

There were no shares issued during the current period or prior-year.

Notes to the accounts (continued)

16 Controlling party and related party transactions

The Company is a subsidiary undertaking of Kalibrate Acquisition Limited, which is the immediate parent company and is incorporated in the United Kingdom.

Kalibrate Acquisition Limited is a subsidiary undertaking of Hanover Active Equity Fund LP, which is incorporated in the Cayman Islands, and is controlled by its parent and its connected parties. The largest group in which the results of the Company are consolidated is that headed by Kalibrate Acquisition Limited, 25 Savile Row, London, United Kingdom, W1S 2ER. The consolidated financial statements of Kalibrate Acquisition Limited are available to the public and may be obtained from 25 Savile Row, London, United Kingdom, W1S 2ER.

During the period, there were related party transactions between the Company and entities affiliated with Hanover Investors Management LLP (together "Hanover"). Hanover Investors Management LLP is the advisor to the investment manager of the funds which ultimately own 100% of the share capital of Kalibrate Acquisition Limited.

Transactions with Hanover during the period are summarised as follows:

- Fees of \$573,848 (2019: \$505,560) were charged to the Company, comprising \$558,033 (2019: \$485,250) in relation to board and operating fees and \$15,815 (2019: \$20,310) in relation to travel costs, recharged on a pass-through basis with zero margin. Of the amount charged, \$nil (2019: \$8,010) was included within trade and other payables and \$nil (2019: \$161,750) included within accruals at 31 December 2020. These fees covered:
 - Director services;
 - Provision of strategic advice;
 - Ongoing assessment of business performance relative to financial and strategic objectives;
 - Evaluation of acquisition targets, strategic partnerships, etc; and
 - Assistance in key negotiations (e.g. major contracts, acquisitions, disposals).
- Fees of \$1,524,479 (2019: \$1,255,090) were charged to the Company by Hanover Operating Management Ltd, with \$194,775 (2019: \$222,783) included within trade and other payables and \$nil (2019: \$nil) included within accruals at 31 December 2020. The fees charged by Hanover Operating Management Ltd cover the following activities:
 - Strategy analysis and definition;
 - Implementing best practice in sales, marketing and procurement;
 - Upgrading support functions of finance, HR and legal; and
 - Executing M&A transactions
- Fees of \$nil (2019: \$2,711) were charged to the Company by Hanover Investors Management (Cayman) Ltd in relation to travel, recharged on a pass-through basis with zero margin.

Transactions between the company and other companies within the Kalibrate Acquisition Limited group are exempt from disclosure.

Notes to the accounts (continued)

17 Prior period adjustment

During the current period, it was identified that a recharge of costs from a subsidiary undertaking in the year ended 30 June 2019 was overstated by \$2,383,000, due to a miscalculation of the amount that was recharged to the company. As this amount is considered material to the financial statements, in accordance with IAS 8 as applied by FRS 101, the amounts in these financial statements for the prior year have been restated within these financial statements. The impact of the adjustment is shown in the tables below.

Impact upon the balance sheet as at 30 June 2019

	As previously reported \$'000	Prior period restatement \$'000	As restated \$'000
Fixed assets			
Property, plant and equipment	784	-	784
Intangible assets	4,921	-	4,921
Investments	16,380	-	16,380
	<u>22,085</u>	<u>-</u>	<u>22,085</u>
Current assets			
Trade and other receivables	13,464	2,383	15,847
Contract assets	70	-	70
Cash and cash equivalents	380	-	380
	<u>13,914</u>	<u>2,383</u>	<u>16,297</u>
Creditors: Amounts falling due within one year	<u>(29,306)</u>	<u>-</u>	<u>(29,306)</u>
Net current liabilities	<u>(15,392)</u>	<u>2,383</u>	<u>(13,009)</u>
Total assets less current liabilities	<u>6,693</u>	<u>2,383</u>	<u>9,076</u>
Creditors: Amounts falling due after more than one year	<u>(354)</u>	<u>-</u>	<u>(354)</u>
Net assets	<u>6,339</u>	<u>2,383</u>	<u>8,722</u>
Capital and reserves			
Share capital	137	-	137
Share premium	12,596	-	12,596
Foreign exchange reserve	(3,076)	-	(3,076)
Retained earnings	(3,318)	2,383	(935)
Shareholders' funds	<u>6,339</u>	<u>2,383</u>	<u>8,722</u>

Notes to the accounts (continued)

17 Prior period adjustment (continued)

Impact upon the income statement and comprehensive income for the year ended 30 June 2019:

	As previously reported \$'000	Prior period restatement \$'000	As restated \$'000
Revenue	7,904	-	7,904
Cost of Sales	(3,590)	-	(3,590)
Gross profit	4,314	-	4,314
Administrative expenses	(9,896)	2,383	(7,513)
Operating profit before exceptional acquisition and restructuring related costs, depreciation and amortisation of intangibles (EBITDA Pre-exceptional items)	(27)	2,383	2,356
Amortisation of intangible assets and depreciation	(2,530)	-	(2,530)
Exceptional items	(3,025)	-	(3,025)
Operating loss	(5,582)	2,383	(3,199)
Financial income and expenses	(348)	-	(348)
Loss before tax	(5,930)	2,383	(3,547)
Taxation	30	-	30
Loss for the year	(5,900)	2,383	(3,517)
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences	(294)	-	(294)
Total comprehensive (expense)/income for the year	(6,194)	2,383	(3,811)

18 Accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Critical accounting assumptions and estimates

Carrying value of internally generated software. The Group, to which the Company is party, performs an annual assessment of whether carrying value of its intangible assets is impaired. This includes internally generated software and the annual assessment includes a number of key assumptions regarding future growth and discount rates.

Sources of estimation uncertainty

Depreciation and amortisation rates are based on estimates of the useful lives and residual values of the assets involved. The carrying value of property, plant and equipment is \$491,000 (2019: \$784,000) (see Note 7) and Intangible assets are \$6,557,000 (2019: \$4,921,000) (see Note 8).