

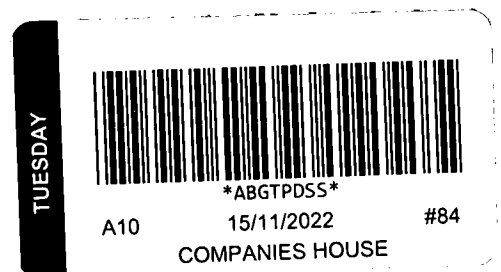
Concirus Ltd

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 07793895



Concirus Ltd

Company Information

Directors	Mr A J Yeoman Mr J M Kalman IQ Capital Directors Nominees Limited Mr R P Little Mr H Schwender
Registered number	07793895
Registered office	6 Devonshire Square London England EC2M 4YE
Independent auditor	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

Concirrus Ltd

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Concirus Ltd

Group Strategic Report For the Year Ended 31 December 2021

Introduction

The directors present the strategic report for the year ended 31 December 2021.

Business review

During the year we continued to increase our customer base for our core Product Quest Marine as well as retaining key Quest Marine customers. We have discontinued development of one Product line, Quest Personal Automotive and as result saw a decline in revenues generated from our only automotive customer. The growth in Quest Marine subscription revenues fully off-set the reduction in Quest Personal Automotive subscription and hardware income.

Despite the global macro-economic headwinds, we have achieved revenue of £3.3m which is consistent with the prior year.

The Group has net assets of £1.17m (2020 - £8.85m) at the year end. In November 2021 it secured a £2m bank term loan, repayable over a 42 month period, to improve the short term cash liquidity of the business.

In October 2021 the Company acquired Spark Insights Inc in the USA, whose Technology gives us a new line of business to expand into, Quest Property, and opens up new markets and customer opportunities. Quest Property combines artificial intelligence, satellite imagery and predictive analytics to identify factors that lead to global catastrophes, aiming to enable the insurance ecosystem to achieve a significantly improved Return on Investment through better risk selection, lower claims handling costs and more innovative underwriting. The value of the acquisition equated to £0.72m and was funded with the issuance of 61,252 preference shares valued at £0.51m and the use of £0.07m cash and £0.14m in professional fees.

In the year we have continued to invest in our core technology. To achieve this product advancement, average headcount has increased 17%, from 92 to 107 employees.

The group loss for the financial year was £8.62m (2020 - £7.18m). Despite achieving lower than budgeted revenues in the year, the Company was able to undertake mitigating measures in a timely manner to strictly control the growth in its headcount and costs. As a result of these cost controls the loss is £0.89m less than had been budgeted for the year. The year on year increase in the net loss was primarily driven by the aforementioned planned increase in headcount.

We continued to see the impact of Covid during the year, insofar that it related to control of potential customer capital budgets and companies taking longer to make new project decisions that required capital commitment investment decisions.

In the year we increased our global attainable market with the opening of entities in the US and Singapore.

Key performance indicators

The Company monitors its performance using the following metrics:

Turnover	£3,258,582	(2020 - £3,296,053)
Operating Loss	£9,253,627	(2020 - £8,019,452)
Average Employees	107	(2020 - 92)

The directors also note that deferred revenue, which relate to amounts receivable for work that has not yet been delivered, at 31 December 2021 amounted to £0.97m (2020 - £0.44m). The Group also has, in addition, revenues committed contractual by customers at 31 December 2021 of £0.48m relating to year end 31 December 2022 and a further £0.12m relating to year end 31 December 2023.

Concirus Ltd

Group Strategic Report (continued) For the Year Ended 31 December 2021

Principal risks

The principal risks for Concirus are financial losses or other material adverse impacts arising from:

- **Macro-Economic Risks:** Global events affecting its addressable market. These risks affect the decision making process of potential customers, when it comes to deploying their capital expenditure.
- **Information Security Risks:** Events that may affect the confidentiality, availability and integrity of its client's data.
- **Employee Attrition:** The ability to retain specialist employees in a competitive job market, especially in the areas of Data Science and Product Engineering.
- **Commercial & Financial Risk:** Events impacting our commercial and financial position including customer retention, new product adoption, gross margin, liquidity and funding availability.

Financial risks

- **Credit Risks:** The Company's customers are mainly in the insurance sector acquiring software license products. The Company closely monitors credit risk and considers the current policies of credit checks and collection procedures meet its objectives of managing credit risk.
- **Liquidity Risk:** The inability to meet its short term creditor obligations, due to the timing of debtor receipts in comparison to when creditors and loan repayments become due.
- **Cash Flow Risk:** The long term inability to raise additional funds, increase sales receipts or control expenditure outflow

The Company has formed a Risk committee, to monitor what it considers to be its key risks, including all those listed above, with regular monitoring of both the impact and likelihood of those occurring. The committee is chaired by a Non-Executive director to give independence to all due risk considerations. These risks are regularly discussed by the Committee with business management, with measures taken to mitigate each risk to the fullest extent possible. A quarterly summary of risks are reported to the board of directors.

Going concern

In preparing the financial statements, the directors have considered the ability of the Group and Company to continue as a going concern and have reviewed cash flow forecasts to inform their decisions.

As the Group and Company is still in the growth phase of its life-cycle, it has recorded a loss in this and previous periods. During this phase, the Group and Company is expected to continue to expend cash in operations.

Cash-flow forecasts have been prepared identifying all contractual cash commitments for the next 12 months post approval of the financial statements; these have been compared to current cash holdings and expected revenues and other cash inflows.

The Group's and Company's going concern status is dependent upon raising additional funding, a process that is currently being undertaken. Although the directors expect the Group and Company to be able to raise further funds when required, the funds have yet to be confirmed. These circumstances indicate that a material uncertainty exists that may cast significant doubt over the Group and Company's ability to continue as a going concern and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would be necessary should the going concern basis of preparation not be appropriate.

Concirus Ltd

Group Strategic Report (continued) For the Year Ended 31 December 2021

Future developments

After the year end and in response to prevailing Global economic circumstances, the directors have performed a full line by line review of all global business expenses to reduce the cash burn. As a result, employee and operating expenses are expected to be significantly reduced. Notwithstanding this, core operations with a focus on customer growth and retention, product development and key employees will be maintained in our principal offices located in the UK and India.

Post balance sheet events

The parent Company raised £5.9m of equity in April 2022 from existing Investors, with the issuance of both Preferential and Ordinary shares. This issuance also included both an Option and warrant instrument for differing classes of shares for the participating Investors.

This report was approved by the board on 2 November 2022 and signed on its behalf.



Mr A J Yeoman
Director

Concirus Ltd

Directors' Report For the Year Ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Principal activity

The principal activity was the development and provision of Quest, a real-time behavioural insights software application for commercial marine and insurers.

Results and dividends

The loss for the year, after taxation, amounted to £8,621,528 (2020 - loss £7,181,000).

The directors do not propose a dividend for the year ended 31 December 2021 (2020 - Nil).

Issue of shares

During the year, 60,031 (2020 - 626,880) Ordinary shares were issued, and 61,252 (2020 - 1,172,017) A1 preference shares were also issued as disclosed in note 22 of the financial statements.

Research and development

Research and development costs of £2,295,550 (2020 - £2,821,743) were incurred during the year.

Existence of branches

The Company has a branch in Israel.

Matters covered in the strategic report

The Company's business activities, factors likely to affect its future development, performance and position and disclosure of the Company's principal and financial risks are set out in the strategic report.

Directors

The directors who served during the year were:

Mr A J Yeoman
Mr J M Kalman
IQ Capital Directors Nominees Limited
Mr R P Little
Mr H Schwender (appointed 1 November 2021)
Mr D W Berg (resigned 1 November 2021)

Disclosure of information to auditor

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

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

Concirus Ltd

Directors' Report (continued) For the Year Ended 31 December 2021

Post balance sheet events

On 5 April 2022, the Group and the Company issued 119,143 Ordinary shares for a total consideration of £1m, comprising a nominal value of £12 and a share premium of £999,988. On 28 April 2022, the Group and company issued 538,232 preference shares for total consideration of £4,940,708, comprising a nominal value of £60 and a share premium of £4,940,648.

Auditor

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

This report was approved by the board on 2 November 2022 and signed on its behalf.



Mr A. Yeoman
Director

Concirus Ltd

Directors' Responsibilities Statement For the Year Ended 31 December 2021

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent; and
- 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 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.

Concirus Ltd

Independent Auditor's Report to the Members of Concirus Ltd

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Concirus Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Material uncertainty relating to going concern

We draw attention to note 2.3 to the financial statements, which indicates that the group's and parent company's ability to continue as a going concern is dependent on the group and parent company obtaining additional funding which is yet to be confirmed. As stated in note 2.3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Concirus Ltd

Independent Auditor's Report to the Members of Concirus Ltd (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Concirus Ltd

Independent Auditor's Report to the Members of Concirus Ltd (continued)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Risk identification and assessment procedures included:

- Obtaining an understanding of the legal and regulatory framework in which the company operates through enquiries of management, review of board minutes and consideration of the industry in which the company operates. Relevant laws and regulations include the Companies Act 2006, corporation tax and VAT laws and FRS 102, and these were communicated to the engagement team during the team briefing.
- Obtaining an understanding of management incentives, including the extent to which remuneration is influenced by reported results, and opportunities for fraudulent manipulation of the financial statements such as management override.
- Discussions with management and the directors regarding known or suspected instances of non-compliance with laws and regulations.
- The senior statutory auditor assessed that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations based on experience of the industry.
- Communication of relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud and non-compliance with laws and regulations throughout the audit.

We evaluated management's incentives and opportunities for fraudulent manipulation of the company financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results. We assessed the susceptibility of the group's and parent company's financial statements to material misstatement, including how fraud might occur.

Audit procedures performed in response to the identified risks included:

- Assessing whether judgements and assumptions made in determining significant accounting estimates were indicative of potential bias.
- Testing of journal entries made to accounts that were considered to carry a greater risk of fraud as part of our planned audit approach. We reviewed whether there was a business rationale for the entries and we agreed the journals to supporting documentation.
- Review of board meeting minutes for any evidence of fraud or non-compliance with laws and regulations.

Concirus Ltd

Independent Auditor's Report to the Members of Concirus Ltd (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Alex Stansbury

Alex Stansbury (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

Date: 4 November 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Concirus Ltd

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	5	3,258,582	3,296,053
Cost of sales		(1,119,950)	(842,991)
Gross profit		<u>2,138,632</u>	<u>2,453,062</u>
Administrative expenses		(11,392,259)	(10,472,514)
Operating loss	6	<u>(9,253,627)</u>	<u>(8,019,452)</u>
Interest receivable and similar income	9	504	12,190
Interest payable and similar charges	10	(15,992)	(8,551)
Loss before tax		<u>(9,269,115)</u>	<u>(8,015,813)</u>
Tax on loss	11	647,587	834,813
Loss for the financial year		<u>(8,621,528)</u>	<u>(7,181,000)</u>
Other comprehensive income/(loss)			
Currency translation differences		21,337	(4,240)
Total comprehensive loss for the financial year		<u>(8,600,191)</u>	<u>(7,185,240)</u>
Loss for the year attributable to:			
Owners of the parent company		<u>(8,621,528)</u>	<u>(7,181,000)</u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.


The notes on pages 19 to 44 form part of these financial statements.

Concirus Ltd
Registered number: 07793895

Consolidated Balance Sheet
As at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	12		721,182		-
Tangible assets	13		188,325		120,291
			<u>909,507</u>		<u>120,291</u>
Current assets					
Stocks	15	933		933	
Debtors: amounts falling due after more than one year	16	29,264		40,655	
Debtors: amounts falling due within one year	16	2,072,352		2,019,302	
Cash at bank and in hand	17	2,330,102		8,375,092	
			<u>4,432,651</u>	<u>10,435,982</u>	
Creditors: amounts falling due within one year	18	(2,651,796)		(1,685,294)	
Net current assets			1,780,855		8,750,688
Creditors: amounts falling due after more than one year	19		(1,500,000)		-
Provisions for liabilities					
Provisions	21		(15,541)		(16,000)
Net assets			1,174,821		8,854,979
Capital and reserves					
Called up share capital	22		639		627
Share premium account	23		27,946,029		27,946,029
Share based payments reserve	23		1,047,917		641,788
Currency translation reserve	23		15,947		(5,390)
Merger reserve	23		513,892		-
Profit and loss account	23		(28,349,603)		(19,728,075)
Total equity			1,174,821		8,854,979

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2nd November 2022.


Mr A J Yeoman
Director

The notes on pages 19 to 44 form part of these financial statements.

Concirus Ltd
Registered number: 07793895

Company Balance Sheet
As at 31 December 2021

	Note	2021 £	2021 £	As restated 2020 £	As restated 2020 £
Fixed assets					
Tangible assets	13		134,256		99,038
Investments	14		1,151		1,150
			<u>135,407</u>		<u>100,188</u>
Current assets					
Stocks	15	933		933	
Debtors: amounts falling due after more than one year	16	29,264		40,655	
Debtors: amounts falling due within one year	16	2,675,565		1,884,999	
Cash at bank and in hand	17	2,109,325		8,312,312	
			<u>4,815,087</u>	<u>10,238,899</u>	
Creditors: amounts falling due within one year	18	(2,640,327)		(1,649,104)	
Net current assets			2,174,760		8,589,795
Creditors: amounts falling due after more than one year	19		(1,500,000)		-
Provisions	21		(15,541)		(16,000)
Net assets			<u>794,626</u>		<u>8,673,983</u>
Capital and reserves					
Called up share capital	22		639		627
Share premium account	23		27,946,030		27,946,029
Share based payments reserve	23		1,047,917		641,788
Merger reserve	23		513,892		-
Profit and loss account	23		(28,713,852)		(19,914,461)
Total equity			<u>794,626</u>		<u>8,673,983</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of the parent company for the period was £8,799,391 (2020 - restated loss of £7,246,200).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2nd November 2022.



Mr A J Yeoman
Director

The notes on pages 19 to 44 form part of these financial statements.

Concirus Ltd

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital £	Share premium account £	Share based payments reserve £	Currency translation reserve £	Merger reserve £	Profit and loss account £	Total equity £
At 1 January 2021	627	27,946,029	641,788	(5,390)	-	(19,728,075)	8,854,979
Comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(8,621,528)	(8,621,528)
Currency translation differences	-	-	-	21,337	-	-	21,337
Total comprehensive loss for the year	-	-	-	21,337	-	(8,621,528)	(8,600,191)
Contributions by and distributions to owners							
Issue of shares as consideration on acquisition - note 24	-	-	-	-	513,892	-	513,892
Issue of shares	12	-	-	-	-	-	12
Share based payment charges	-	-	406,129	-	-	-	406,129
Total transactions with owners	12	-	406,129	-	513,892	-	920,033
At 31 December 2021	639	27,946,029	1,047,917	15,947	513,892	(28,349,603)	1,174,821

The notes on pages 19 to 44 form part of these financial statements.

Concirus Ltd

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Share based payments reserve	Currency translation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2020	440	12,434,430	-	(1,150)	(12,547,075)	(113,355)
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(7,181,000)	(7,181,000)
Currency translation differences	-	-	-	(4,240)	-	(4,240)
Total comprehensive loss for the year	-	-	-	(4,240)	(7,181,000)	(7,185,240)
Contributions by and distributions to owners						
Issue of shares	187	15,511,599	-	-	-	15,511,786
Share based payment charges	-	-	641,788	-	-	641,788
Total transactions with owners	187	15,511,599	641,788	-	-	16,153,574
At 31 December 2020	627	27,946,029	641,788	(5,390)	(19,728,075)	8,854,979

The notes on pages 19 to 44 form part of these financial statements.

Concirus Ltd

Company Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital £	Share premium account £	Share based payments reserve £	Merger reserve £	Profit and loss account £	Total equity £
At 1 January 2021 (as restated - note 4)	627	27,946,029	641,788	-	(19,914,461)	8,673,983
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(8,799,391)	(8,799,391)
Total comprehensive loss for the year	-	-	-	-	(8,799,391)	(8,799,391)
Contributions by and distributions to owners						
Issue of shares as consideration on business acquisition - note 24	-	-	-	513,892	-	513,892
Issue of shares	12	1	-	-	-	13
Share based payment charges	-	-	406,129	-	-	406,129
Total transactions with owners	12	1	406,129	513,892	-	920,034
At 31 December 2021	639	27,946,030	1,047,917	513,892	(28,713,852)	794,626

The notes on pages 19 to 44 form part of these financial statements.

Concirrus Ltd

Company Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Share based payments reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020 (as previously stated)	440	12,434,431	-	(12,862,950)	(428,079)
Effect of change in accounting policies (note 4)	-	-	-	194,689	194,689
At 1 January 2020 (as restated)	<u>440</u>	<u>12,434,431</u>	<u>-</u>	<u>(12,668,261)</u>	<u>(233,390)</u>
Comprehensive loss for the year					
Loss for the year (as restated - note 4)	-	-	-	(7,246,200)	(7,246,200)
Total comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,246,200)</u>	<u>(7,246,200)</u>
Contributions by and distributions to owners					
Issue of shares	187	15,511,598	-	-	15,511,785
Share based payment charges	-	-	641,788	-	641,788
Total transactions with owners	<u>187</u>	<u>15,511,598</u>	<u>641,788</u>	<u>-</u>	<u>16,153,573</u>
At 31 December 2020	<u><u>627</u></u>	<u><u>27,946,029</u></u>	<u><u>641,788</u></u>	<u><u>(19,914,461)</u></u>	<u><u>8,673,983</u></u>

The notes on pages 19 to 44 form part of these financial statements.

Concirus Ltd

Consolidated Statement of Cash Flows For the Year Ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities		
Loss for the financial year	(8,621,528)	(7,181,000)
Adjustments for:		
Amortisation of intangible assets	48,491	-
Depreciation of tangible assets	89,306	73,532
Loss on disposal of tangible assets	-	3,713
Interest paid	15,992	8,551
Interest received	(504)	(12,190)
Taxation credit	(699,777)	(844,480)
Decrease in stocks	-	125
(Increase) in debtors	(50,609)	(194,276)
Increase/(decrease) in creditors	322,460	(35,316)
(Decrease)/increase in provisions	(459)	7,925
Corporation tax received	786,289	858,473
Foreign exchange losses/(gains)	20,699	(4,240)
Equity settled share based payments	406,129	641,788
Net cash generated used in operating activities	(7,683,511)	(6,677,395)
Cash flows from investing activities		
Purchase of tangible fixed assets	(136,867)	(78,081)
Acquisition of subsidiary net of cash acquired	(209,130)	-
Interest received	504	12,190
Net cash from investing activities	(345,493)	(65,891)
Cash flows from financing activities		
Issue of ordinary shares	6	13,994,999
New term bank loan	2,000,000	-
Interest paid	(15,992)	(8,551)
Net cash used in financing activities	1,984,014	13,986,448
Net (decrease)/increase in cash and cash equivalents	(6,044,990)	7,243,162
Cash and cash equivalents at beginning of year	8,375,092	1,131,930
Cash and cash equivalents at the end of year	2,330,102	8,375,092
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,330,102	8,375,092

The notes on pages 19 to 44 form part of these financial statements.

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Concirus Ltd is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity is set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

The financial statements are the first consolidated financial statements that have been prepared by the group, as it no longer qualifies for small companies' exemptions. Previously, the financial statements of Concirus Ltd were individual company accounts for that entity only.

2.3 Going concern

In preparing the financial statements, the directors have considered the ability of the group and company to continue as a going concern and have reviewed cash flow forecasts to inform their decisions.

As the group and company is still in the growth phase of its life-cycle, it has recorded a loss for this and previous periods. During this phase, the group and company is expected to continue to expend cash in operations.

Cash-flow forecasts have been prepared identifying all contractual cash commitments for the next 12 months post approval of the financial statements; these have been compared to current cash holdings and expected revenues and other cash inflows.

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.3 Going concern (continued)

The group's and company's going concern status is dependent upon raising additional funding, a process that is currently being undertaken. Although the directors expect the group and company to be able to raise further funds when required, the funds have yet to be confirmed. These circumstances indicate that a material uncertainty exists that may cast significant doubt over the group and company's ability to continue as a going concern and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business. The financial statements do not include any adjustments that would be necessary should the going concern basis of preparation not be appropriate.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Subscription revenue

Turnover generated from subscriptions is recognised in the period to which it relates.

Consulting revenue

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

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

Solution sales

Where the group and company enter into multi-element contracts including different products, consideration is allocated across the revenue streams on the basis of estimated stand-alone selling prices. Should the contractual prices not align with the estimated stand-alone selling prices, a fair value adjustment is recorded to bring forward or defer revenues as appropriate.

Sale of hardware devices

- Turnover from the sale of hardware devices is recognised when all of the following conditions are satisfied:
- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the hardware devices sold;
- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.4 Turnover (continued)

Contract costs

Costs that are directly attributable to securing a new customer contract and are incremental, such as associated commissions, are recognised as contract assets and released to profit and loss over the term of the contract.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the consolidated statement of comprehensive income over its useful economic life, which has been assessed as three years.

Other intangible assets

Other intangible assets are recognised on business combinations if they are separable from the acquired entity and give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

2.6 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is provided on the following basis:

Fixtures, fittings, office and computer equipment	-	33% of cost
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the consolidated statement of comprehensive income.

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.10 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.

2.11 Creditors

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

2.12 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.13 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other operating income'.

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the company's functional and the group's presentation currency.

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

2.14 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.17 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.20 Research and development

Research and development expenditure is written off to the consolidated statement of comprehensive income in the accounts period in which it is incurred.

2.21 Share based payment

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

2.22 Taxation

Tax is recognised in the consolidated statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.22 Taxation (continued)

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

The research and development tax credit is recognised when it is considered probable that it will be recoverable.

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

Determine whether the share options issued to directors and employees have a material value for recognition purposes. The share options have been valued using the Black-Scholes model, with certain inputs requiring judgement and estimation. The most significant estimate applied in valuing the options is the application of a 60% discount to the price of the Series A shares issued during the year as a basis for market value of the Ordinary shares over which the options are held. Had a different view been taken, it would have likely had a material impact on the share based payment charge.

Determine the fair value of separable intangible assets on acquisition that arise from legal or other contractual rights. The directors have attributed the fair value of the consideration over and above the fair value of the assets and liabilities acquired to goodwill. This is on the basis that the primary benefits of the transaction, in respect of synergies and complimentary products, are specific to Concirus rather than other market participants.

Determine the useful economic lives of the acquired intangible assets and goodwill. The directors have assessed the useful economic lives as being three years. The estimated useful economic lives determine the amortisation period and consequently have a material impact on the carrying value of intangible assets.

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

4. Prior year adjustment

Changes in accounting policies

During the year, the directors assessed the accounting policy for revenue recognition. It was considered that the group and company's revenues would be more appropriately recognised if fair value adjustments were made to allocate consideration to implementation services based on its estimated stand-alone selling price in instances where implementations are not separately priced in contracts. The change in accounting policy aligns the group with a number of others in the sector and was considered to provide more reliable and more relevant information. The impact of this change in accounting policy is to reallocate revenues from subscription services to implementation services (within consulting revenues) and consequently bring forward the timing of revenue recognition.

In addition and related to the assessment as described above, the directors have identified incremental directly attributable costs relating to the securing of new customer contracts and consider it to be a better reflection of the impact of revenue contracts across accounting periods to recognise contract assets in respect of such costs and release the costs to the consolidated statement of comprehensive income over the term of the contract.

The impact of the change in accounting policy is to increase opening reserves in the company at 1 January 2020 by £194,689. For the year ended 31 December 2020, the impact has been to increase revenue by £168,934 and increase expenditure by £5,839, with a net increase in reserves at 31 December 2020 of £357,784 in comparison to those previously reported.

The change in accounting policy only effects the previously reported results and financial position of the company, as the group has prepared consolidated accounts for the first time in the year. However, had the group been in existence in prior periods, the impact on the previously reported results and position of the group would be the same as the impact on the company.

Company

	At 31 December 2019 as previously reported £	Adjustments - contract costs £	Adjustments - revenue recognition £	At 31 December 2019 as restated £
Changes to capital and reserves				
Profit and loss account	(12,862,950)	133,023	61,666	(12,688,261)

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

4. Prior year adjustment (continued)

Company

	At 31 December 2020 as previously reported £	Adjustments - contract costs £	Adjustments - revenue recognition £	At 31 December 2020 as restated £
Changes to the balance sheet				
Debtors: amounts falling due after more than one year	-	40,655	-	40,655
Debtors: amounts falling due within one year	2,001,483	86,529	86,063	2,174,075
Creditors: amounts falling due within one year	(2,082,718)	-	144,538	(1,938,180)
Net current assets	8,272,666	86,529	230,600	8,589,795
Net assets	8,316,199	127,184	230,600	8,673,983
Changes to capital and reserves				
Profit and loss account	(20,272,245)	127,184	230,600	(19,914,461)
Changes to statement of comprehensive income				
Turnover	3,127,119		168,934	3,296,053
Cost of sales	(811,747)	(31,244)	-	(842,991)
Administrative expenses	(10,497,920)	25,406	-	(10,472,514)

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

4. Prior year adjustment (continued)

2021 Impact

Group

	At 31 December 2021 under the previous policy £	Adjustments - contract costs £	Adjustments - revenue recognition £	At 31 December 2021 under the new policy £
Impact on the balance sheet				
Debtors: amounts falling due after more than one year	-	29,264	-	29,264
Debtors: amounts falling due within one year	2,026,235	46,117	-	2,072,352
Creditors: amounts falling due within one year	(2,762,192)	-	110,396	(2,651,796)
Net current assets	1,624,342	46,117	110,396	1,780,855
Net assets	989,045	75,380	110,396	1,174,821

Impact on the statement of comprehensive income

Turnover	3,378,787	-	(120,205)	3,258,582
Cost of sales	(1,029,848)	(90,102)	-	(1,119,950)
Administrative expenses	(11,430,558)	38,299	-	(11,392,259)

Company

Impact on the balance sheet

Debtors: amounts falling due after more than one year	-	29,264	-	29,264
Debtors: amounts falling due within one year	2,629,448	46,117	-	2,675,565
Creditors: amounts falling due within one year	(2,750,723)	-	110,396	(2,640,327)
Net current assets	2,018,247	46,117	110,396	2,174,760
Net assets	608,850	75,380	110,396	794,626

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

5. Turnover

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

	2021 £	2020 £
Subscription revenue	2,975,996	2,800,717
Consulting revenue	282,586	272,167
Hardware sales	-	223,169
	<u>3,258,582</u>	<u>3,296,053</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	2,789,963	2,667,783
Rest of the world	468,619	628,270
	<u>3,258,582</u>	<u>3,296,053</u>

6. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	89,306	73,532
Amortisation of intangible fixed assets	48,491	-
Defined pension contribution cost	296,010	155,789
Fees payable to the company's auditors for the following services:		
- Audit of group's annual financial statements	47,750	37,845
- Taxation services	46,533	22,396
- Other services	28,933	9,408
	<u>28,933</u>	<u>9,408</u>

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	6,387,489	5,241,937	5,106,271	4,376,196
Social security costs	615,272	507,289	596,181	526,283
Cost of defined contribution scheme	296,010	155,789	289,377	155,789
Share option based payment charge	406,129	641,788	406,129	641,788
	<u>7,704,900</u>	<u>6,546,803</u>	<u>6,397,958</u>	<u>5,700,056</u>

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

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Average number of employees	<u>107</u>	<u>92</u>	<u>71</u>	<u>64</u>

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>288,511</u>	<u>402,465</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

During the year aggregate remuneration paid to key management personnel totalled £765,672 (2020 - £607,022).

The highest paid director received remuneration of £214,028 (2020 - £258,525), including £41,220 (2020 - £Nil) paid to a related company. Company pension contributions of £9,000 (2020 - £5,850) were made on their behalf.

9. Interest receivable and similar income

	2021 £	2020 £
Bank interest receivable	<u>504</u>	<u>12,190</u>

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

10. Interest payable and similar charges

	2021 £	2020 £
Loan interest payable	<u>15,992</u>	<u>8,551</u>

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax credit on the loss for the year	(715,941)	(845,307)
Adjustments in respect of previous periods	27,697	10,494
Foreign taxation	40,657	-
Total current tax	<u>(647,587)</u>	<u>(834,813)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>(647,587)</u>	<u>(834,813)</u>

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	<u>(9,269,115)</u>	<u>(8,015,813)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(1,761,132)	(1,523,004)
Effects of:		
Expenses not deductible for tax purposes	192,769	98,724
Fixed asset timing differences	217	-
Additional deduction for research and development expenditure	(1,332,567)	(696,971)
Surrender losses for research and development tax credit refund	1,003,155	292,051
Foreign tax	11,498	-
Adjustments in respect of prior periods	27,697	20,161
Remeasurement of deferred tax for changes in tax rates	44,489	-
Movement in deferred tax not recognised	1,166,287	974,226
Total tax charge for the year	<u><u>(647,587)</u></u>	<u><u>(834,813)</u></u>

Factors that may affect future tax charges

The group has cumulative trading losses carried forward of £18,614,284 (2020 - £12,644,898). No deferred tax asset has been recognised in respect of these losses in the financial statements as there is currently insufficient certainty about the availability of future taxable profits to offset these amounts.

The corporation tax rate is currently 19%. The 19% was substantively enacted on 17 March 2020. Finance Act 2021 introduced an increase in the main Corporation tax rate to 25% from 1 April 2023 on profits over £250,000. The rate for small profits under £50,000 will remain at 19%. Where a company's profits fall between £50,000 and £250,000, the lower and upper limits, it will be able to claim an amount of marginal relief providing a gradual increase in the corporation tax rate. The increase tax rate was substantively enacted on 24 May 2021.

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

12. Intangible assets

Group

	Goodwill £
Cost	
At 1 January 2021	-
On acquisition	769,673
At 31 December 2021	<u>769,673</u>
Amortisation	
At 1 January 2021	-
Charge for the year	48,491
At 31 December 2021	<u>48,491</u>
Net book value	
At 31 December 2021	<u>721,182</u>
At 31 December 2020	<u>-</u>

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Tangible fixed assets

Group

	Fixtures, fittings, office and computer equipment £
Cost	
At 1 January 2021	239,042
Additions	136,867
On acquisition	8,757
Exchange adjustments	11,716
At 31 December 2021	<u>396,382</u>
Depreciation	
At 1 January 2021	118,751
Charge for the year	89,306
At 31 December 2021	<u>208,057</u>
Net book value	
At 31 December 2021	<u>188,325</u>
At 31 December 2020	<u>120,291</u>

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Tangible fixed assets (continued)

Company

	Fixtures, fittings, office and computer equipment £
Cost	
At 1 January 2021	191,798
Additions	101,397
At 31 December 2021	<u>293,195</u>
Depreciation	
At 1 January 2021	92,760
Charge for the year	66,179
At 31 December 2021	<u>158,939</u>
Net book value	
At 31 December 2021	<u>134,256</u>
At 31 December 2020	<u>99,038</u>

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2021	1,150
Additions	723,030
Transfer to subsidiary	(723,029)
At 31 December 2021	<u>1,151</u>
Net book value	
At 31 December 2021	<u>1,151</u>
At 31 December 2020	<u>1,150</u>

Following the acquisition of Spark Insights Inc by Concirus Ltd, this investment was immediately transferred to Concirus Inc.

Subsidiary undertakings

The following are subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Concirus (India) Private Limited	Graphix Tower, A-13A, 3rd floor Sector-62 Noida, Uttar Pradesh - 201309, India	Provision of support services	Ordinary	99%
Concirus Singapore (Pte) Limited	133 Cecil Street #15-03 Keck Seng Tower Singapore 069535	Sales and services	Ordinary	100%
Concirus Inc	108 West 13th Street, Wilmington, DE 19801 USA	Sales and services	Ordinary	100%
Spark Insights Inc*	Trust Center, 1209 Orange Street, City of Wilmington, County of Castle, 19801. USA	Technology services	Ordinary	100%

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

14. Fixed asset investments (continued)

Subsidiary undertakings (continued)

* Spark Insights Inc is 100% owned by Concirus Inc.

The company also owns 33% of the Ordinary shares in Tough Tech Limited, a UK registered company, whose results are not included in the group accounts as an associate undertaking on the basis of materiality.

Branch

In the year the company also set up a branch operation in Israel from August 2021. This was incorporated in February 2022.

15. Stocks

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Finished goods and goods for resale	933	933	933	933

16. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Contract costs	29,264	40,655	29,264	40,655

	Group 2021 £	Group 2020 £	Company 2021 £	As restated Company 2020 £
Due within one year				
Trade debtors	553,454	381,499	553,454	381,499
Amounts owed by group undertakings	-	-	726,063	3,813
Other debtors	317,364	218,986	205,458	128,480
Prepayments	347,000	320,306	324,974	311,292
Accrued income	60,000	93,701	60,000	93,701
Contract costs	46,116	86,529	46,116	86,529
Tax recoverable	748,418	918,281	759,500	879,685
	2,072,352	2,019,302	2,675,565	1,884,999

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

17. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	<u>2,330,102</u>	<u>8,375,092</u>	<u>2,109,325</u>	<u>8,312,312</u>

18. Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	As restated Company 2020 £
Bank loan	500,000	-	500,000	-
Trade creditors	310,743	323,633	302,733	315,199
Amounts owed to group undertakings	-	-	126,134	59,176
Corporation tax	3,169	-	3,169	-
Other taxation and social security	244,429	232,363	229,066	232,363
Other creditors	44,514	31,249	43,519	28,199
Accruals	576,298	655,011	562,864	571,129
Deferred income	972,643	443,038	872,842	443,038
	<u>2,651,796</u>	<u>1,685,294</u>	<u>2,640,327</u>	<u>1,649,104</u>

19. Creditors: amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loan	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

20. Loans

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due within 1 year				
Bank loan	500,000	-	500,000	-
Amounts falling due 1-2 years				
Bank loan	666,667	-	666,667	-
Amounts falling due 2-5 years				
Bank loan	833,333	-	833,333	-
	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>

A term loan was issued on November 2021 for a total of £2,000,000, repayable in annual instalments over 42 months with capital repayments starting April 2022. Interest is accrued at 8.5%.

21. Provisions

Group

	Lease dilapidation £
At 1 January 2021	16,000
Credited to profit or loss	(459)
At 31 December 2021	<u>15,541</u>

Company

	Lease dilapidation £
At 1 January 2021	16,000
Credited to profit or loss	(459)
At 31 December 2021	<u>15,541</u>

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

22. Share capital and reserves

	2021	2020
	£	£
Allotted, called up and fully paid		
2,008,192 (2020 - 1,948,161) Ordinary shares of £0.000102 each	205	199
4,258,275 (2020 - 4,197,023) A1 Preference shares of £0.000102 each	434	428
	<u>639</u>	<u>627</u>

During the year 60,031 Ordinary shares were issued under the employee share schemes for consideration of £6.11, with no share premium.

On 29 October 2021 in part consideration of the purchase of Spark Insights Inc, the company issued 61,252 A1 Preference shares of £0.000102 for consideration of £6.25 and share premium of £513,931.75.

23. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares.

Share based payments reserve

The share based payment reserve represents the cumulative fair value of share based payments recognised in profit and loss.

Currency translation reserve

The currency translation reserve represents the cumulative foreign exchange differences on translation of overseas subsidiaries that have been recognised in other comprehensive income.

Merger Reserve

The merger reserve represents the premium on the company's shares issued as part of the consideration for a business combination.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

24. Business combinations

On 29th Oct 2021 100% of the share capital of Spark Insights Inc, a company engaged in the development of insurance technology, registered in USA, was acquired by Concirus Ltd, with the investment subsequently having been transferred to Concirus Inc.

The total cash consideration of £209,131 comprises cash to the former shareholder of £73,414 and directly attributable professional fees of £135,717. The remaining consideration of £513,898 comprised of shares in Concirus Ltd.

Acquisition of Spark Insights Inc

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustments £	Fair value £
Fixed Assets			
Tangible	8,757	-	8,757
Current Assets-			
Debtors	43,921	-	43,921
Total Assets	<u>52,678</u>	<u>-</u>	<u>52,678</u>
Creditors			
Due within one year	(99,322)	-	(99,322)
Total Identifiable net liabilities	<u>(46,644)</u>	<u>-</u>	<u>(46,644)</u>
Goodwill			769,673
Total purchase consideration			<u><u>723,029</u></u>
Consideration			£
Shares in Concirus Ltd			513,898
Consideration in cash			209,131
Total purchase consideration			<u><u>723,029</u></u>
Cash outflow on acquisition			£
Purchase consideration settled in cash, as above			<u><u>209,131</u></u>

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

24. Business combinations (continued)

Since the acquisition date, Sparks Insights Inc has incurred net expenses of £ 29,000 since acquisition to group results for the year. The entity has not generated any revenue since acquisition.

25. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £296,010 (2020 - £155,789). Contributions totalling £42,620 (2020 - £28,754) were payable to the fund at the reporting date and are included in creditors.

26. Commitments under operating leases

At 31 December 2021 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	217,773	201,820	140,106	178,720
Later than 1 year and not later than 5 years	85,692	-	85,692	-
	<u>303,465</u>	<u>201,820</u>	<u>225,798</u>	<u>178,720</u>

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

27. Share based payments

Concirus Ltd operates an equity-settled share based remuneration scheme for employees. The options are exercisable on the occurrence of a sale or reconstruction, a compulsory acquisition event or a listing or at the discretion of the directors. Options lapse when an option holder ceases to hold office or employment or on the 10th anniversary of the date of grant.

	Weighted average exercise price (pence) 2021	Number 2021	Weighted average exercise price (pence) 2020	Number 2020
Outstanding at the beginning of the year	0.000102	803,000	0.000102	392,000
Granted during the year	0.000102	98,500	0.000102	429,000
Forfeited during the year	0.000102	(60,303)	0.000102	(18,000)
Exercised during the year	0.000102	60,031	0.000102	-
Exercised prior year adjustment		2,322		-
Expired during the year	0.000102	-	0.000102	-
Outstanding at the end of the year	0.000102	903,550	0.000102	803,000

The exercise price of options outstanding at the end of the year was £0.000102 (2020 - £0.000102) and their weighted average contractual life was 8 years (2020 - 9 years).

Prior to the options granted in 2020, as there was considered to be no event on the horizon that would enable the exercising of the options held and the directors had intention to use their discretion, of the total number of options outstanding at the 2019 year end, Nil were expected to vest and no charge had been recognised in the 2019 financial statements.

The options granted in 2020 vest across four years, with 1/4 vesting after one year and 1/48 vesting each month thereafter up to the end of the four year period.

There were two tranches of options granted in 2021: the first in March 2021 with the tranche vest across two years, with 1/24 vesting on last day of each month following the first anniversary of the Vesting Start Date up to a period of 2 years; the second in October 2021 with the tranche vest across four years, with 1/4 vesting after one year and 1/48 vesting each month thereafter up to the end of the four-year period.

Of the options outstanding at the year end, 195,760 (2020 - 352,000) are expected to vest. A charge of £406,129 (2020 - £641,788) has been recognised in the year in respect of these options, at a fair value of £3.36 (2020 - £3.36) per option.

The Black-Scholes option pricing model was used to value the share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of the options granted.

Concirus Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

28. Analysis of net debt

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	8,375,092	(6,044,990)	2,330,102
Debt due after 1 year	-	(1,500,000)	(1,500,000)
Debt due within 1 year	-	(500,000)	(500,000)
	<u>8,375,092</u>	<u>(8,044,990)</u>	<u>330,102</u>

29. Related party transactions

Sales and purchases of goods and services with related parties were as follows:

	Purchases 2021 £	Purchases 2020 £
H3i Limited	<u>41,220</u>	<u>68,139</u>

The above are related parties due to having common directorships.

During the year share capital of £Nil (2020 - £103) at a premium of £Nil (2020 - £7,312,282) were issued to directors.

30. Controlling party

In the opinion of the directors, there is no controlling party.

31. Post balance sheet events

On 5 April 2022, the Group and the Company issued 119,143 Ordinary shares for a total consideration of £1m, comprising a nominal value of £12 and a share premium of £999,988. On 28 April 2022, the Group and company issued 538,232 preference shares for total consideration of £4,940,708, comprising a nominal value of £60 and a share premium of £4,940,648.