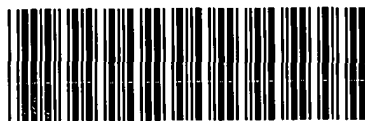


Registration number: 3134834

MUDDY BOOTS SOFTWARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

SATURDAY



ABD82128

A11

24/09/2022

#61

COMPANIES HOUSE

MUDDY BOOTS SOFTWARE LIMITED

CONTENTS

Company Information	1
Directors' Report	2
Statement of Directors' Responsibilities	3
Independent Auditor's Report	4 to 6
Profit and Loss Account	7
Balance Sheet	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 to 21

MUDDY BOOTS SOFTWARE LIMITED

COMPANY INFORMATION

Directors	C J Pile A J Reeves R E M Johnstone
Company secretary	Broughton Secretaries Limited
Registered office	54 Portland Place London W1B 1DY
Auditors	Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

MUDDY BOOTS SOFTWARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors of the company

The directors who held office during the year were as follows:

J A Evans (ceased 8 June 2022)

C J Pile

A J Reeves

The following director was appointed after the year end:

R E M Johnstone (appointed 8 June 2022)

Principal activity

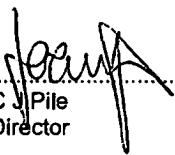
The principal activity of the company is to create innovative software for the food supply chain, giving our customers insight into the performance of their suppliers on the quality, compliance and provenance of their products.

By providing greater transparency from grower to retailer, we help our customers mitigate risk and improve efficiency for the benefit of all stakeholders; contributing to a more sustainable future for food and farming.

Disclosure of information to the auditors

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on ~~12/09/2022~~ and signed on its behalf by:


.....
C J Pile
Director

MUDDY BOOTS SOFTWARE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; 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.

MUDDY BOOTS SOFTWARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUDDY BOOTS SOFTWARE LIMITED

Opinion

We have audited the financial statements of Muddy Boots Software Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, 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).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

MUDDY BOOTS SOFTWARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUDDY BOOTS SOFTWARE LIMITED

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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.

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:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the operations of the company. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006, and taxation laws;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included challenging assumptions and judgments made by management in its significant accounting estimates and identifying and testing journal entries, in particular any journal entries posted with unusual characteristics.

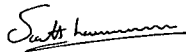
A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

MUDDY BOOTS SOFTWARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUDDY BOOTS SOFTWARE LIMITED

Use of this report

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.



.....
Scott Lawrence (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Staverton Court
Staverton
Cheltenham
GL51 0UX

Date: 14/09/2022.....

MUDDY BOOTS SOFTWARE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	3	5,023,371	5,209,787
Cost of sales		<u>(140,633)</u>	<u>(163,299)</u>
Gross profit		4,882,738	5,046,488
Administrative expenses		<u>(6,481,492)</u>	<u>(5,695,805)</u>
Operating loss	4	(1,598,754)	(649,317)
Amounts written off investments		<u>-</u>	<u>(371,777)</u>
Loss before tax		(1,598,754)	(1,021,094)
Taxation	9	<u>-</u>	<u>36,260</u>
Loss for the financial year		<u><u>(1,598,754)</u></u>	<u><u>(984,834)</u></u>

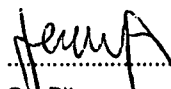
The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

MUDDY BOOTS SOFTWARE LIMITED**(REGISTRATION NUMBER: 3134834)
BALANCE SHEET AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	10	2,192,660	787,753
Tangible assets	11	170,692	272,322
Investments	12	63	1,034
		<u>2,363,415</u>	<u>1,061,109</u>
Current assets			
Stocks	13	22,810	-
Debtors	14	1,221,368	1,291,014
Cash at bank and in hand		<u>1,086,365</u>	<u>914,603</u>
		2,330,543	2,205,617
Creditors: Amounts falling due within one year	15	<u>(9,173,610)</u>	<u>(6,147,624)</u>
Net current liabilities		<u>(6,843,067)</u>	<u>(3,942,007)</u>
Net liabilities		<u>(4,479,652)</u>	<u>(2,880,898)</u>
Capital and reserves			
Called up share capital	16	130	130
Share premium reserve		1,811,270	1,811,270
Capital redemption reserve		5	5
Profit and loss account		<u>(6,291,057)</u>	<u>(4,692,303)</u>
Total equity		<u>(4,479,652)</u>	<u>(2,880,898)</u>

Approved and authorised by the Board on 12/09/2022 and signed on its behalf by:


.....
C. Pile
Director

MUDDY BOOTS SOFTWARE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2020	133	1,811,270	5	(3,707,469)	(1,896,061)
Loss for the year	-	-	-	(984,834)	(984,834)
Purchase of own share capital	(3)	-	-	-	(3)
At 31 December 2020	<u>130</u>	<u>1,811,270</u>	<u>5</u>	<u>(4,692,303)</u>	<u>(2,880,898)</u>
	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2021	130	1,811,270	5	(4,692,303)	(2,880,898)
Loss for the year	-	-	-	(1,598,754)	(1,598,754)
At 31 December 2021	<u>130</u>	<u>1,811,270</u>	<u>5</u>	<u>(6,291,057)</u>	<u>(4,479,652)</u>

The notes on pages 11 to 21 form an integral part of these financial statements.

MUDDY BOOTS SOFTWARE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Loss for the year		(1,598,754)	(984,834)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	173,498	179,122
Loss on disposal of intangible assets		-	234,170
Loss from disposals of investments		971	-
Finance costs		6,085	23,709
Income tax expense / (credit)	9	-	(36,260)
		<u>(1,418,200)</u>	<u>(584,093)</u>
Working capital adjustments			
Increase in stocks	13	(22,810)	-
Decrease in trade debtors	14	69,646	131,684
Increase in trade creditors	15	3,084,730	3,386,247
Decrease in deferred income, including government grants		<u>(58,744)</u>	<u>(121,085)</u>
Cash generated from operations		1,654,622	2,812,753
Income taxes received	9	-	305,943
Net cash flow from operating activities		<u>1,654,622</u>	<u>3,118,696</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(71,868)	(118,814)
Acquisition of intangible assets	10	<u>(1,404,907)</u>	<u>(787,753)</u>
Net cash flows from investing activities		<u>(1,476,775)</u>	<u>(906,567)</u>
Cash flows from financing activities			
Interest paid		(6,085)	(23,709)
Payments for purchase of own shares		-	(3)
Repayment of bank borrowing		-	(900,000)
Net cash flows from financing activities		<u>(6,085)</u>	<u>(923,712)</u>
Net increase in cash and cash equivalents		171,762	1,288,417
Cash and cash equivalents at 1 January		<u>914,603</u>	<u>(373,814)</u>
Cash and cash equivalents at 31 December		<u>1,086,365</u>	<u>914,603</u>

Analysis of changes in net debt

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash and cash equivalents			
Cash	<u>914,603</u>	<u>171,762</u>	<u>1,086,365</u>
	<u>914,603</u>	<u>171,762</u>	<u>1,086,365</u>

The notes on pages 11 to 21 form an integral part of these financial statements.

MUDDY BOOTS SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
54 Portland Place
London
W1B 1DY

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Name of parent of group

These financial statements are consolidated in the financial statements of Telus Agriculture Solutions Inc.

The financial statements of Telus Agriculture Solutions Inc may be obtained from the company's registered office.

Group accounts not prepared

The company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small group.

Going concern

These accounts show a reported loss before tax of £1,598,754 (2020 - £1,021,094). The company continues to invest heavily into product development in order to build its sales pipeline, expand its international sales and to take advantage of new market opportunities.

On 12 March 2020, the entire issued share capital of the company was sold to TELUS Agriculture Solutions Inc. TELUS Agriculture Solutions Inc. is a wholly owned subsidiary of TELUS Corporation, a Canadian-based technology company and telecommunications provider. TELUS is a publicly traded company listed on the New York Stock Exchange (NYSE) under the stock symbol (TU) and on the Toronto Stock Exchange (TSE) under the stock symbol (T). As part of the transaction, the existing loans and credit facilities to the Company were settled in full. Upon acquisition, the company also started to capitalise its eligible development costs, to better reflect the long term benefit of its considerable product development costs. The total value of development costs for assets under construction included on the Balance Sheet at the year-end is £2,192,660 (2020 - £787,753).

MUDDY BOOTS SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern (continued)

The ongoing support of TELUS, a global leader in communications and digital technologies, will enable the company to grow in key markets, such as North America and Asia Pacific, and to accelerate the development of its digital supply chain solutions.

The directors consider that the company is relatively well placed to withstand both the ongoing risks related to the COVID-19 pandemic and geopolitical risks arising from the developing situation in Russia and Ukraine. With regard to COVID-19, the company supplies software to the food and farming industries, and demand from these industries remains strong. Some 80% of the company's revenues are recurring and this core business has remained stable throughout the pandemic. Operationally, the company has a distributed workforce that is adept at working remotely, and operates a secure hybrid cloud and hosted infrastructure to support its software platforms. Less than 0.1% of the company's revenues derive from Russian or Ukrainian clients and the company has no outsourced software engineers from, or any hosting infrastructure in, these regions.

The company is reliant on the support of TELUS for its funding. After reviewing the company's forecasts and projections, the directors have a reasonable expectation that, provided the company continues to receive funding from TELUS, it has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Judgements

No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the company's activities.

The company sells computer software for the food supply chain on a long term contract basis. The company recognises revenue evenly over the length of the contract.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

MUDDY BOOTS SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Tax

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

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date. The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Office & Computer Equipment	2 to 5 years straight line

Development costs

Development expenditure incurred on individual new product areas which have yet to be commercialised is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related new product areas.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Development costs	5 years

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

MUDDY BOOTS SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

Stocks consist of consumables, such as Nano Tags and software licences, which are purchased individually and then sold to customers.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Leases

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

MUDDY BOOTS SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Rendering of services	<u>5,023,371</u>	<u>5,209,787</u>

The analysis of the company's turnover for the year by market is as follows:

	2021	2020
	£	£
UK	<u>5,023,371</u>	<u>5,209,787</u>

4 Operating profit

Arrived at after charging/(crediting):

	2021	2020
	£	£
Depreciation expense	173,498	157,679
Amortisation expense	-	21,443
Loss on disposal of tangible fixed assets	-	234,170
Loss on disposal of fixed asset investments	971	-
Auditor's remuneration - The audit of the company's annual accounts	8,000	7,500
Foreign exchange losses/(gains)	<u>31,354</u>	<u>(79,896)</u>

MUDDY BOOTS SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5 Exceptional items

	2021 £	2020 £
Management charges payable	<u>301,309</u>	<u>-</u>

During the year, management charges of £301,309 (2020 - £nil) were payable to the entity's parent company, Telus Agriculture Solutions Inc.

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	3,765,651	3,498,170
Social security costs	531,241	469,730
Pension costs, defined contribution scheme	<u>190,970</u>	<u>157,887</u>
	<u>4,487,862</u>	<u>4,125,787</u>

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

	2021 No.	2020 No.
Administration and support	10	24
Sales	<u>105</u>	<u>77</u>
	<u>115</u>	<u>101</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	337,501	375,475
Benefits in kind and sums paid to third parties	<u>5,874</u>	<u>5,365</u>
	<u>343,375</u>	<u>380,840</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2021 No.	2020 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>2</u>

In respect of the highest paid director:

	2021 £	2020 £
Remuneration	<u>159,109</u>	<u>154,535</u>

8 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>8,000</u>	<u>7,500</u>

MUDDY BOOTS SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation

Tax charged/(credited) in the profit and loss account

	2021 £	2020 £
Current taxation		
UK corporation tax adjustment to prior periods	-	837
Deferred taxation		
Arising from origination and reversal of timing differences	-	(37,097)
Tax receipt in the Income statement	-	(36,260)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Loss before tax	<u>(1,598,754)</u>	<u>(1,021,094)</u>
Corporation tax at standard rate	(303,763)	(194,008)
Effect of expense not deductible in determining taxable profit (tax loss)	(70,188)	70,868
Deferred tax credit relating to changes in tax rates or laws	(145,553)	(338)
Deferred tax expense from unrecognised tax loss or credit	606,472	85,877
Deferred tax credit from unrecognised temporary difference from a prior period	(84,170)	-
Increase in UK and foreign current tax from adjustment for prior periods	-	837
Tax (decrease)/increase from effect of capital allowances and depreciation	<u>(2,798)</u>	<u>504</u>
Total tax credit	<u>-</u>	<u>(36,260)</u>

Deferred tax

Deferred tax assets and liabilities

	Liability £
2021	
Fixed asset timing differences	32,466
Short-term timing differences	(3,690)
Losses and other deductions	<u>(28,776)</u>
	<u>-</u>
2020	
Fixed asset timing differences	38,365
Short-term timing differences	(2,782)
Losses and other deductions	<u>(35,583)</u>
	<u>-</u>

MUDDY BOOTS SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

10 Intangible assets

	Development costs for assets under construction £
Cost	
At 1 January 2021	787,753
Additions acquired separately	<u>1,404,907</u>
At 31 December 2021	<u>2,192,660</u>
Amortisation	
At 1 January 2021 and 31 December 2021	<u>-</u>
Carrying amount	
At 31 December 2021	<u>2,192,660</u>
At 31 December 2020	<u>787,753</u>

11 Tangible assets

	Office equipment £
Cost	
At 1 January 2021	789,936
Additions	<u>71,868</u>
At 31 December 2021	<u>861,804</u>
Depreciation	
At 1 January 2021	517,614
Charge for the year	<u>173,498</u>
At 31 December 2021	<u>691,112</u>
Carrying amount	
At 31 December 2021	<u>170,692</u>
At 31 December 2020	<u>272,322</u>

In total, included within the net book value of tangible fixed assets is £1,516 (2020 - £19,372) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £17,856 (2020 - £17,903).

MUDDY BOOTS SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

12 Investments

	2021 £	2020 £
Investments in subsidiaries	<u>63</u>	<u>1,034</u>
Subsidiaries		£
Cost		
At 1 January 2021		1,034
Disposals		<u>(971)</u>
At 31 December 2021		<u>63</u>
Carrying amount		
At 31 December 2021		<u>63</u>
At 31 December 2020		<u>1,034</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Muddy Boots Software Systems (Pty) Ltd	Australia	Ordinary	100%	100%
Muddy Boots South Africa Ltd	South Africa	Ordinary	0%	100%
Muddy Boots Software (HK) Ltd	Hong Kong	Ordinary	0%	100%
Joint ventures				
Weinan Danong Supply Chain Co Ltd	China	Ordinary	0%	49%

Subsidiary undertakings

Muddy Boots Software Systems (Pty) Ltd

The principal activity of Muddy Boots Software Systems (Pty) Ltd is the provision of computer software, hardware and related services. The profit for the financial period of Muddy Boots Software Systems (Pty) Ltd was £16,608 and the aggregate amount of capital and reserves at the end of the period was £(512,417).

Muddy Boots South Africa Ltd

The principal activity of Muddy Boots South Africa Ltd is the provision of computer software, hardware and related services. The profit for the financial period of Muddy Boots South Africa Ltd was £2,532 and the aggregate amount of capital and reserves at the end of the period was £Nil.

Muddy Boots Software (HK) Ltd

The principal activity of Muddy Boots Software (HK) Ltd is the provision of computer software, hardware and related services. The loss for the financial period of Muddy Boots Software (HK) Ltd was £21,828 and the aggregate amount of capital and reserves at the end of the period was £Nil.

MUDDY BOOTS SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

13 Stocks

	2021 £	2020 £
Consumables	<u>22,810</u>	<u>-</u>

14 Debtors

	Note	2021 £	2020 £
Trade debtors		408,459	627,718
Amounts owed by related parties	19	354,938	460,714
Other debtors		10,703	9,630
Prepayments and accrued income		<u>447,268</u>	<u>192,952</u>
		<u>1,221,368</u>	<u>1,291,014</u>

15 Creditors

	Note	2021 £	2020 £
Due within one year			
Trade creditors		70,170	69,846
Amounts due to related parties	19	6,296,417	3,403,363
Social security and other taxes		400,206	374,070
Other creditors		242,097	76,881
Deferred income		<u>2,164,720</u>	<u>2,223,464</u>
		<u>9,173,610</u>	<u>6,147,624</u>

16 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary A1 Shares of £0.01 each	2,377	23.77	2,377	23.77
Ordinary A Shares of £0.01 each	9,512	95.12	9,512	95.12
Ordinary C Shares of £0.01 each	<u>1,100</u>	<u>11.00</u>	<u>1,100</u>	<u>11.00</u>
	<u>12,989</u>	<u>130</u>	<u>12,989</u>	<u>130</u>

17 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	106,314	61,429
Later than one year and not later than five years	<u>369,398</u>	<u>228,947</u>
	<u>475,712</u>	<u>290,376</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £74,009 (2020 - £92,389).

MUDDY BOOTS SOFTWARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £190,970 (2020 - £157,887).

19 Related party transactions

Telus Agriculture Solutions Inc (parent company)

During the year, Muddy Boots Software Limited was acquired by Telus Agriculture Solutions Inc. At the year end, the balance owed to Telus Agriculture Solutions Inc and its related entities was £6,296,417 (2020 - 3,403,363). This balance is included in amounts due to related parties in creditors.

Muddy Boots (HK) Ltd (Hong Kong subsidiary)

At the year end, the balance due from Muddy Boots Software Systems (HK) Ltd is £nil (2020 - £371,777 all of which was fully provided for at the year end). This balance is included within amounts owed by related parties in debtors.

Muddy Boots Software Pty Ltd (Australian subsidiary)

At the year end, the balance due from Muddy Boots Software Systems Pty Ltd is £354,938 (2020 - £459,690). This balance is included within amounts owed by related parties in debtors.

Muddy Boots South Africa Ltd (South African subsidiary)

At the year end, the balance due from Muddy Boots South Africa Ltd is £nil (2020 - £1,024). This balance is included within amounts owed by related parties in debtors.

Pea Green Enterprises Ltd (a company under common control)

During the year, Muddy Boots Software Limited made sales of £nil (2020 - £90) and purchases of £1,613 (2020 - £nil) to/from Pea Green Enterprises Ltd, a company in which M Ford is a director. At the year end, there is a balance of £nil (2020 - £798) included in prepayments within debtors, and a balance of £840 (2020 - £760) included in accruals within creditors.

Phocle Green Retirement Benefit Scheme

During the year, Muddy Boots Software Limited paid rent of £60,000 (2020 - £60,000) to Phocle Green Retirement Benefit Scheme, of which Pea Green Enterprises Ltd is a member, for the rental of office space.

Summary of transactions with key management

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 7 to the financial statements.

20 Parent and ultimate parent undertaking

The company's immediate parent is Telus Agriculture Solutions Inc, incorporated in Canada.