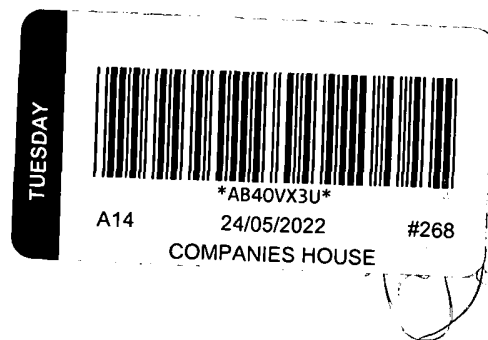


Company Registration No. 05377430 (England and Wales)

**SCOTT LOGIC LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



# SCOTT LOGIC LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr G Scott Mr C N Eberhardt Mr G Odds Mr S J Foreshew-Cain	(Appointed 23 November 2021)
<b>Secretary</b>	Dr H Estyn-Jones	
<b>Company number</b>	05377430	
<b>Registered office</b>	Floor 6, The Lumen St James Boulevard Newcastle Helix Newcastle upon Tyne Tyne & Wear NE4 5BZ	
<b>Auditor</b>	Robson Laidler Accountants Limited Fernwood House Fernwood Road Jesmond Newcastle Upon Tyne Tyne and Wear England NE2 1TJ	

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# **SCOTT LOGIC LIMITED**

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# SCOTT LOGIC LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### **Fair review of the business**

2021 was a successful year for the business. We delivered sustainable growth whilst continuing to adapt to challenging operating conditions compounded by the combined impact of the ongoing global pandemic, leaving the European Union, and global geopolitical uncertainty.

The business saw significant growth throughout the year, predominantly driven by strong and consistent demand resulting in high levels of consultant utilisation throughout the year, along with a lower operating cost base during the Covid-19 restriction period.

The current year has begun very strongly, with high levels of demand from both established and newly acquired clients resulting in continued positive growth of the business. Investment in our talent attraction and recruitment capabilities in 2021 has seen significant year-on-year growth in our consultant headcount which we are confident will continue throughout 2022. We continue to retain colleagues at above-industry retention levels in a competitive talent market.

In 2021, we made significant investments in better understanding what drives and motivates our colleagues. Plans have been brought forward to continue to make substantial investment in initiatives which promote colleague engagement, develop capability, align to our People Promise (which we have published publicly), support our social value commitments, and encourage greater diversity, inclusion and belonging across the business.

Several key appointments were made throughout the year to expand the capability and experience of the Executive Leadership Team. Along with expanded portfolios for existing team members, these changes were focussed on strengthening the Executive Leadership Team to support strong in-year business performance and multi-year growth ambitions.

In developing plans for long-term growth, the business has committed to an explicit Purpose Statement: to create opportunity and sustainable prosperity through technical innovation. Whilst not a radical redefinition of our purpose, this statement unifies the business and provides a definitive lens through which leadership will evaluate strategic choices and make implementation decisions.

The outlook for the coming year continues to be favourable. We will consolidate our expansion in Leeds and Glasgow (both established in 2021) along with all other operating locations. We will continue to develop our European Union operations through our presence in Copenhagen. And we will extend our reach by broadening our client and sector base.

The Company remains optimistic that we can continue to create new opportunities for our colleagues, our clients and our business whilst generating sustainable growth and profitability in the years ahead.

# SCOTT LOGIC LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### Principal risks and uncertainties

#### Pandemic

The COVID-19 global pandemic continued to create uncertainty throughout 2021, remaining a concern to business operations through the public health threat it posed. However, we saw the impact of the pandemic on our business minimised throughout the year as a result of public health measures (widespread testing, vaccination and booster programmes), flexible-working and Covid-secure compliance in our offices.

As a digitally enabled business, the Company had adapted to virtual working seamlessly in 2020. Through significant investment in flexible working infrastructure and tooling throughout 2021, we continued to provide clients with uninterrupted, high-quality consultancy services. The Company will continue to review and respond to new ways of working in the best interests of all its stakeholders.

The Company has maintained high levels of productivity throughout the year, and continues to closely monitor the impact of remote working on creativity. We look to continue to provide inspiring and engaging work locations for our colleagues where we see a balance being established between individual-remote and team-located working patterns. We continue to support teams coming together to collaborate on the design and development of creative solutions for our clients whilst supporting periods of individual high productivity when working remotely.

#### Client Relationships

The Company continues to develop its relationships with all clients and to create long-term partnerships in order to fully appreciate, anticipate and respond to client needs as they adapt to changing circumstances. To this end, in 2021 the Company established additional rigour with regard to account management, and is continuing this investment in the coming year.

#### Exiting the EU

There remain external macroeconomic risks to the Company in respect to confidence levels of clients affected by the pandemic and the impact of the UK leaving the European Union. There continues to be debate over the precise extent to which leaving the EU in January 2021 has impacted the UK economy. This is mostly due to the fact that possible negative impacts caused by Brexit have become blurred with the impact of the pandemic.

The Company has not seen any reduction in demand from our clients, either directly or indirectly, attributable to the UK leaving the EU. However, we have continued to rebalance our client portfolio in response to the specific risk posed by the absence of equivalence agreements with regard to "passporting" for the UK Financial Services industry. Whilst total revenues grew overall in 2021, we have intentionally grown our Public Sector portfolio faster than our Financial Services portfolio to mitigate any residual risk. We continue to explore how we can broaden our market/sector reach to mitigate any future sector-specific risks.

#### Conflict in Ukraine

Russian aggression against Ukraine represents a significant risk to global geopolitical stability and security. Since Russia invaded Ukraine in February 2022, we have seen a surge in commodity prices that will worsen the squeeze on UK living costs and reduce growth.

Oil, gas and wheat prices have risen sharply since late February, raising UK consumer prices and pointing to a higher peak in inflation this spring followed by a period of sustained high price rises. As a result of the impact of higher energy prices, tighter financial conditions and lower business and consumer confidence, UK GDP is expected to be lower than it otherwise would have been. We are continuing to monitor the impact of the conflict on the global macroeconomic outlook and will adjust our business plans accordingly.

In specific response to the conflict, we:

- have made a public statement deploring Russia's violation of international law and reflecting our sadness at the humanitarian catastrophe unfolding in Ukraine
- have provided support for employees who were being affected by the conflict
- have provided direct financial support for humanitarian efforts in Ukraine
- are monitoring our client portfolio for potential conflicts of interest in light of global sanctions
- are reviewing our supply chains for Russian/Belarusian-based, -owned or -operated suppliers

# SCOTT LOGIC LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Principal risks and uncertainties**

#### **Talent Attraction and Retention**

As a people-driven professional services business, the recruitment and retention of highly capable staff is essential to the future of the business and is given the highest priority. In response increasing competition in the talent market, we have continued to invest in our recruitment capability. The Company continues to aspire to provide all employees with a challenging and rewarding career. In 2021, we selected and implemented tools to better understand the needs of our employees and to inform investment decisions to support employee recognition, development and retention.

In 2021, the Company introduced enhanced individual support for learning and development activity. In 2022, we are further investing core skills and development programmes to further enhance the knowledge capital of the business. In addition, the Company opened new offices in Leeds and Glasgow in 2021 further expanding the catchment area for recruiting skilled staff. We continue to explore further geographic expansion.

#### **Information Security**

As a technology focussed, digitally enabled business, cyber and information security risk poses a specific threat - not only to our business, but also to our clients' businesses in relation to the services we provide. In 2021, we implemented an all-employee InfoSec Awareness programme to further strengthen the Company's resilience in this area. There were also significant ongoing investments in leadership and highly specialised technical skills as part of an on-going reinforcement of our Info-Sec procedures.

Strengthening our resilience to cyber and information security risk is managed through rigorous and continuous review of potential threats and assurance of mitigating actions. We continue to prioritise investments in people, processes and tools to minimise and/or mitigate these risks; such as strengthening secure access credentials, introducing advanced protections against phishing and ransomware, along with advanced reporting, administrative controls and encryption.

#### **Service Assurance**

Specific risks surrounding delivery of both internal and client projects are managed through rigorous project acceptance, management and quality assurance procedures. The Company takes a proactive approach to management of client engagement risk, and the Senior Leadership team reviews client risk regularly as an integral part of our management operating model.

#### **Financial Risk**

Credit risks are mitigated by partnering with creditworthy businesses and managing concentration levels.

Foreign currency exposure risks arise on revenues and cash balances denominated in currencies other than sterling. Such balances are monitored on a regular basis and are not currently considered to be a material risk.

The Company is debt free and carries no interest rate risk.

#### **Key performance indicators**

Revenue increased on the previous year to £40.3m

The Company generated £10.4m EBITDA increasing net worth to £22.4m.

Average staff numbers were 354 compared to 304 in the previous year.

# SCOTT LOGIC LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### **Promoting the success of the company**

The company is required to prepare a statement under Section 172 of the Companies Act 2006.

Under S172, the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequence of any decision in the long term
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The accompanying Annual Report demonstrates clearly the Company's operating context, employee considerations, employee engagement, partnership ethos and high standards.

We understand that it is important for us to engage with our stakeholders at all levels in order to gain a better understanding of what areas they are interested in or concerned about, and also how our decisions have impacted them. The Board is updated regularly on stakeholder engagement and this supports the Board in weighing up the likely consequences of any decision in the long term.

There may be some instances where conflicts arise between stakeholders groups. In these circumstances, the Board works to understand the needs and priorities of each stakeholder group. This should then ensure the needs of the stakeholders align with those of the Company, thus increasing the likelihood of the Company achieving long-term sustainable success.

On behalf of the board



Mr S J Foreshew-Cain  
Director

5 April 2022

# SCOTT LOGIC LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### Principal activities

The principal activity of the company in the year under review was that of software development, consultancy, software products and services.

#### Results and dividends

Ordinary dividends were paid amounting to £6,000,080. The directors do not recommend payment of a final dividend.

#### Directors

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

Mr G Scott

Mr C N Eberhardt

Mr G Odds

Mr M E Brown

(Resigned 31 May 2021)

Mr N C Wilson

(Resigned 16 July 2021)

Mr S J Foresheew-Cain

(Appointed 23 November 2021)

#### Disabled persons

The company is an equal opportunities employer and welcomes applications from disabled persons where the requirements of the job can be fulfilled. Were an existing employee to become disabled we would work to provide continuing employment under normal terms and conditions.

#### Employee involvement

We engage with our employees on a regular basis, with Company Quarterly updates which are attended by all employees. We have a sustained focus on employee engagement which is key to building a relationship with our staff, allowing us to understand their needs and adapt the way we work. We continue to explore feedback channels to enable open discussion between employees and management.

We have set out below how we have engaged with and taken into consideration the needs of our stakeholders. These stakeholders continue to represent the key resources and relationships of the Company, as well as being the key to the Company's long-term success.

#### Customers

We work hard to put customers at the heart of everything we do. Despite the disruption caused to our work flows as a result of Covid-19, we have continued to offer a first-class service to all our customers. Over the past year, the Company established additional rigour with regard to client Account Management, and is continuing this investment in the coming year to enable direct engagement with our customers.

#### Suppliers

The company works responsibly with its suppliers. We look to build strong relationships giving us an opportunity to understand better the services we procure. We aim to pay our suppliers promptly, within the terms they set out.

#### Auditor

In accordance with the company's articles, a resolution proposing that Robson Laidler Accountants Limited be reappointed as auditor of the company will be put at a General Meeting.

# SCOTT LOGIC LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Energy and carbon report

Scott Logic is a purpose-driven company, committed to creating sustainable prosperity. We recognise that our global operations have an environmental impact and we are committed to monitoring and reducing our emissions year-on-year to play our part in tackling the climate crisis. We are also aware of our reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, this year we have upgraded our energy and carbon reporting to meet these new requirements and increase the transparency with which we communicate about our environmental impact to our stakeholders.

We have committed publicly to intentions beyond SECR requirements by signing up to Tech Zero, a climate action group for tech companies committed to fighting the climate crisis. By joining, we are committing to measure and publish our scope 1, 2 and 3 greenhouse gas emissions and to set an ambitious net zero target. We will appoint a member of our executive team to be responsible and accountable for that net zero target; as we advance towards it, we will report on and communicate our progress.

#### 2021 Performance

This is the first year in which we have worked with a specialist third party to produce a complete carbon footprint, based on actual data and accounting for our full scope 3 footprint. This will therefore be set as our base year, with the following changes expected over the coming year:

- Despite using natural gas in only one of our offices, this accounts for 22% of our total scope 1 + 2 footprint. However, we expect to see our natural gas emissions fall dramatically as we will be moving out of the only office which uses natural gas to a new office operating on electricity only.
- Our business travel emissions in 2021 were 20 tCO<sub>2</sub>e, which we expect to see increase as COVID-19 restrictions continue to lift. However, our business travel emissions will likely remain fairly low as we are predominantly UK-based and our travel requirements are relatively low.
- With many employees working from home for much of 2021, our employee commuting emissions (27 tCO<sub>2</sub>e) were far lower than working from home emissions (136 tCO<sub>2</sub>e). As employees continue to return to the office, we anticipate an increase in commuting emissions and a proportional decrease in working from home emissions.

#### Energy Efficiency Initiatives

In the period covered by the report, Scott Logic has undertaken the following emissions and energy reduction initiatives:

- We have made the decision to move to a more energy considerate office in Newcastle; moving from an EPC D-rated building which we currently occupy, to an A-rated one, at the start of 2022.
- We are transitioning to cloud-based systems, alleviating our reliance on hardware infrastructure, and therefore reducing our energy consumption.
- We have also embraced hybrid working following the pandemic, taking a more prudent approach for face-to-face meetings, helping us reduce our travelling and commuting habits.
- We have established a commercial partnership to ethically dispose of our end-of-Scott-Logic-life IT hardware through a variety of zero-landfill routes to reduce waste and wastefulness.

	<b>2021</b>
	<b>kWh</b>
Aggregate of energy consumption in the year	<b>288,042</b>

# SCOTT LOGIC LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 metric tonnes
<b>Scope 1</b>	
Natural gas	13
Company and leased cars	4
	17
<b>Scope 2</b>	
Electricity	41
	41
<b>Scope 3</b>	
Capital goods	318
Electricity transmission & distribution	14
Data centres	31
Natural gas Well to Tank	2
Water	1
Employee commuting	27
Working from home	136
Hotel stays	6
Company and leased cars Well to Tank	<1
Employee cars	2
Rail	5
Business flights	7
Paper	< 1
Purchased goods and services	943
Waste & recycling	< 1
	1,492
<b>Total gross emissions</b>	<b>1,550</b>
<b>Intensity ratio</b>	
Tonnes of CO2e per employee	3.8

### Quantification and reporting methodology

1. Scott Logic does not have any physical offices outside the UK but has a small team in Denmark with one company car
2. Energy reporting includes kWh from scope 1, scope 2 and scope 3 employee cars (as required by the SECR regulation)
3. In the current year, a specialist company was used to establish the figures within the energy and carbon report. The figures **Notes** included last year are not presented as they are not comparable.

### Methodology

The methodology used to calculate the GHG emissions is in accordance with the requirements of the following standards:

- World Resources Institute (WRI) Greenhouse Gas (GHG) Protocol (revised version)
- Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019).
- UK office emissions have been calculated using the Defra 2021, EEIO Scott Logic 2021 issue of the conversion factor repository.

Following an operational control approach to defining our organisational boundary, our calculated GHG emissions from business activities fall within the reporting period of 1 January 2021 to 31 December 2021.

# SCOTT LOGIC LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

### Statement of disclosure to auditor

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

### Charitable donations

Total charitable donations made during the year amounted to £202,298 (2020: £200,584). These donations were made to a number of local charities and other institutions.

At the end of 2021, we donated £200K to Altitude Foundation based on our success during the year. This will allow Altitude to focus on what matters most: delivering programmes to children in the coming years, rather than spending resources on fundraising.

With our continued support, we believe Altitude can truly deliver positive outcomes in its aim to create a world where all young people with a passion for technology are enabled to smash barriers in order to achieve a successful career. Our Social Mission, sets out our desire to initiate innovative ways to create opportunity in our communities and society at large; this is one example of us doing exactly that.

On behalf of the board

  
Mr S J Foreshew-Cain  
Director

5 April 2022

# SCOTT LOGIC LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTT LOGIC LIMITED

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### Opinion

We have audited the financial statements of Scott Logic Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 profit 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 directors' 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 financial statements are 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# SCOTT LOGIC LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SCOTT LOGIC LIMITED

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### **Matters on which we are required to report by exception**

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

# SCOTT LOGIC LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF SCOTT LOGIC LIMITED

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Based on our understanding of the company, we identified that there were no principal risks of non-compliance with laws and regulations central to the company's operations as it does not have to report to a regulatory body and there is no supervisory body which monitors its operations. We also considered those laws and regulations that have a direct impact on the financial statements of the company such as the Companies Act 2006 and UK tax legislation.

Audit procedures performed by the engagement team included:

Discussions with UK directors and key management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;

Reviewing relevant meeting minutes;

Identifying and testing journal entries based on risk criteria;

Testing transactions entered into outside of the company's normal course of business.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it. Also 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 or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 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.



**Peter Charles BSc FCA (Senior Statutory Auditor)**  
For and on behalf of Robson Laidler Accountants Limited  
Statutory Auditor

Date: 7 April 2022  
Femwood House  
Femwood Road  
Jesmond  
Newcastle Upon Tyne  
Tyne and Wear  
England  
NE2 1TJ

## SCOTT LOGIC LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

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	Notes	2021 £	2020 £
Turnover	2	40,301,631	31,986,353
Administrative expenses		(30,193,336)	(26,708,776)
Other operating income		-	27,162
<b>Operating profit</b>	3	10,108,295	5,304,739
Interest receivable and similar income		440,333	358,467
Interest payable and similar expenses		(2,339)	-
<b>Profit before taxation</b>		10,546,289	5,663,206
Tax on profit	7	(1,981,034)	(879,546)
<b>Profit for the financial year</b>		<u>8,565,255</u>	<u>4,783,660</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# SCOTT LOGIC LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		761,278		434,836
Investments	10		5,817		5,817
			<u>767,095</u>		<u>440,653</u>
<b>Current assets</b>					
Debtors	12	6,383,270		4,167,527	
Investments	13	2,755,724		2,395,875	
Cash at bank and in hand		17,660,788		16,087,695	
		<u>26,799,782</u>		<u>22,651,097</u>	
<b>Creditors: amounts falling due within one year</b>	14	(5,132,798)		(3,286,067)	
<b>Net current assets</b>			<u>21,666,984</u>		<u>19,365,030</u>
<b>Total assets less current liabilities</b>			<u>22,434,079</u>		<u>19,805,683</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	15	62,321		-	
		<u>(62,321)</u>		<u>-</u>	
<b>Net assets</b>			<u><u>22,371,758</u></u>		<u><u>19,805,683</u></u>
<b>Capital and reserves</b>					
Called up share capital	16		21,550		20,650
Share premium account			1,138		1,138
Share based payment reserve			30,243		30,243
Profit and loss reserves			22,318,827		19,753,652
<b>Total equity</b>			<u><u>22,371,758</u></u>		<u><u>19,805,683</u></u>

The financial statements were approved by the board of directors and authorised for issue on 5 April 2022 and are signed on its behalf by:

  
Mr S J Foreshew-Cain  
Director

Company Registration No. 05377430

# SCOTT LOGIC LIMITED

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

		Share capital	Share premium account	Share based payment reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
<b>Balance at 1 January 2020</b>		20,650	1,138	30,243	14,969,992	15,022,023
<b>Year ended 31 December 2020:</b>						
Profit and total comprehensive income for the year		-	-	-	4,783,660	4,783,660
<b>Balance at 31 December 2020</b>		20,650	1,138	30,243	19,753,652	19,805,683
<b>Year ended 31 December 2021:</b>						
Profit and total comprehensive income for the year		-	-	-	8,565,255	8,565,255
Issue of share capital	16	900	-	-	-	900
Dividends	8	-	-	-	(6,000,080)	(6,000,080)
<b>Balance at 31 December 2021</b>		21,550	1,138	30,243	22,318,827	22,371,758

# SCOTT LOGIC LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	21	9,841,272		5,898,403	
Interest paid		(2,339)		-	
Income taxes paid		(1,694,508)		(856,514)	
<b>Net cash inflow from operating activities</b>		<b>8,144,425</b>		<b>5,041,889</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(652,636)		(88,769)	
Purchase of investments		-		(88,506)	
Interest received		49,391		211,943	
Dividends received		31,093		20,357	
<b>Net cash (used in)/generated from investing activities</b>		<b>(572,152)</b>		<b>55,025</b>	
<b>Financing activities</b>					
Proceeds from issue of shares		900		-	
Dividends paid		(6,000,080)		-	
<b>Net cash used in financing activities</b>		<b>(5,999,180)</b>		<b>-</b>	
<b>Net increase in cash and cash equivalents</b>		<b>1,573,093</b>		<b>5,096,914</b>	
Cash and cash equivalents at beginning of year		16,087,695		10,990,781	
<b>Cash and cash equivalents at end of year</b>		<b>17,660,788</b>		<b>16,087,695</b>	

# SCOTT LOGIC LIMITED

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

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### 1 Accounting policies

#### Company information

Scott Logic Limited is a private company limited by shares incorporated in England and Wales. The registered office is Floor 6, The Lumen, St James Boulevard, Newcastle Helix, Newcastle upon Tyne, Tyne & Wear, NE4 5BZ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in UK sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value, and in accordance with applicable accounting standards. The principal accounting policies adopted are set out below.

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

Scott Logic Limited is a wholly owned subsidiary of Logical Holdings Limited and the results of Scott Logic Limited are included in the consolidated financial statements of Logical Holdings Limited which are available from the Companies House website.

#### 1.2 Turnover

Turnover and profits on long term contracts for the supply of services are recognised as the right to consideration obtained through the performance of work under the contract. Any unbilled work at a period end is recognised as turnover and accrued income.

Turnover and profits from one-off engagements of short term duration are recognised on the completion of the relevant work. The costs incurred on unfinished work are included within work in progress at cost, less a provision for any loss anticipated on the contract.

Turnover from software support provided to customers is recognised over the term of the agreement.

#### 1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	33.33% straight line
Fixtures and fittings	33.33% straight line
Computer equipment	33.33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.4 Fixed asset investments

Investments in subsidiary undertakings are recognised at cost.

# SCOTT LOGIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.5 Impairment of assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and current balances with banks and other institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. This definition is also used for the cash flow statement.

#### 1.7 Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Neither current nor deferred taxation assets and liabilities are discounted.

##### **Current tax**

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.8 Provisions

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

#### 1.9 Employee benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit in the period to which they relate.

#### 1.10 Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

# SCOTT LOGIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.11 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them and the grants will be received using the performance/accrual model.

Grants in respect of revenue expenditure are credited to revenue in order to match the income against the expenditure to which the grant relates.

#### 1.12 Foreign exchange

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### 1.13 Current asset investments

Investments in equities are shown at fair (market) value.

The investments are valued by an investment managers, having due regard to latest dealings, professional valuation, asset values and other appropriate financial information.

The fair value movement credited to the profit and loss for the year is £359,849 (2020 £126,167)

#### 1.14 Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

### 2 Turnover and other revenue

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

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Rendering of services	40,301,631	31,986,353
	<u>40,301,631</u>	<u>31,986,353</u>
	2021	2020
	£	£
<b>Turnover analysed by geographical market</b>		
UK	32,205,269	27,123,406
Europe	4,711,234	2,938,992
North America	2,917,756	1,390,838
Rest of World	467,372	533,117
	<u>40,301,631</u>	<u>31,986,353</u>

# SCOTT LOGIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(40,394)	(12,170)
Depreciation of owned tangible fixed assets	326,194	408,241
Operating lease charges	803,604	790,062
	<u>                    </u>	<u>                    </u>

### 4 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	8,000	8,000
	<u>                    </u>	<u>                    </u>
<b>For other services</b>		
All other non-audit services	34,218	44,538
	<u>                    </u>	<u>                    </u>

### 5 Employees

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

	2021	2020
	Number	Number
IT and administration	354	304
	<u>                    </u>	<u>                    </u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	20,988,623	19,100,423
Social security costs	2,248,347	2,117,304
Pension costs	2,446,775	1,874,517
	<u>                    </u>	<u>                    </u>
	<u>25,683,745</u>	<u>23,092,244</u>

# SCOTT LOGIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	1,099,875	714,014
Company pension contributions to defined contribution schemes	54,820	31,484
	<u>1,154,695</u>	<u>745,498</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021	2020
	£	£
Remuneration for qualifying services	<u>415,250</u>	<u>467,500</u>

### 7 Taxation

	2021	2020
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,874,582	876,627
Adjustments in respect of prior periods	17,745	-
Total current tax	<u>1,892,327</u>	<u>876,627</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>88,707</u>	<u>2,919</u>
Total tax charge	<u>1,981,034</u>	<u>879,546</u>

# SCOTT LOGIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit before taxation	10,546,289	5,663,206
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	2,003,795	1,076,009
Tax effect of expenses that are not deductible in determining taxable profit	5,532	35
Adjustments in respect of prior years	17,745	-
Dividend income	(5,908)	(3,868)
Depreciation in excess of capital allowances	-	54,649
Capital allowances in excess of depreciation	(185,008)	-
Other adjustments	56,171	(250,198)
Deferred tax	88,707	2,919
Taxation charge for the year	1,981,034	879,546

### 8 Dividends

	2021 £	2020 £
Interim paid	6,000,080	-

# SCOTT LOGIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Tangible fixed assets

	Office equipment £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2021	5,652	1,073,319	381,514	1,460,485
Additions	1,064	2,868	648,704	652,636
Disposals	-	(509,748)	(122,382)	(632,130)
At 31 December 2021	6,716	566,439	907,836	1,480,991
<b>Depreciation and impairment</b>				
At 1 January 2021	6,158	734,929	284,562	1,025,649
Depreciation charged in the year	(259)	184,936	141,517	326,194
Eliminated in respect of disposals	-	(509,748)	(122,382)	(632,130)
At 31 December 2021	5,899	410,117	303,697	719,713
<b>Carrying amount</b>				
At 31 December 2021	817	156,322	604,139	761,278
At 31 December 2020	(506)	338,390	96,952	434,836

### 10 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	11	5,817	5,817

### 11 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Scott Logic ApS	Denmark	Software services	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Scott Logic ApS	20,166	9,706

# SCOTT LOGIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Debtors	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	4,697,799	3,524,459
Gross amounts owed by contract customers	508,765	81,716
Amounts owed by group undertakings	-	4,363
Other debtors	352,955	762
Prepayments and accrued income	823,751	529,841
	<u>6,383,270</u>	<u>4,141,141</u>
Deferred tax asset (note 15)	-	26,386
	<u>6,383,270</u>	<u>4,167,527</u>
	<u>6,383,270</u>	<u>4,167,527</u>
13 Current asset investments	2021	2020
	£	£
Listed investments	2,755,724	2,395,875
	<u>2,755,724</u>	<u>2,395,875</u>
14 Creditors: amounts falling due within one year	2021	2020
	£	£
Trade creditors	341,312	172,091
Amounts owed to group undertakings	187,767	41,101
Corporation tax	411,609	213,790
Other taxation and social security	1,309,785	907,164
Other creditors	156,985	136,955
Accruals and deferred income	2,725,340	1,814,966
	<u>5,132,798</u>	<u>3,286,067</u>
	<u>5,132,798</u>	<u>3,286,067</u>

### 15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021	Liabilities 2020	Assets 2021	Assets 2020
Balances:	£	£	£	£
Accelerated capital allowances	187,764	-	-	(55,056)
Other timing differences	(125,443)	-	-	81,442
	<u>62,321</u>	<u>-</u>	<u>-</u>	<u>26,386</u>
	<u>62,321</u>	<u>-</u>	<u>-</u>	<u>26,386</u>

# SCOTT LOGIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Deferred taxation (Continued)

	2021 £
<b>Movements in the year:</b>	
Asset at 1 January 2021	(26,386)
Charge to profit or loss	88,707
	62,321
	62,321

### 16 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary A of £1 each	20,650	20,650	20,650	20,650
Ordinary B of £1 each	900	-	900	-
	21,550	20,650	21,550	20,650
	21,550	20,650	21,550	20,650

In the event of winding up, the first £60m is distributed to the Ordinary A shareholders. In all other respects, the shares rank pari-passu.

During the year the Ordinary shares were re-classified as Ordinary A shares.

During the year 900 Ordinary B shares of £1 each were issued at par.

### 17 Operating lease commitments

#### Lessee

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

	2021 £	2020 £
Within one year	534,054	801,397
Between two and five years	1,611,004	1,742,307
In over five years	693,511	1,096,262
	2,838,569	3,639,966
	2,838,569	3,639,966

### 18 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Acquisition of tangible fixed assets	864,750	-
	864,750	-
	864,750	-

# SCOTT LOGIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 19 Ultimate controlling party

Logical Holdings Limited (incorporated in England and Wales) is regarded by the directors as being the company's ultimate parent company.

A copy of the consolidated financial statements can be obtained via the Companies House website.

The ultimate controlling party is G Scott.

### 20 Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

### 21 Cash generated from operations

	2021	2020
	£	£
Profit for the year after tax	8,565,255	4,783,660
<b>Adjustments for:</b>		
Taxation charged	1,981,034	879,546
Finance costs	2,339	-
Investment income	(440,333)	(358,467)
Depreciation and impairment of tangible fixed assets	326,194	408,241
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(2,242,129)	631,277
Increase/(decrease) in creditors	1,648,912	(445,854)
<b>Cash generated from operations</b>	<u>9,841,272</u>	<u>5,898,403</u>

### 22 Analysis of changes in net funds

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	<u>16,087,695</u>	<u>1,573,093</u>	<u>17,660,788</u>