

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

ENVITIA GROUP LIMITED

MENZIES

ENVITIA GROUP LIMITED

COMPANY INFORMATION

Directors

N Lodey
R C Griffith
A Gaby (appointed 23 June 2023)
D J Osborne (appointed 7 July 2023)

Registered number

3982993

Registered office

North Heath Lane
Horsham
West Sussex
RH12 5UX

Independent auditors

Menzies LLP
Chartered Accountants & Statutory Auditor
Ashcombe House
5 The Crescent
Leatherhead
Surrey
KT22 8DY

ENVITIA GROUP LIMITED

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ENVITIA GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

A review of the business and future developments, including key performance indicators and the principal risks and uncertainties are set out below.

Business review

The Company made a profit before tax of £533,807 (2021: loss £37,645) for the period ended 31 December 2022 and had net assets of £1,364,106 (2021: £929,774) as at the balance sheet date.

Envitia Group Limited and its subsidiaries provide solution services in data science and software products to the defence and public sectors, including data modelling, architectures and analytics. They seek to solve complex data challenges for their customers, through their staff expertise and software technologies, enabling them to make better and faster decisions. Principal customers are located in the UK and North America.

Revenue for the Company is in relation to royalties and management recharges and this has increased to £1.55m (2021: £1.28m) during the year based on the level of activity in the subsidiaries.

Following a group reorganisation on 5 December 2020, the group transitioned under its new ownership and undertook various internal reorganisations adding to its management team to facilitate growth in 2023 and beyond. The Group is subject to investor covenant testing on a regular basis. Breach of an investor covenant has been noted during the financial year. Covenant waivers have been obtained from the investor.

Product development is a key element of the Company's business, ensuring that its software products remain cutting edge and builds on the success of the past in having its products deeply embedded in some of the world's largest and long-standing companies. Development in the year focused on improving existing code and functionality to increase reliability and efficiency of support, while the next phase of the new platform is planned and evaluated.

Future development

The Company's strategy for 2023 involves growth in its services and consulting business with current programmes expected to continue to expand. In addition, opportunities with new organisations and programmes are seen as a key element of future growth in expanding the customer base beyond the traditional defence and public sector base.

The Company has seen major benefits arising from its collaborative, agile approach and methodology with customers over the last three years, engaging with customers as partners with whom we seek to develop solutions.

Product development is key for the future of the business and 2023 will see further innovation around data technology which will further inform the development roadmap and meet our customers' and wider market need to make the most from their data ecosystem.

ENVITIA GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The principal risk to the business arises from the timing of orders particularly from public sector clients. The business invests significantly in long term professional business development and account management to increase visibility of new business and support growth. The Company's enduring customer relationships stem from a commitment to innovation, service excellence and agility.

The main financial risks arising from the Company's activities are credit, interest rate, liquidity and foreign exchange. These are regularly monitored by the board of directors and were not considered significant at the balance sheet date.

The Company's policy in respect of credit risk is to complete appropriate checks on potential customers before sales are made.

The Company's policy in respect of interest rate and liquidity risks is to actively manage its cash deposits and access to short term borrowings to ensure the Group has sufficient funds for operations. Cash deposits are held in interest bearing accounts which earn interest at a floating rate. Short term borrowings bear interest at a floating rate.

The Company's policy in respect of currency risk is to negotiate with customers to minimise that risk and use forward currency contracts where appropriate.

Financial key performance indicators

	2022	2021
	£000	£000
Turnover	1,553	1,281
% Turnover movement	21.20%	-15.30%
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	207	128
% EBITDA of turnover	13.30%	10.00%
Research and development expenditure	244	330

Section 172 Statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

The Board regularly reviews our principal stakeholders and how we engage with them. This is achieved through information provided by management and also by direct engagement with stakeholders themselves.

The Board has enhanced its methods of engagement with the workforce. In that regard, the Company held weekly employee meetings to ensure good levels of communication as well as extensive use of feedback surveys to assess its success in improving employee morale. The Company operated a staff bonus scheme, linked to Group profitability, and results were communicated to employees during weekly meetings to reinforce their involvement in the Group's performance.

The Company aims to work responsibly with stakeholders, including suppliers. The Board has recently reviewed its anti-corruption and anti-bribery, equal opportunities and whistleblowing policies as part of its regular review of process as part of maintaining its best practice approach to suppliers.

The Company remains active in the local community and holds monthly charitable events to raise money for local and

ENVITIA GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

national charities.

As required, the Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to stakeholder issues.

Key decisions made impacting stakeholders are set out below:

<u>Significant events/decisions</u>	<u>Key stakeholders</u>	<u>Actions and impact</u>
Focus on customer delivery	Customers, employees	Project resourcing planning restructured to better allocate and prioritise resources and improve utilisation. Planning more clearly identified resource gaps allowing better targeted recruitment. Project management activities focused on customer needs, improving communication and ensuring delivery. Customer delivery is to be overseen by the Delivery Director.
Development of technology	Customers, employees, shareholders	Approach to product development was reassessed during the year with the appointment of a new CTO and product owner to bring clearer focus on product roadmap and development processes. Development activities are more clearly planned and prioritised improving staff focus, delivery to customers and shareholder value.
Improvement of support efficiency	Employees, customers	Support processes and approach are regularly assessed throughout the year to improve the efficiency of support. Support calls being allocated to dedicated project managers substantially reduces both the number of outstanding calls as well as the time to respond, leading to improvement in customer and employee satisfaction.
Focus on continuous improvement	Employees, customers	The business has recently appointed a Quality Assurance manager and seeks to ensure all processes remain up to date and able to support the growth planned for the business. ISO27001 and ISO9001 accreditations maintained. Specialist consultants to advise and assist the company and assist in QA activities are also periodically engaged.

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

R C Griffith
Director

Date: 28 July 2023

ENVITIA GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £434,332 (2021 - loss £108,882).

The directors recommend the payment of a dividend for £NIL (2021 - £662,249).

Directors

The Directors who served during the year were:

N Lodey
P J Waller (resigned 9 June 2022)
R C Griffith
O B Drake (appointed 9 June 2022, resigned 5 June 2023)

Matters covered in the Strategic Report

The Company has chosen, in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, to set out within the Company's Strategic Report the Company's Strategic Report Information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

ENVITIA GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Disclosure of information to auditors

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

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

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

R C Griffith
Director

Date: 28 July 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENVITIA GROUP LIMITED

Opinion

We have audited the financial statements of Envitia Group Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 2022 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENVITIA GROUP LIMITED
(CONTINUED)**

Opinion on other matters 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 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.

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 or the Directors' Report.

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

- adequate accounting records have not been kept, 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 set out on page 4, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENVITIA GROUP LIMITED
(CONTINUED)**

Auditors' 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 Auditors' 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:

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including:
 - The Companies Act 2006;
 - Financial Reporting Standard 102
 - UK employment legislation;
 - General Data Protection Regulations; and
 - UK tax legislation.
- We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the Company is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- 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:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - 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 account combinations.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
 - Posting of unusual journals and complex transactions;
 - Timing of revenue recognition; and;
 - The use of management override of controls to manipulate results, or to cause the Company to enter into transactions not in its best interest.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENVITIA GROUP LIMITED
(CONTINUED)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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.

Caroline Milton FCA (Senior Statutory Auditor)

for and on behalf of

Menzies LLP

Chartered Accountants

Statutory Auditor

Ashcombe House

5 The Crescent

Leatherhead

Surrey

KT22 8DY

28 July 2023

ENVITIA GROUP LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	restated 2021 £
Turnover	4	<u>1,552,860</u>	<u>1,281,027</u>
Gross profit		1,552,860	1,281,027
Administrative expenses		<u>(1,140,338)</u>	<u>(1,493,102)</u>
Operating profit/(loss)	5	412,522	(212,075)
Interest receivable and similar income	9	121,726	174,875
Interest payable and similar expenses	10	<u>(441)</u>	<u>(445)</u>
Profit/(loss) before tax		533,807	(37,645)
Tax on profit/(loss)	11	<u>(99,475)</u>	<u>(71,237)</u>
Profit/(loss) after tax		<u>434,332</u>	<u>(108,882)</u>
Retained earnings at the beginning of the year		<u>408,415</u>	<u>1,179,546</u>
		408,415	1,179,546
Profit/(loss) for the year		434,332	(108,882)
Dividends declared and paid		<u>-</u>	<u>(662,249)</u>
Retained earnings at the end of the year		<u>842,747</u>	<u>408,415</u>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of income and retained earnings.

The notes on pages 13 to 28 form part of these financial statements.

ENVITIA GROUP LIMITED
REGISTERED NUMBER:3982993

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	443,660	433,141
Tangible assets	14	-	11,760
Investments	15	325,003	325,003
		<u>768,663</u>	<u>769,904</u>
Current assets			
Debtors: amounts falling due within one year	16	1,511,029	1,786,441
Cash at bank and in hand		37,842	38,214
		<u>1,548,871</u>	<u>1,824,655</u>
Creditors: amounts falling due within one year	17	(837,841)	(1,371,882)
Net current assets		<u>711,030</u>	<u>452,773</u>
Total assets less current liabilities		<u>1,479,693</u>	<u>1,222,677</u>
Provisions for liabilities			
Deferred tax	18	(65,587)	(72,719)
Other provisions	19	(50,000)	(220,184)
		<u>(115,587)</u>	<u>(292,903)</u>
Net assets		<u><u>1,364,106</u></u>	<u><u>929,774</u></u>
Capital and reserves			
Called up share capital	20	461,909	461,909
Share premium account	21	59,450	59,450
Profit and loss account	21	842,747	408,415
		<u>1,364,106</u>	<u>929,774</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

R C Griffith
 Director

Date: 28 July 2023

The notes on pages 13 to 28 form part of these financial statements.

ENVITIA GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2021	459,918	59,450	1,179,546	1,698,914
Comprehensive income for the year				
Loss for the year	-	-	(108,882)	(108,882)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(108,882)	(108,882)
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(662,249)	(662,249)
Shares issued during the year	1,991	-	-	1,991
Total transactions with owners	1,991	-	(662,249)	(660,258)
At 1 January 2022	461,909	59,450	408,415	929,774
Comprehensive income for the year				
Profit for the year	-	-	434,332	434,332
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	434,332	434,332
Total transactions with owners	-	-	-	-
At 31 December 2022	461,909	59,450	842,747	1,364,106

The notes on pages 13 to 28 form part of these financial statements.

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Envitia Group Limited is a private company (formerly Envitia Group Plc), limited by shares, registered in England and Wales. The registered office is disclosed on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Project Barclay Topco Limited as at 31 December 2022 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.4 Going concern

The Company made a profit before tax of £533,807 (2021: loss £37,645) for the period ended 31 December 2022 and had net assets of £1,364,106 (2021: £929,774) as at 31 December 2022.

However the Company has given a composite guarantee and debenture in favour of Maven Capital Partners UK LLP for debt funding within the Envitia Group of Companies. The total liability of the Group to Maven Capital Partners UK LLP as at 31 December 2022 was £18,138,235 (2021: £16,635,635) and they are not repayable before the 5 December 2025.

The Directors have, for the Group of which the Company is a parent and subsidiary, considered the following matters in determining the appropriateness of the going concern basis of preparation in the financial statements:

- A forecast for the next 12 months, taking account of reasonable changes in trading performance indicates that the Group will have sufficient cash assets to be able to meet its debts as and when they fall due:
- Consideration to the loan notes and action taken by the holders of the loan notes to waive covenants during the financial year.
- The Group remains comfortably within covenant limits at the date of signing, with no further covenant breaches currently anticipated.
- In addition the loan notes are not repayable until 2025.

The directors therefore consider that the going concern basis of preparation continues to be appropriate.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the benefit can be measured reliably.

Royalties and management charges are recognised in line with service agreements between group companies.

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the user of the leased asset.

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

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

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

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

2.11 Pensions

Defined contribution pension plan

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.12 Share-based payments

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

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.13 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.14 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Intangible assets are amortised over the following useful economic lives:

Software development costs	-	4	years
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The basis for choosing the useful life of 4 years is based on the period the Company expects to use the software for its revenue generating projects. The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided on the following basis: over the term of the lease.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Income and Retained Earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.17 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.18 Financial instruments

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

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

In preparing these financial statements, the directors have made the following significant judgements in applying the above accounting policies that have had the most significant effect on the amounts recognised in the financial statements.

Key accounting judgements and estimation areas:

The directors use their judgement to ascertain the element of development expenditure that enhances the intangible fixed assets and the element of expenditure that relates to maintaining the asset and therefore should be expensed to the Statement of Comprehensive Income. When making the assessment the directors review the nature of the expenditure and apportion the invoice between the intangible fixed assets and administrative expenses accordingly.

Impairment of investments involves judgement and is also a key estimation area. Management exercise judgment in calculating the maintainable EBITDA, cash flow and determining the value of the company. The fair value of the business less costs to sell is determined by using an equity value model based on a multiple of EBITDA. The calculations take into consideration available market data including private company price indices. This is used as the basis for assessing if an impairment is required. Management carry out impairment reviews on a timely basis and ensure that the accounting policy adopted reflects a true and fair value of the assets as detailed in 2.14 and 2.16 above.

The company recognises deferred tax assets only to the extent that it is probable that future taxable profits, feasible tax planning strategies and deferred tax liabilities will be available against which the tax losses can be utilised. Estimation of the level of future taxable profits is therefore required in order to determine the appropriate carrying value of the deferred tax asset.

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4. Turnover

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

	2022	2021
	£	£
Royalties	878,521	811,935
Management charges	674,339	469,092
	<u>1,552,860</u>	<u>1,281,027</u>

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Amortisation	205,476	313,000
Depreciation	-	27,585
Research and development charged as an expense	243,575	330,534
Loss on disposal of tangible assets	<u>11,760</u>	<u>-</u>

6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022	2021
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>4,620</u>	<u>4,200</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

7. Employees

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

	2022	<i>restated</i> 2021
	£	£
Wages and salaries	560,829	546,005
Social security costs	65,321	60,011
Cost of defined contribution scheme	63,898	64,190
	<u>690,048</u>	<u>670,206</u>

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

	2022	2021
	No.	No.
Directors	3	3
Employees	1	1
	<u>4</u>	<u>4</u>

8. Directors' remuneration

	2022	<i>restated</i> 2021
	£	£
Directors' emoluments	454,364	466,005
Company contributions to defined contribution pension schemes	63,898	64,190
	<u>518,262</u>	<u>530,195</u>

9. Interest receivable

	2022	2021
	£	£
Interest receivable from group companies	121,726	174,875
	<u>121,726</u>	<u>174,875</u>

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Interest payable and similar expenses

	2022	2021
	£	£
Bank interest payable	441	445
	<u>441</u>	<u>445</u>

11. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	106,607	-
	<u>106,607</u>	<u>-</u>
Total current tax	<u>106,607</u>	<u>-</u>
Deferred tax		
Fixed asset timing differences	(7,132)	105,000
Losses and other deductions	-	(33,763)
	<u>(7,132)</u>	<u>71,237</u>
Total deferred tax	<u>(7,132)</u>	<u>71,237</u>
Taxation on profit on ordinary activities	<u>99,475</u>	<u>71,237</u>

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit/(loss) on ordinary activities before tax	<u>533,807</u>	<u>(37,645)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	101,423	(7,153)
Effects of:		
Fixed asset differences	3,481	4,543
Expenses not deductible for tax purposes	822	477
Remeasurement of deferred tax for changes in tax rates	(1,712)	17,453
Deferred tax not recognised	-	(23,726)
Adjustments to tax charge in respect of prior periods	-	(2,964)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	(14,530)
Group relief	(4,539)	97,137
Total tax charge for the year	<u><u>99,475</u></u>	<u><u>71,237</u></u>

Factors that may affect future tax charges

Changes to the UK Corporation tax rates were substantively enacted on 24 May 2021 to increase the main rate of corporation tax to 25% from 1 April 2023.

12. Dividends

	2022 £	2021 £
Dividends paid	<u>-</u>	<u>662,249</u>
	<u><u>-</u></u>	<u><u>662,249</u></u>

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13. Intangible assets

	Software development costs £
Cost	
At 1 January 2022	4,836,211
Additions	215,995
At 31 December 2022	<u>5,052,206</u>
Amortisation	
At 1 January 2022	4,403,070
Charge for the year	205,476
At 31 December 2022	<u>4,608,546</u>
Net book value	
At 31 December 2022	<u>443,660</u>
<i>At 31 December 2021</i>	<u>433,141</u>

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Tangible fixed assets

	Long-term leasehold property £
Cost	
At 1 January 2022	40,926
Disposals	(40,926)
At 31 December 2022	<u>-</u>
At 1 January 2022	29,166
Disposals	(29,166)
At 31 December 2022	<u>-</u>
Net book value	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>11,760</u>

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	325,003
At 31 December 2022	<u>325,003</u>
Net book value	
At 31 December 2022	<u>325,003</u>
At 31 December 2021	<u>325,003</u>

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Envitia Limited	North Heath Lane, Horsham, West Sussex, RH12 5UX, United Kingdom	Ordinary	100 %
Envitia Inc	11710 Plaza America Dr, Suite 2000, Reston, VA 20190, US	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Envitia Limited	3,426,118	156,755
Envitia Inc	16,924	(42,081)

16. Debtors

	2022 £	2021 £
Amounts owed by group undertakings	1,425,992	1,743,322
Other debtors	15,080	-
Prepayments and accrued income	56,069	43,119
Tax recoverable	13,888	-
	<u>1,511,029</u>	<u>1,786,441</u>

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	54,664	14,820
Amounts owed to group undertakings	327,778	952,132
Corporation tax	106,607	-
Other taxation and social security	21,131	10,529
Other creditors	-	5,146
Accruals and deferred income	327,661	389,255
	<u>837,841</u>	<u>1,371,882</u>

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18. Deferred taxation

	2022 £
At beginning of year	(72,719)
Charged to profit or loss	7,132
At end of year	<u>(65,587)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	65,587	105,500
Tax losses carried forward	-	32,781
	<u>65,587</u>	<u>72,719</u>

19. Provisions

	Provision for Dilapidations £
At 1 January 2022	220,184
Charged to profit or loss	(170,184)
At 31 December 2022	<u>50,000</u>

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

20. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
4,592,540 (2021 - 4,592,540) Ordinary shares shares of £0.10 each	459,254	459,254
26,552 (2021 - 26,552) Ordinary B shares shares of £0.10 each	2,655	2,655
	<u>461,909</u>	<u>461,909</u>

The Ordinary share capital carries full rights regarding voting, payment of dividends and distributions.

The Ordinary B shares have the following rights and are subject to the following restrictions: 1. the right for the holder to receive notice of and to attend at general meetings; 2. The right to a vote at general meetings; 3. No right to receive dividends; 4. on a return of capital on liquidation, realisation or other capital distribution, the assets available for distribution shall belong and be distributed by paying to the holders of Ordinary Shares and B Ordinary

Shares the amount paid up or credited as paid up, on a pari passu basis. Once the B Ordinary shareholders have

received the nominal value of their B Ordinary shares, they shall not be entitled to any further capital distribution and any remaining amount shall be distributed to the ordinary shareholders; 5. they do not confer any rights of redemption; 6. subject to the forgoing, the Ordinary B shares shall have all the other rights and be subject to all other conditions contained in the articles of association.

21. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

This reserve records retained earnings and accumulated results of the Company.

22. Contingent liabilities

A charge exists in favour of Maven Capital Partners UK LLP (as security trustee) (registered no. OC339387) whose registered office is at Fifth Floor, 1-2 Royal Exchange Buildings, London, EC3V 3LF, as a composite guarantee and debenture dated 5 December 2020 between the Company and Maven creating fixed and floating charges over all the Company's assets, property, undertaking and revenue and provides security for debt funding within the Envitia Group of companies. The total liability of the Group to Maven Capital Partners UK LLP as at 31 December 2022 was £18,138,235 (2021: £16,635,635).

ENVITIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

23. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	82,358	164,715
Later than 1 year and not later than 5 years	-	79,155
	<u>82,358</u>	<u>243,870</u>

24. Related party transactions

During the year the group purchased no services from R Lodge, a non-executive director of the Company (2021: £37,892).

At the year end an amount of £2,515 (2021: £Nil) was owed by R.Griffith to Envitia Group Ltd in relation to the purchase of 2,500 ordinary B Shares Project Barclay TopCo Ltd.

At the year end an amount of £12,565 (2021: £Nil) was owed by O.Drake to Envitia Group Ltd in relation to the purchase of 12,500 ordinary B Shares in Project Barclay TopCo Ltd.

25. Controlling party

The Company's parent company is Project Barclay Bidco Limited. The ultimate parent company is Project Barclay Topco Limited. Project Barclay Topco Limited prepares consolidated accounts which are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Directors consider the ultimate controlling party to be Maven Capital Partners UK LLP.

26. Prior year adjustment

Some re-analysis between cost of sales and administrative expenditure has been made in the year ended 31 December 2021 to more fairly reflect the nature of these expenses. There is no profit effect to these adjustments.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.