

Imparta Limited
Group Strategic Report,
Director's Report and
Consolidated Financial Statements
for the Year Ended 31 December 2021



Imparta Limited

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for the year ended 31 December 2021**

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Imparta Limited
Company Information
for the year ended 31 December 2021

Director: R J B Barkey

Registered office: 2nd Floor
522-524 Fulham Road
Fulham Broadway
London
SW6 5NR

Registered number: 03370400 (England and Wales)

Auditors: Haines Watts
Chartered Accountants and Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

Bankers: Lloyds Bank

Solicitors: Adams and Remers LLP
Dukes Court
32 Duke Street
St James'
London
SW1Y 6DF

Imparta Limited
Group Strategic Report
for the year ended 31 December 2021

The director presents his strategic report of the company and the group for the year ended 31 December 2021.

Performance and financial review

Imparta's new strategy and improved products continue to drive performance across the group, with a return to growth and improved profitability in 2021. The highlight figures for 2021 were:

- Turnover increased by 28%, from £6,109,438 to £7,833,084
- EBITDA increased by 78% from £590,231 to £1,052,762
- Profit before tax increased from £129,887 to £685,885
- Total assets less current liabilities increased by £16,860 from £4,438,977 to £4,455,837

The main factors that have driven this improvement, which are set to continue into 2022 and beyond, include:

- **Annual Recurring Revenue:** Imparta's 'Training as a Service' (TaaS) business model, which we introduced in 2019, offers clients better value and much more flexibility than traditional 'pay as you go' training. While Imparta has historically enjoyed a strong level of recurring revenue from clients with a Master Services Agreement in place, the contractual ARR in TaaS, enabled by our extensive content library, also gives the business much better revenue repeatability and predictability. TaaS revenue grew from £468k in 2020 to £1,536k in 2021, and is expected to exceed 50% of revenue next year (in 2022).

- **Platform developments:** Imparta's i-Coach® learning experience platform received significant investment during 2021, and its capabilities have grown to encompass several new use-cases, including user-generated content 'playlists' for common sales tasks. This in turn drives the stickiness and effectiveness of our training. The development roadmap continues to be exciting.

- **Ongoing innovation:** The business has continued to create topical training interventions to support business-critical issues for our clients, including Managing Post-Pandemic Procurement Pressure, Handling Difficult Conversations around Price and Supply, and Selling and Forecasting in a VUCA World. These have driven significant new business through successful marketing outreach, while also delivering additional value to TaaS clients.

- **Growth in the European markets:** We have managed to reverse some of the previous declines in our European markets, with our European revenue growing by 189% from £605k to £1.75m.

- **A well performing brand:** The 2019 branding refresh and more differentiated market positioning based on our 3D Advantage® IP continues to perform well, with good market recognition and a consistently high success rate in client pitches.

Imparta continues to receive numerous industry awards, and in early 2022 Imparta was named one of only four global Leaders in the 2022 Gartner Magic Quadrant™ for Sales Training Providers.

Strategy and operations

Imparta's mission remains to deliver and measure significant, sustainable performance improvements for customer-facing roles such as sales, customer success and customer experience, to a global client base. Our strategy is to combine world-class research, content and methodologies into a fully modular curriculum that offers flexibility between instructor-led, virtual instructor-led, manager-led and eLearning approaches. Our TaaS model gives clients flexibility while allowing our business to grow more predictably, and we provide professional services and lean change processes to help clients make the training stick, and to deliver and measure genuine positive impact.

We will continue to invest into our content and eLearning, and into the i-Coach® learning experience platform, to realise the ambitious vision we have developed for it. i-Coach underpins our TaaS model, but also has the potential to compete in the sales enablement/learning experience market in its own right.

Imparta Limited
Group Strategic Report
for the year ended 31 December 2021

Principal risks and uncertainties

We are at this stage anticipating a year of growth in revenue and profitability in 2022, but the principal risks to the business include:

- The economic and practical impact of the pandemic. Although the pandemic has subsided in many countries, virus mutations remain a concern. This continues to pose a risk to the timing and level of spend on training initiatives, although many businesses remain committed to investing in employee development as part of their revised go-to-market and employee welfare strategies. We are mitigating any residual risk through control of fixed costs and a shift to ARR, as noted above.
- Currency risk. The Imparta group of companies operates in North America, Europe and Asia Pacific, and so has exposure to currency risks. We aim to limit this exposure by matching the currency of any costs incurred to the currency in which revenue is earned, and by converting surplus funds to sterling on a regular basis.
- Increased economic uncertainty thanks to supply chain disruption, inflation and the impact of the war in Ukraine. Working in partnership with our clients, we have stopped training in Russia and Belarus, and made a substantial donation to humanitarian activities in Ukraine. Our diversified client base insulates us somewhat from any sector-specific issues arising from the uncertain environment, but a residual risk remains of reduced revenues in some parts of the business.

Research and development activities

As noted above, the group continued to invest significantly in research and development during the period, including:

- The continued development extension of our i-Coach® learning experience platform and mobile app.
- Ongoing research into our extensive core curriculum, covering both methodology and learning design.

On behalf of the board:


.....
R. J. B. Barkey - Director

Date: 22/6/2022

Imparta Limited
Director's Report
for the year ended 31 December 2021

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2021.

Principal activity

The principal activity of the business is the development and delivery of subscription-based training (Training as a Service, or TaaS). This includes a comprehensive, award-winning modular curriculum that covers customer experience sales, sales management and sales leadership, and can be delivered in person, virtually or through e-Learning. The business also develops and delivers a robust learning experience platform (i-Coach), and provides professional services to help a wide range of global clients to leverage these services to create measurable and sustainable performance improvement.

Dividends

The total distribution of dividends for the year ended 31 December 2021 will be £410,000 (2020: £196,392).

Director

R J B Barkey held office during the whole of the period from 1 January 2021 to the date of this report.

Indemnity provisions

The director is indemnified by the group against all losses, which they may incur in the execution of the duties of their office, other than those arising as a result of their gross negligence or wilful default. An insurance policy effecting cover against such liability has been purchased by Imparta Limited, to cover all companies in the Group.

Statement of director's responsibilities

The director is responsible for preparing the Group Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board:


.....
R J B Barkey - Director

Date: 22/6/2022

**Independent Auditors' Report to the Members of
Imparta Limited**

Opinion

We have audited the financial statements of Imparta Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2021 and of the group's 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent 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 director with respect to going concern are described in the relevant sections of this report.

Other information

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Director's Report, but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the audit:

- the information given in the Group Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

**Independent Auditors' Report to the Members of
Imparta Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Director's 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities, the director is 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 director determines 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 director is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

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:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We discussed with the director the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focussed on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

Our procedures in relation to fraud included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the director that represented a risk of material misstatement due to fraud.

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.

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.

**Independent Auditors' Report to the Members of
Imparta Limited**

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.

Haines Watts

Gary Staunton (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants and Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

Date: 27th June 2022

IMPARTA LIMITED

Consolidated Income Statement
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	7,833,084	6,109,438
Cost of sales		<u>(1,481,145)</u>	<u>(1,063,882)</u>
Gross profit		6,351,939	5,045,556
Research and development costs		(223,140)	(111,253)
Selling and distribution costs		(3,342,616)	(2,716,893)
Administrative expenses		(1,681,932)	(1,741,760)
Foreign exchange (loss)/gain		(51,489)	39,870
Other operating income		-	74,711
EBITDA		1,052,762	590,231
Depreciation and amortisation		(293,970)	(347,791)
Interest receivable and similar income		172	3
Interest payable and similar expenses	6	<u>(73,079)</u>	<u>(112,556)</u>
Profit before taxation	7	685,885	129,887
Tax on profit	8	<u>(139,783)</u>	<u>(179,015)</u>
Profit/(loss) for the financial year		<u>546,102</u>	<u>(49,128)</u>
Profit/(loss) attributable to: Owners of the parent		<u>546,102</u>	<u>(49,128)</u>

The notes form part of these financial statements

Imparta Limited
Consolidated
Other Comprehensive Income
for the year ended 31 December 2021

Notes	2021 £	2020 £
Profit/(loss) for the year	546,102	(49,128)
Other comprehensive income		
Exchange differences on retranslation	5,758	180
Income tax relating to other comprehensive income	-	-
Other comprehensive income for the year, net of income tax	<u>5,758</u>	<u>180</u>
Total comprehensive income for the year	<u><u>551,860</u></u>	<u><u>(48,948)</u></u>
Total comprehensive income attributable to: Owners of the parent	<u><u>551,860</u></u>	<u><u>(48,948)</u></u>

The notes form part of these financial statements

Imparta Limited (Registered number: 03370400)

Consolidated Balance Sheet
31 December 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Intangible assets	11		675,689		745,054
Tangible assets	12		44,557		26,802
Investments	13		-		-
			<u>720,246</u>		<u>771,856</u>
Current assets					
Debtors	14	5,635,582		5,544,930	
Cash at bank and in hand		<u>593,317</u>		<u>586,649</u>	
		6,228,899		6,131,579	
Creditors					
Amounts falling due within one year	15	<u>2,493,308</u>		<u>2,464,458</u>	
Net current assets			<u>3,735,591</u>		<u>3,667,121</u>
Total assets less current liabilities			<u>4,455,837</u>		<u>4,438,977</u>
Creditors					
Amounts falling due after more than one year	16		<u>1,178,702</u>		<u>1,303,702</u>
Net assets			<u>3,277,135</u>		<u>3,135,275</u>
Capital and reserves					
Called up share capital	19		4,504		4,504
Share premium	20		325,701		325,701
Capital redemption reserve	20		1,632		1,632
Retained earnings	20		<u>2,945,298</u>		<u>2,803,438</u>
Shareholders' funds			<u>3,277,135</u>		<u>3,135,275</u>

The financial statements were approved by the director and authorised for issue on and were signed by:

22/6/2022


R.J.B. Barkey - Director


The notes form part of these financial statements

Imparta Limited (Registered number: 03370400)

Company Balance Sheet
31 December 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Intangible assets	11		675,688		745,053
Tangible assets	12		38,077		25,228
Investments	13		<u>91</u>		<u>91</u>
			713,856		770,372
Current assets					
Debtors	14	6,659,606		6,726,227	
Cash at bank and in hand		<u>515,836</u>		<u>420,212</u>	
		7,175,442		7,146,439	
Creditors					
Amounts falling due within one year	15	<u>2,167,188</u>		<u>2,333,575</u>	
Net current assets			<u>5,008,254</u>		<u>4,812,864</u>
Total assets less current liabilities			<u>5,722,110</u>		<u>5,583,236</u>
Creditors					
Amounts falling due after more than one year	16		<u>1,178,702</u>		<u>1,303,702</u>
Net assets			<u>4,543,408</u>		<u>4,279,534</u>
Capital and reserves					
Called up share capital	19		4,504		4,504
Share premium	20		325,701		325,701
Capital redemption reserve	20		1,632		1,632
Retained earnings	20		<u>4,211,571</u>		<u>3,947,697</u>
Shareholders' funds			<u>4,543,408</u>		<u>4,279,534</u>
Company's profit/(loss) for the financial year			<u>673,874</u>		<u>(48,496)</u>

The financial statements were approved by the director and authorised for issue on and were signed by:


R J B Barkey - Director

22/6/2022

The notes form part of these financial statements

Imparta Limited

Consolidated Statement of Changes in Equity
for the year ended 31 December 2021

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2020	4,504	3,048,778	325,701	1,632	3,380,615
Changes in equity					
Dividends	-	(196,392)	-	-	(196,392)
Total comprehensive income	-	(48,948)	-	-	(48,948)
Balance at 31 December 2020	<u>4,504</u>	<u>2,803,438</u>	<u>325,701</u>	<u>1,632</u>	<u>3,135,275</u>
Changes in equity					
Dividends	-	(410,000)	-	-	(410,000)
Total comprehensive income	-	551,860	-	-	551,860
Balance at 31 December 2021	<u>4,504</u>	<u>2,945,298</u>	<u>325,701</u>	<u>1,632</u>	<u>3,277,135</u>

The notes form part of these financial statements

Imparta Limited

Company Statement of Changes in Equity
for the year ended 31 December 2021

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2020	4,504	4,192,585	325,701	1,632	4,524,422
Changes in equity					
Dividends	-	(196,392)	-	-	(196,392)
Total comprehensive income	-	(48,496)	-	-	(48,496)
Balance at 31 December 2020	<u>4,504</u>	<u>3,947,697</u>	<u>325,701</u>	<u>1,632</u>	<u>4,279,534</u>
Changes in equity					
Dividends	-	(410,000)	-	-	(410,000)
Total comprehensive income	-	673,874	-	-	673,874
Balance at 31 December 2021	<u>4,504</u>	<u>4,211,571</u>	<u>325,701</u>	<u>1,632</u>	<u>4,543,408</u>

The notes form part of these financial statements

Imparta Limited

Consolidated Cash Flow Statement
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	23	861,885	981,449
Interest paid		(73,079)	(112,556)
Tax paid		<u>303,987</u>	<u>(7,107)</u>
Net cash from operating activities		<u>1,092,793</u>	<u>861,786</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(204,021)	(175,454)
Purchase of tangible fixed assets		(38,339)	(13,036)
Interest received		<u>172</u>	<u>4</u>
Net cash from investing activities		<u>(242,188)</u>	<u>(188,486)</u>
Cash flows from financing activities			
Long term loan		-	500,000
Loan repayments in year		(433,937)	(274,645)
Equity dividends paid		<u>(410,000)</u>	<u>(196,392)</u>
Net cash from financing activities		<u>(843,937)</u>	<u>28,963</u>
Increase in cash and cash equivalents		6,668	702,263
Cash and cash equivalents at beginning of year	24	586,649	(115,614)
Cash and cash equivalents at end of year	24	<u>593,317</u>	<u>586,649</u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the year ended 31 December 2021**

1. **Statutory information**

Imparta Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **Accounting policies**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in sterling which is the functional currency of the group and rounded to the nearest £.

Going Concern

The financial statements have been prepared on a going concern basis. The director has reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. Based on these assessments and the current resources available to the company, the director has concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of consolidation

The group financial statements incorporate the financial statements of the company and entities controlled by it (its subsidiary undertakings). All the subsidiary undertakings have been included in the group financial statements using the purchase method of accounting. Accordingly the group income statement and the group statement of cash flows include the results and cash flows of the subsidiary undertakings.

The results of any subsidiaries acquired or disposed of during the year are included in the group income statement from the effective date of acquisition/formation or up to the effective date of disposal, as appropriate.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

2. **Accounting policies - continued**

Significant judgements and estimates

Amortisation

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Goodwill impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value.

Holiday pay accrual

Short term employee benefits are charged to the profit and loss account as the employee service is received, resulting in the company recognising a liability for holiday pay at the year end. This accrual created is a best estimate based on average staff holiday trends.

Turnover

The company generates service revenue from licence fees, course fees and service fees. The policies adopted for the recognition of turnover from services rendered are as follows:

Licence fees

Licence fees are earned under software license agreements to end-users.

Turnover from perpetual licenses to end-users are recognised when licences are made available to the client in accordance with the contract, statement of work or wording on the invoice if collection of the resulting receivable is probable, the fee is fixed and determinable, and there are no significant post-delivery obligations. If an acceptance period is required, revenues are recognised upon the earlier of customer acceptance or the expiration of the acceptance period. Revenues from licences for a defined or finite period are recognised evenly over this period.

The company generates the following types of service revenue:

Course fees

The company facilitates learning programmes. Revenue from such courses is generally recognised rateably as the courses take place. Turnover from courses are recognised rateably as the courses take place.

Service fees

Services consist of support arrangements, consulting, tailoring and development services. When the outcome of a transaction can be estimated reliably, turnover from service fees is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to service performed.

Support agreements generally call for the company to provide technical support and provide certain rights to software updates to customers. Revenue on technical support and software update rights is recognised evenly over the term of the support agreement. The company provides consulting and tailoring services to its customers; revenue from such services is generally recognised as the services are performed.

Interest and dividends receivable

Interest income is recognised using the effective interest method and dividend income is recognised as the company's right to receive payment is established.

Goodwill

Goodwill arising on business combinations is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful life. The Group establishes a reliable estimate of the useful life of goodwill. This estimate is based on a variety of factors such as the expected use of the acquired business, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Costs incurred in relation to the acquisition of Procter Consultancy Limited are treated collectively as an intangible asset and are amortised over an estimated useful economic life of 20 years.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

2. **Accounting policies - continued**

Intangible assets

Costs incurred in the creation of the company's software platforms that meet the criteria required for capitalisation in terms of FRS 102 are treated collectively as an intangible asset and amortised over an estimated useful economic life of 5 years, commencing from the date the asset is brought into use for commercial purposes.

Costs incurred in relation to patents and trademarks are treated collectively as an intangible asset and are amortised over an estimated useful economic life of 10 years.

On an annual basis the director's review the intangible fixed assets for indications of impairment and if required make provisions to reduce the carrying value to the fair value of the assets.

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Fixtures and fittings	10% straight line per annum
Office equipment	20% straight line per annum
Computer equipment	20% and 33% straight line per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet 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.

Leasing commitments

Costs incurred in respect of operating leases are charged on a straight line basis over the term of the lease. Leasing arrangements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period.

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

There is a provision made in the financial statements in relation to pensions that are contractually provided for in employee service agreements. Where the pension relates to a director, the cost of this has been included as part of director's emoluments in the notes to the financial statements.

The company operates a stakeholder pension scheme that is open to all employees. The company makes additional contributions towards this scheme in accordance to the UK auto enrolment pension requirements.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

2. Accounting policies - continued

Financial instruments policy

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and bank overdrafts which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Investments

Other fixed asset investments are stated at cost less provision for impairment. The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. The company has convertible loan notes and entered into a new deed of variation for the existing loan agreement. Interest is payable on a quarterly and annual basis.

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2021	2020
	£	£
United Kingdom	3,478,788	3,618,892
Europe	1,754,031	605,442
United States of America	2,367,885	1,719,210
Asia	218,605	153,126
Africa	13,775	4,031
Australia	-	8,737
	<u>7,833,084</u>	<u>6,109,438</u>

4. Employees and director

	2021	2020
	£	£
Wages and salaries	3,929,976	3,191,805
Social security costs	440,793	347,144
Other pension costs	65,162	55,460
	<u>4,435,931</u>	<u>3,594,409</u>

Imparta Limited

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021**

4. Employees and director - continued

The average number of employees during the year was as follows:

	2021	2020
Research & development	5	5
Selling & distribution	55	39
Administrative	<u>13</u>	<u>13</u>
	<u><u>73</u></u>	<u><u>57</u></u>

5. Director's emoluments

	2021	2020
	£	£
Director's remuneration	<u>110,119</u>	<u>109,426</u>

6. Interest payable and similar expenses

	2021	2020
	£	£
Loan note interest paid	61,797	73,436
Other interest	<u>11,282</u>	<u>39,120</u>
	<u><u>73,079</u></u>	<u><u>112,556</u></u>

7. Profit before taxation

The profit is stated after charging/(crediting):

	2021	2020
	£	£
Auditors remuneration	20,000	20,000
Director's remuneration	110,119	109,426
Operating lease rentals - land and buildings	48,362	172,939
Amortisation of intangible fixed assets	273,387	320,121
Depreciation of tangible fixed assets	20,547	27,670
Foreign exchange difference	<u>51,489</u>	<u>(39,870)</u>

Imparta Limited

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

8. Taxation

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2021 £	2020 £
Current tax:		
Corporation tax	-	-
Prior year adjustments	-	(9,317)
Other taxes	13,279	(16,445)
Deferred tax	<u>126,504</u>	<u>204,777</u>
Tax on (loss)/profit	<u>139,783</u>	<u>179,015</u>

Tax effects relating to other comprehensive income

	2021 £	2020 £
Exchange differences on retranslation	<u>(5,759)</u>	<u>180</u>

9. Individual income statement

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

10. Dividends

	2021 £	2020 £
Interim	<u>410,000</u>	<u>196,392</u>

11. Intangible fixed assets

Group

	Goodwill £	Patents and trademarks £	Platform development £	Formation costs £	Totals £
Cost					
At 1 January 2021	288,415	51,455	2,512,765	7,542	2,860,177
Additions	<u>-</u>	<u>620</u>	<u>203,401</u>	<u>-</u>	<u>204,021</u>
At 31 December 2021	<u>288,415</u>	<u>52,075</u>	<u>2,716,166</u>	<u>7,542</u>	<u>3,064,198</u>
Amortisation					
At 1 January 2021	158,628	30,462	1,918,491	7,542	2,115,123
Amortisation for year	<u>14,421</u>	<u>3,892</u>	<u>255,073</u>	<u>-</u>	<u>273,386</u>
At 31 December 2021	<u>173,049</u>	<u>34,354</u>	<u>2,173,564</u>	<u>7,542</u>	<u>2,388,509</u>
Net book value					
At 31 December 2021	<u>115,366</u>	<u>17,721</u>	<u>542,602</u>	<u>-</u>	<u>675,689</u>
At 31 December 2020	<u>129,787</u>	<u>20,993</u>	<u>594,274</u>	<u>-</u>	<u>745,054</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

11. Intangible fixed assets - continued

Company

	Goodwill £	Patents and trademarks £	Platform development £	Totals £
Cost				
At 1 January 2021	288,415	48,946	2,504,889	2,842,250
Additions	-	620	203,401	204,021
At 31 December 2021	<u>288,415</u>	<u>49,566</u>	<u>2,708,290</u>	<u>3,046,271</u>
Amortisation				
At 1 January 2021	158,628	27,953	1,910,616	2,097,197
Amortisation for year	14,421	3,892	255,073	273,386
At 31 December 2021	<u>173,049</u>	<u>31,845</u>	<u>2,165,689</u>	<u>2,370,583</u>
Net book value				
At 31 December 2021	<u>115,366</u>	<u>17,721</u>	<u>542,601</u>	<u>675,688</u>
At 31 December 2020	<u>129,787</u>	<u>20,993</u>	<u>594,273</u>	<u>745,053</u>

12. Tangible fixed assets

Group

	Fixtures and fittings £	Office equipment £	Computer equipment £	Totals £
Cost				
At 1 January 2021	329,254	79,563	229,131	637,948
Additions	5,212	500	32,627	38,339
At 31 December 2021	<u>334,466</u>	<u>80,063</u>	<u>261,758</u>	<u>676,287</u>
Depreciation				
At 1 January 2021	326,772	68,436	215,938	611,146
Charge for year	2,187	3,214	15,183	20,584
At 31 December 2021	<u>328,959</u>	<u>71,650</u>	<u>231,121</u>	<u>631,730</u>
Net book value				
At 31 December 2021	<u>5,507</u>	<u>8,413</u>	<u>30,637</u>	<u>44,557</u>
At 31 December 2020	<u>2,482</u>	<u>11,127</u>	<u>13,193</u>	<u>26,802</u>

Imparta Limited

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

12. Tangible fixed assets - continued

Company	Fixtures and fittings £	Office equipment £	Computer equipment £	Totals £
Cost				
At 1 January 2021	329,051	79,562	218,198	626,811
Additions	<u>5,212</u>	<u>500</u>	<u>25,854</u>	<u>31,566</u>
At 31 December 2021	<u>334,263</u>	<u>80,062</u>	<u>244,052</u>	<u>658,377</u>
Depreciation				
At 1 January 2021	326,569	68,435	206,579	601,583
Charge for year	<u>2,187</u>	<u>3,214</u>	<u>13,316</u>	<u>18,717</u>
At 31 December 2021	<u>328,756</u>	<u>71,649</u>	<u>219,895</u>	<u>620,300</u>
Net book value				
At 31 December 2021	<u>5,507</u>	<u>8,413</u>	<u>24,157</u>	<u>38,077</u>
At 31 December 2020	<u>2,482</u>	<u>11,127</u>	<u>11,619</u>	<u>25,228</u>

13. Fixed asset investments

Company	Shares in group undertakings £
Cost	
At 1 January 2021 and 31 December 2021	<u>91</u>
Net book value	
At 31 December 2021	<u>91</u>
At 31 December 2020	<u>91</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Imparta Pty Ltd.

Registered office: Australia
Nature of business: Sales and marketing training services

Class of shares: %
Ordinary holding
100.00

Imparta, Inc.

Registered office: United States of America
Nature of business: Sales and marketing training services

Class of shares: %
Ordinary holding
100.00

Imparta Limited

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

13. Fixed asset investments - continued

Imparta Europe Limited

Registered office: Republic of Ireland

Nature of business: Sales and marketing training services

Class of shares: %
Ordinary holding
100.00

14. Debtors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	2,341,772	1,996,369	1,898,824	1,561,172
Amounts owed by group undertakings	2,932,227	2,820,437	4,443,610	4,508,471
Other debtors	36,411	28,061	36,411	28,061
Tax	5,837	323,103	5,837	323,103
Deferred tax asset	50,101	176,605	50,101	176,605
Prepayments and accrued income	269,234	200,355	224,823	128,815
	<u>5,635,582</u>	<u>5,544,930</u>	<u>6,659,606</u>	<u>6,726,227</u>

Deferred tax asset

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Accelerated capital allowances	-	1,620	-	1,620
Tax losses carried forward	50,101	174,985	50,101	174,985
	<u>50,101</u>	<u>176,605</u>	<u>50,101</u>	<u>176,605</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Debentures (see note 17)	-	324,837	-	324,837
Bank loans and overdrafts (see note 17)	125,000	31,250	125,000	31,250
Other loans (see note 17)	-	77,850	-	77,850
Trade creditors	242,429	277,058	215,767	257,392
Social security and other taxes	123,084	99,573	123,451	97,523
VAT	59,778	170,756	59,778	170,756
Other creditors	153,301	139,365	85,304	82,349
Accruals and deferred income	1,789,716	1,343,769	1,557,888	1,291,618
	<u>2,493,308</u>	<u>2,464,458</u>	<u>2,167,188</u>	<u>2,333,575</u>

Imparta Limited

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

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

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Debentures (see note 17)	834,952	834,952	834,952	834,952
Bank loans (see note 17)	343,750	468,750	343,750	468,750
	<u>1,178,702</u>	<u>1,303,702</u>	<u>1,178,702</u>	<u>1,303,702</u>

17. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Amounts falling due within one year or on demand:				
Debentures	-	324,837	-	324,837
Bank loans	125,000	31,250	125,000	31,250
Other loans	-	77,850	-	77,850
	<u>125,000</u>	<u>433,937</u>	<u>125,000</u>	<u>433,937</u>
Amounts falling due between one and two years:				
Debentures - 1-2 years	834,952	-	834,952	-
Bank loans - 1-2 years	125,000	250,000	125,000	250,000
	<u>959,952</u>	<u>250,000</u>	<u>959,952</u>	<u>250,000</u>
Amounts falling due between two and five years:				
Debentures - 2-5 years	-	834,952	-	834,952
Bank loans - 2-5 years	218,750	218,750	218,750	218,750
	<u>218,750</u>	<u>1,053,702</u>	<u>218,750</u>	<u>1,053,702</u>

On 22 June 2015 the company entered into a 5% unsecured loan agreement with a non-executive director (the lender) raising £387,263. This loan agreement has been amended under a deed of variation of facility agreement on 2 June 2017 to amend the final repayment date. Under the new deed of variation, the company now has the right to repay part or all of the loan at any time up to the final repayment date of 30 June 2023. On 15 September 2018, a further loan £447,689 of 6.5% loan notes were issued to a non-executive director. The loan notes are repayable in 2023.

On 24 September 2020 the company entered into a 2.28% plus base rate unsecured loan agreement with Lloyds Bank Plc through the Coronavirus Business Interruption Loan Scheme (CBILS) raising £500,000. The company has the right to repay part or all of the loan at any time up to the final repayment date of 24 September 2025.

The company has secured creditors totalling £468,750 with a fixed and floating charge.

18. Leasing agreements

Minimum lease payments fall due as follows:

Imparta Limited

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

Group	Non-cancellable operating leases	
	2021 £	2020 £
Within one year	70,194	43,276
Between one and five years	221,138	291,332
In more than five years	49,534	49,534
	<u>340,866</u>	<u>384,142</u>

19. Called up share capital

Allotted, issued and fully paid:		Nominal value:	2021	2020
Number:	Class:		£	£
180,176	Ordinary	2.5p	<u>4,504</u>	<u>4,504</u>

20. Reserves

Group	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2021	2,803,438	325,701	1,632	3,130,771
Profit for the year	546,102	-	-	546,102
Dividends	(410,000)	-	-	(410,000)
Exchange differences on translation	5,758	-	-	5,758
At 31 December 2021	<u>2,945,298</u>	<u>325,701</u>	<u>1,632</u>	<u>3,272,631</u>
Company				
	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 January 2021	3,947,697	325,701	1,632	4,275,030
Profit for the year	673,874	-	-	673,874
Dividends	(410,000)	-	-	(410,000)
At 31 December 2021	<u>4,211,571</u>	<u>325,701</u>	<u>1,632</u>	<u>4,538,904</u>

21. Related party disclosures

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. Purchases relating to office space rental totalling £23,400 (2020: £23,400) were made from the director. No balance was outstanding at the year end.

Imparta Limited

Notes to the Consolidated Financial Statements - continued
for the year ended 31 December 2021

22. **Ultimate controlling party**

The immediate parent company is The Capability Group Limited.

23. **Reconciliation of profit before taxation to cash generated from operations**

	2021	2020
	£	£
Profit before taxation	685,885	129,887
Depreciation charges	293,970	347,517
Translation Reserve	5,758	180
Finance costs	73,079	112,556
Finance income	<u>(172)</u>	<u>(4)</u>
	1,058,520	590,136
(Increase)/decrease in trade and other debtors	(534,422)	21,911
Increase in trade and other creditors	<u>337,787</u>	<u>369,402</u>
Cash generated from operations	<u>861,885</u>	<u>981,449</u>

24. **Cash and cash equivalents**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2021

	31/12/21	1/1/21
	£	£
Cash and cash equivalents	<u>593,317</u>	<u>586,649</u>

Year ended 31 December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	586,649	334
Bank overdrafts	<u>-</u>	<u>(115,948)</u>
	<u>586,649</u>	<u>(115,614)</u>

25. **Analysis of changes in net debt**

	At 1/1/21	Cash flow	At 31/12/21
	£	£	£
Net cash			
Cash at bank and in hand	<u>586,649</u>	<u>6,668</u>	<u>593,317</u>
	<u>586,649</u>	<u>6,668</u>	<u>593,317</u>
Debt			
Debts falling due within 1 year	(433,937)	308,937	(125,000)
Debts falling due after 1 year	(1,303,702)	125,000	(1,178,702)
	<u>(1,737,639)</u>	<u>433,937</u>	<u>(1,303,702)</u>
Total	<u>(1,150,990)</u>	<u>440,605</u>	<u>(710,385)</u>

26. **Pensions and other post-retirement benefits**

The company contributes to the defined contribution money purchase personal pension schemes of certain employees.

The pension charge for the year represents contributions payable by the company to the schemes and amounted to £58,461 (2020: £54,460).