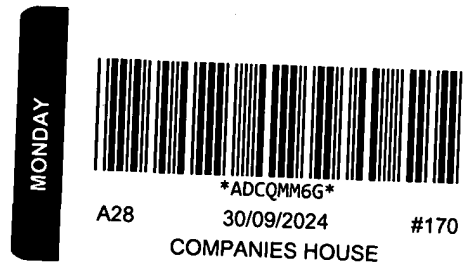


Registered number: 11560407

**VELOCIX SOLUTIONS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**



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**VELOCIX SOLUTIONS LIMITED**

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**COMPANY INFORMATION**

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**Director** David William Nyland

**Registered number** 11560407

**Registered office** Brook Suite  
Ground Floor, Bewley House  
Marshfield Road  
Chippenham  
Wiltshire  
SN15 1JW

**Independent auditor** Crowe U.K. LLP  
R+ Building,  
2 Blagrove Street  
Reading  
Berkshire  
RG1 1AZ

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**VELOCIX SOLUTIONS LIMITED**

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## VELOCIX SOLUTIONS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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#### Introduction

Velocix Solutions Limited, a leading provider of video content delivery solutions, started as a joint venture between Volaris Group UK Holdco Limited (80%) and Nokia Solutions and Networks OY (20%). In June 2021, Volaris Group UK Holdco Limited acquired the Nokia shareholdings and increased its ownership to 100%. In December 2022, Lumine Group UK Holdco Limited replaced Volaris as shareholder following its spin-out from Constellation Software Inc.

Lumine Group, trading as LMN on the Toronto Stock Exchange, is one of the world's largest communications and media software portfolios.

#### Business review

Velocix is the world's leading provider of carrier-grade content delivery solutions to telecommunications providers, cable operators, broadcasters, and mobile network operators.

The company markets its modular, high-performance, and massively scalable software and hardware solutions to network operators interested in streaming high-quality IP video services to a wide range of consumer electronics devices.

The product portfolio consists of Content Delivery Network (CDN) solutions, the Velocix Origin Application (VXOA), Velocix Recording Manager (VRM) and Velocix Personalization Platform (VPP). The company also recently began selling CDN Broker, a dynamic multi-CDN switching application for open environments and an advanced video analytics platform (VXAA) that ties into multiple data sources to provide better insights into video network performance, capacity planning and subscriber behaviour.

In 2021 Velocix entered the Software as a Service (SaaS) market by introducing a hosted and fully managed solution offering for VRM called Cloud VRM. The product focus in 2023 continued to be on-premises streaming and storage solutions, cloud-native streaming applications, and hybrid-cloud solutions which combine both on-premises and cloud capabilities to improve the overall efficiency of the end-to-end content delivery ecosystem.

All Velocix products are designed to maximise efficiency and resource utilisation, which helps our customers to lower their capital and operational costs, reduce energy consumption, curtail carbon emissions, and provide 'greener streaming' services.

The Company was incorporated on 10 September 2018 and commenced trading on 1 January 2019 following the completion of an Asset Purchase Agreement between the Company, Volaris Group UK Holdco Limited, Volaris Group Inc and Nokia of America Corporation ("Nokia").

After a successful transition of all business activities, Nokia exited the Velocix business in June 2021 and sold its 20% shareholding to Volaris Group UK Holdco Limited for €5m.

On 28 December 2022, Velocix acquired 100% shareholding of MDS CEM Holdings Limited by exchange of shares and on 30 December 2022, Lumine Group UK Holdco Ltd. became sole shareholder of Velocix Solutions Ltd. following a share exchange. Lumine Group was spun out of Constellations Software Inc., Canada, operating a separate publicly traded company.

Demand for video streaming products has grown in the wake of the COVID-19 pandemic. The Velocix business has remained resilient and further increased growth and profitability during 2022 and 2023.

World economic trends such as volatile exchange rates, increased prices, and inflation in 2022, 2023 and beyond have led to pressure on profitability, with customers modulating their budgets in response to market conditions. Despite these adverse market trends, Velocix managed to grow its business and profitability during 2023. Reduced hardware lead times helped to speed up project delivery times and improved the working capital cycle.

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**VELOCIX SOLUTIONS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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Growth of the business and improvements in Velocix's market share are driven by the migration of video services toward new hybrid-cloud and SaaS offerings, alongside greener streaming initiatives aimed at boosting streaming efficiency, lowering carbon emissions and improving operating costs.

**Outlook**

The product roadmap continues to focus on hosted SaaS product offerings and hybrid cloud migrations. Market and budgetary challenges persist, however, the overall demand for content streaming continues to grow. Live sporting events are a key driver in pushing up the need for further capacity of our customers' streaming networks.

**Principal risks and uncertainties**

The directors consider that the principal risks and uncertainties faced by the Company are in the following categories:

*Economic risk:*

There is a risk of inflation having an adverse impact on served markets. These risks are managed through strict control of costs.

*Competitor risk:*

The directors of the Company manage competition risk through close attention to customer service levels.

*Financial risk:*

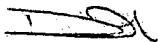
The directors of the Company closely monitor the company's trading activities to manage credit, liquidity and other financial risk. Sales to customers are primarily invoiced in Euros so the Company mitigates foreign exchange risk by converting receipts into other currencies with the result that cash balances are held in multiple currencies.

**Financial key performance indicators**

The Company considers profitable sales, net revenues, organic revenue growth and earnings before interest, taxation and amortisation (EBITA) as the main financial key performance indicators.

There are no other key performance indicators.

This report was approved by the board on September 27, 2024 and signed on its behalf.



**David William Nyland**  
Director

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## VELOCIX SOLUTIONS LIMITED

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### DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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The director presents his report and the financial statements for the year ended 31 December 2023.

#### Director's responsibilities statement

The director is responsible for preparing the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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 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 £8,715,799 (2022 - £3,586,488).

The director did not recommend the payment of dividend in the period.

#### Director

The director who served during the year was:

David William Nyland

Brian Beattie (resigned 11 January 2024)

Mark Robert Miller (resigned 11 January 2024)

David Langford Sharpley (resigned 11 January 2024)

#### Future developments

The director does not anticipate a significant change in the activities of the Company.

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**VELOCIX SOLUTIONS LIMITED**

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**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**Disclosure of information to auditor**

The director at the time when this Director's report is approved has confirmed that:

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

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

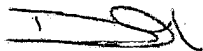
**Going Concern**

The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The director has reviewed the working capital requirements of the Company for a period of at least 12 months from the anticipated date of signing the financial statements and are satisfied that the Company will be able to meet its liabilities as they fall due this included a worst case scenario of 12 months of Nil income.

**Auditor**

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

This report was approved by the board on September 27, 2024 and signed on its behalf.



**David William Nyland**  
Director

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## VELOCIX SOLUTIONS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VELOCIX SOLUTIONS LIMITED

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#### Opinion

We have audited the financial statements of Velocix Solutions Limited (the 'Company') for the year ended 31 December 2023, which comprise the Statement of comprehensive income, 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 101 'Reduced Disclosure Framework' (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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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## VELOCIX SOLUTIONS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VELOCIX SOLUTIONS LIMITED (CONTINUED)

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#### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The director is 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.

#### 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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Director's 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 Director's 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 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 directors

As explained more fully in the Director's responsibilities statement set out on page 3, 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 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 director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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**VELOCIX SOLUTIONS LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VELOCIX SOLUTIONS LIMITED  
(CONTINUED)**

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**Auditor's responsibilities for the audit of the financial statements**

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

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risks of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to management override risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit procedures to respond to revenue recognition risks included sample testing a sample of income across the year to agree to supporting documentation, and reviewing income received either side of the year end to ensure this has been recognised correctly.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

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**VELOCIX SOLUTIONS LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VELOCIX SOLUTIONS LIMITED  
(CONTINUED)**

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**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Jacqueline Mitchell*

Jacqueline Mitchell (Senior statutory auditor)

for and on behalf of  
**Crowe U.K. LLP**

Statutory Auditor

R+ Building,  
2 Blagrove Street  
Reading  
Berkshire  
RG1 1AZ

Date: 30 September 2024

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VELOCIX SOLUTIONS LIMITED

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023

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	Note	2023 £	2022 £
Turnover	4	39,475,597	31,059,745
Cost of sales		(14,175,881)	(9,379,986)
<b>Gross profit</b>		<b>25,299,716</b>	<b>21,679,759</b>
Administrative expenses		(13,898,424)	(16,945,755)
<b>Operating profit</b>	5	<b>11,401,292</b>	<b>4,734,004</b>
Interest payable and similar expenses	8	(730)	(1,220)
<b>Profit before tax</b>		<b>11,400,562</b>	<b>4,732,784</b>
Tax on profit	9	(2,684,763)	(1,146,296)
<b>Profit for the financial year</b>		<b>8,715,799</b>	<b>3,586,488</b>
<b>Total comprehensive income for the year</b>		<b>8,715,799</b>	<b>3,586,488</b>

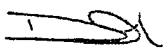
The notes on pages 12 to 31 form part of these financial statements.

**VELOCIX SOLUTIONS LIMITED**  
**REGISTERED NUMBER: 11560407**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Intangible assets	11	91,047	113,496
Tangible assets	12	128,319	221,316
Investments	13	60,367,240	60,367,240
		<u>60,586,606</u>	<u>60,702,052</u>
<b>Current assets</b>			
Work in progress	14	2,078,204	498,993
Debtors: amounts falling due within one year	15	28,499,782	33,354,004
Cash at bank and in hand	16	3,009,428	4,913,900
		<u>33,587,414</u>	<u>38,766,897</u>
Creditors: amounts falling due within one year	17	(29,510,150)	(43,496,708)
<b>Net current assets/(liabilities)</b>		<u>4,077,264</u>	<u>(4,729,811)</u>
<b>Total assets less current liabilities</b>		<u>64,663,870</u>	<u>55,972,241</u>
Creditors: amounts falling due after more than one year	18	-	(24,170)
<b>Net assets</b>		<u><u>64,663,870</u></u>	<u><u>55,948,071</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	5,648,040	5,648,040
Share premium account	22	24,258,759	24,258,759
Capital Contribution	22	11,505,287	11,505,287
Profit and loss account	22	23,251,784	14,535,985
		<u>64,663,870</u>	<u>55,948,071</u>

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



September 27, 2024

**David William Nyland**  
Director

The notes on pages 12 to 31 form part of these financial statements.

**VELOCIX SOLUTIONS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital £	Share premium account £	Capital Contribution £	Profit and loss account £	Total equity £
<b>At 1 January 2022</b>	<b>1</b>	<b>24,258,759</b>	<b>11,505,287</b>	<b>(4,402,354)</b>	<b>31,361,693</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	<b>3,586,488</b>	<b>3,586,488</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,586,488</b>	<b>3,586,488</b>
<b>Contributions by and distributions to owners</b>					
Dividends: Equity capital	-	-	-	<b>(35,480,508)</b>	<b>(35,480,508)</b>
Shares issued during the year	<b>56,480,398</b>	-	-	-	<b>56,480,398</b>
Reduction in share capital	<b>(50,832,359)</b>	-	-	<b>50,832,359</b>	-
<b>Total transactions with owners</b>	<b>5,648,039</b>	<b>-</b>	<b>-</b>	<b>15,351,851</b>	<b>20,999,890</b>
<b>At 1 January 2023</b>	<b>5,648,040</b>	<b>24,258,759</b>	<b>11,505,287</b>	<b>14,535,985</b>	<b>55,948,071</b>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	<b>8,715,799</b>	<b>8,715,799</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,715,799</b>	<b>8,715,799</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2023</b>	<b>5,648,040</b>	<b>24,258,759</b>	<b>11,505,287</b>	<b>23,251,784</b>	<b>64,663,870</b>

The notes on pages 12 to 31 form part of these financial statements.

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**VELOCIX SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**1. General information**

Velocix Solutions Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at Brook Suite, Ground Floor, Bewley House, Marshfield Road, Chippenham, Wiltshire, SN15 1JW.

The principal activity of the company is providing content delivery solutions.

**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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

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## VELOCIX SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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## 2. Accounting policies (continued)

### 2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Constellation Software Incorporated as at 31 December 2023 and these financial statements may be obtained from #1200 - 20 Adelaide Street East, Toronto, ON M5C 2T6, Canada.

### 2.3 Going concern

The management's assessment of going concern is based on the Quarterly Strategic Review which includes a five-year forecast of the expected financial performance. The review concluded that the company is expected to continue to be profitable; it also considered different revenue streams and their departments' results individually and concluded that they will remain profitable and within the adopted ratio benchmarks. The risk of material uncertainty is minimised by basing forecasts on legally binding contracts and historical performance patterns. External financing is not required as the operations continue to generate sufficient cashflow. The management continues to monitor general economic conditions in the countries where the company operates.

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**VELOCIX SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**2. Accounting policies (continued)**

**2.4 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 comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

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VELOCIX SOLUTIONS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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2. Accounting policies (continued)

2.5 Revenue

Revenue represents the amount the Company expects to receive for products and services in its contracts with customers, net of discounts and sales taxes. The Company reports revenue under three revenue categories being, Software, Services and Hardware:

Software

Software license revenue is comprised of non- recurring license fees charged for the use of software products licensed under multiple- year or perpetual arrangements.

Services

Services revenue comprises professional services and maintenance revenue. Professional service revenue consists of fees charged for implementation services, custom programming, product training and consulting. Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes recurring fees derived from combined software/ support contracts, transaction revenues, managed services, and hosted products.

Hardware

Hardware includes the resale of third party hardware as part of customized solutions.

In prior periods Hardware revenue was recognised alongside other services to which it was related due to the difficulties in separating different performance obligations due to the fact that the complexity of the Hardware was such that the Company was required to install and maintain the Hardware post-delivery, and this would all be recognised over the same period.

Following a review in March 2023 it was deemed that technology has evolved to the point that the specialist skills needed to install Hardware can be obtained from other providers outside of the Company, thus hardware is now a separate performance obligation. Therefore, contracts from January 2023 onwards now split performance obligations so that hardware is recognised at the point of delivery separately from the other elements of the contract. This also included contracts from prior periods that had not yet commenced, where, at inception of performing under the contract it was also appropriate to recognise hardware as a separate performance obligation.

Contracts prior to FY23 that were deemed at their inception to not have separate performance obligations, and were being recognised across the life of the software licence, have continued to be recognised on this same basis, given the decision on revenue recognition was appropriate at the start of that contract in prior periods.

Contracts with multiple products or services

Typically, the Company enters into contracts that contain multiple products across these revenue categories and evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement.

Revenue from the license of software that involves complex implementation or customization that is not distinct, and/ or includes sales of hardware that is not distinct, is recognized as a combined performance obligation using the percentage-of-completion method based either on the achievement of contractually defined milestones or based on labour hours.

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VELOCIX SOLUTIONS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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**2. Accounting policies (continued)**

Professional services revenue including installation, implementation, training and customization of software is recognized by the stage of completion of the performance obligation determined using the percentage of completion method noted above or as such services are performed as appropriate in the circumstances.

A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the goods or service is separately identifiable from other promises in the contractual arrangement with the customer.

*Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation. Where a contract consists of more than one performance obligation, revenue is allocated to each based on their estimated SSP.*

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in work in progress. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

**2.6 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.

**2.7 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.

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## VELOCIX SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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## 2. Accounting policies (continued)

### 2.8 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.

### 2.9 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.

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

The estimated useful lives range as follows:

Intellectual Property	-	4	years
Customer relationships	-	4	years
Capitalised commissions	-	5	years

### 2.10 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.

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**VELOCIX SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**2. Accounting policies (continued)**

**2.10 Tangible fixed assets (continued)**

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:

Long-term leasehold property	-	20%
Computer equipment	-	33%
Right of use asset	-	20%

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.

**2.11 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.12 Work in progress**

Work in progress (WIP) or unbilled revenue is typically recorded when the company has recognised revenue but does not have the legal right to bill the revenue to the customer. Under these circumstances the company would record the accrued revenue as WIP or Unbilled Revenue in the period that the revenue is recognised.

Velocix has a WIP/Unbilled revenue aging provision policy in place. For WIP balances from direct customers, excluding Nokia passthrough, Velocix provides 50% of the balances aged more than 180 days and 100% for balances aged over 365 days.

Periodically Velocix performs a review of the WIP/Unbilled revenue by account to ensure the balances are not impaired. Additional provisions are made for any balances for which collection is expected to be at risk.

**2.13 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.14 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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## VELOCIX SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 2. Accounting policies (continued)

##### 2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### 2.16 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

##### 2.17 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

##### Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

##### Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

##### Impairment of financial assets

The Company always recognises lifetime Expected Credit Losses for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

##### Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is

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VELOCIX SOLUTIONS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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2. Accounting policies (continued)

2.17 Financial instruments (continued)

held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

**At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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## VELOCIX SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

Preparation of the financial statements requires management to make significant judgments and estimates. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

In the process of applying the Company's accounting policies, management has made the following judgments and estimates, which have the most significant effect on the amounts recognized in the financial statements:

##### **Impairment of debtors**

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Company's relationship with the customers, the customers' current credit status, average age of accounts, collection experience and historical loss experience.

##### **Useful lives of depreciable assets**

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and physical obsolescence that may change the utility of certain property, plant and equipment. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

##### **Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgements are required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

##### **Impairment of investments**

Investments held are subject to impairment review where an indication of impairment is identified. Management undertake an impairment review annually or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. The impairment review comprises of using forecasts to look at future cash flows which are discounted back to present value to generate a value in use, which is compared to the carrying value.

##### **Amounts recoverable on contracts**

The principal estimates concern the degree of completion of contracts with clients at the year end and the recoverability of amounts not yet billed to clients.

##### **Recognition of performance obligations**

Orders from customers received by way of a purchase order can sometimes be unclear whether the different parts of the order can be separated between the different performance obligations meaning. In these cases management will review the contract with the customer, the purchase order received, and take a judgement view as to whether the revenue should all be recognised separately between different services, or whether it should all be recognised either across the same period, or at the same point in time.

As explained in the Hardware revenue section of note 2.5, there has been a review of the performance obligations involved around the installation of Hardware to the point where this can now be installed and maintained by other providers outside of the Company. There is no set point when this became the case and has slowly evolved, and therefore management have made a judgement that contracts from prior periods that had already started will continue to be recognised across the same period as the software

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VELOCIX SOLUTIONS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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3. Judgments in applying accounting policies (continued)

licence where distinct performance obligations could not be separated. However, contracts that had not started and where it was deemed that separate obligations can be identified from Q1 of FY23 will be recognised as such, with Hardware revenue being recognised on delivery and other service revenue recognised across the period to which it relates.

4. Turnover

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

	2023 £	2022 £
Software	9,557,675	8,632,055
Service	19,089,511	17,031,886
Hardware	10,828,411	5,395,804
	<u>39,475,597</u>	<u>31,059,745</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
Europe (inc. United Kingdom)	20,709,336	17,513,456
Rest of the world	18,766,261	13,546,289
	<u>39,475,597</u>	<u>31,059,745</u>

5. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Depreciation of tangible fixed assets	92,996	59,021
Amortisation of intangible assets, including goodwill	49,700	1,798,641
Exchange differences	287,700	(260,460)
Defined contribution pension cost	157,853	-
	<u>588,249</u>	<u>1,597,202</u>

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**VELOCIX SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**6. Auditor's remuneration**

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

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor for the audit of the Company's financial statements	<b>51,500</b>	<b>47,125</b>
Fees payable to the Company's auditor in respect of: Preparation of the financial statements	<b>6,000</b>	<b>5,175</b>
	<u><b>6,000</b></u>	<u><b>5,175</b></u>

**7. Employees**

Staff costs were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>3,179,055</b>	<b>2,881,662</b>
Social security costs	<b>457,646</b>	<b>313,310</b>
Cost of defined contribution scheme	<b>157,853</b>	<b>145,284</b>
	<u><b>3,794,554</b></u>	<u><b>3,340,256</b></u>

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Employees	<b>28</b>	<b>26</b>
	<u><b>28</b></u>	<u><b>26</b></u>

**8. Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Finance leases and hire purchase contracts	<b>730</b>	<b>1,220</b>
	<u><b>730</b></u>	<u><b>1,220</b></u>

VELOCIX SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

9. Taxation

	2023 £	2022 £
<b>Corporation tax</b>		
Current tax on profits for the year	2,679,379	961,506
Adjustments in respect of previous periods	196	215,914
	2,679,575	1,177,420
<b>Total current tax</b>	<b>2,679,575</b>	<b>1,177,420</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	5,188	(31,124)
<b>Total deferred tax</b>	<b>5,188</b>	<b>(31,124)</b>
<b>Taxation on profit on ordinary activities</b>	<b>2,684,763</b>	<b>1,146,296</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 23.52% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	11,400,562	4,732,784
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	2,681,412	899,229
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	767	47,484
Fixed asset differences	2,081	(8,861)
Adjustments to tax charge in respect of prior periods	196	215,914
Remeasurement of deferred tax for changes in tax rates	307	(7,470)
<b>Total tax charge for the year</b>	<b>2,684,763</b>	<b>1,146,296</b>

**VELOCIX SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**9. Taxation (continued)**

**Factors that may affect future tax charges**

The March 2021 budget announced that the standard rate of corporation tax will increase from 19% to 25% from 1 April 2023 for companies with profits in excess of £250,000.

**10. Dividends**

	2023 £	2022 £
Dividends paid in year	-	35,480,508

**11. Intangible assets**

	Intellectual Property £	Customer relationships £	Capitalised commissions £	Total £
<b>Cost</b>				
At 1 January 2023	5,802,774	1,214,803	221,243	7,238,820
Additions - external	-	-	27,252	27,252
At 31 December 2023	<u>5,802,774</u>	<u>1,214,803</u>	<u>248,495</u>	<u>7,266,072</u>
<b>Amortisation</b>				
At 1 January 2023	5,802,774	1,214,803	107,747	7,125,324
Charge for the year on owned assets	-	-	49,700	49,700
At 31 December 2023	<u>5,802,774</u>	<u>1,214,803</u>	<u>157,447</u>	<u>7,175,024</u>
<b>Net book value</b>				
At 31 December 2023	<u>-</u>	<u>-</u>	<u>91,048</u>	<u>91,048</u>
At 31 December 2022	<u>-</u>	<u>-</u>	<u>113,496</u>	<u>113,496</u>

Amortisation on intangible assets is charged to admin expenses.

**VELOCIX SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**12. Tangible fixed assets**

	Leasehold improvements £	Computer equipment £	Right of use asset £	Total £
<b>Cost or valuation</b>				
At 1 January 2023	10,000	249,062	808,461	1,067,523
Disposals	-	-	(695,567)	(695,567)
At 31 December 2023	<u>10,000</u>	<u>249,062</u>	<u>112,894</u>	<u>371,956</u>
<b>Depreciation</b>				
At 1 January 2023	5,845	77,059	763,304	846,208
Charge for the year on owned assets	2,004	68,414	-	70,418
Charge for the year on right-of-use assets	-	-	22,578	22,578
Disposals	-	-	(695,567)	(695,567)
At 31 December 2023	<u>7,849</u>	<u>145,473</u>	<u>90,315</u>	<u>243,637</u>
<b>Net book value</b>				
At 31 December 2023	<u><u>2,151</u></u>	<u><u>103,589</u></u>	<u><u>22,579</u></u>	<u><u>128,319</u></u>
At 31 December 2022	<u><u>4,155</u></u>	<u><u>172,004</u></u>	<u><u>45,157</u></u>	<u><u>221,316</u></u>

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**VELOCIX SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**13. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2023	60,367,240
At 31 December 2023	60,367,240

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Velocix Solutions India LLP	204, 2nd Floor, Aditya Trade Centre, Ameerpet, Hyderabad, India	Partnership	99%
Velocix Solutions Portugal, Unipessoal, LDA	Rua Latino Coelho, No. 13, 3 Andar, 1050-132 Lisbon, Portugal	Ordinary shares	100%
MDS CEM Holdings Limited	Suite 423 Chadwick House, Birchwood Park, Birchwood, Warrington, Cheshire, WA3 6AE	Ordinary, A1 and A2 shares	100%
MDS Global Limited (indirect holding)	Suite 423 Chadwick House, Birchwood Park, Birchwood, Warrington, Cheshire, WA3 6AE	Ordinary shares	100%

The carrying value of the investments and the aggregate of the share capital and reserves as at 31 December 2023 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves £</b>	<b>Profit/(Loss) £</b>
Velocix Solutions India LLP	5,274,217	562,892
Velocix Solutions Portugal, Unipessoal, LDA	316,946	328,614
MDS CEM Holdings Limited	44,719,150	13,624
MDS Global Limited (indirect holding)	17,297,805	1,100,501

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VELOCIX SOLUTIONS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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14. Work in progress

	2023 £	2022 £
Work in progress (goods to be sold)	2,078,204	498,993
	<u>2,078,204</u>	<u>498,993</u>

15. Debtors

	2023 £	2022 £
Trade debtors	12,400,591	10,913,214
Amounts owed by group undertakings	13,521,304	15,877,544
Other debtors	180,421	106,415
Prepayments and accrued income	2,067,006	6,121,183
Deferred taxation	330,460	335,648
	<u>28,499,782</u>	<u>33,354,004</u>

All amounts are recoverable within one year.

Amounts owed from group companies are unsecured, interest free and repayable on demand.

16. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	3,009,428	4,913,900
	<u>3,009,428</u>	<u>4,913,900</u>

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VELOCIX SOLUTIONS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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**17. Creditors: Amounts falling due within one year**

	2023 £	2022 £
Trade creditors	128,646	622,316
Amounts owed to group undertakings	9,098,864	17,555,542
Corporation tax	1,437,418	1,038,487
Other taxation and social security	101,319	87,437
Lease liabilities	24,170	23,610
Accruals and deferred income	18,719,733	24,169,316
	<u>29,510,150</u>	<u>43,496,708</u>

Amounts owed to group companies are unsecured, interest free and repayable on demand.

**18. Creditors: Amounts falling due after more than one year**

	2023 £	2022 £
Lease liabilities	-	24,170
	<u>-</u>	<u>24,170</u>

**19. Financial instruments**

	2023 £	2022 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<u>3,009,428</u>	<u>4,913,900</u>

Financial assets measured at fair value through profit or loss comprise of cash and cash equivalents

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VELOCIX SOLUTIONS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

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20. Deferred taxation

	2023 £
At beginning of year	335,648
Charged to profit or loss	(5,188)
<b>At end of year</b>	<b>330,460</b>

The deferred tax asset is made up as follows:

	2023 £	2022 £
Fixed asset temporary differences	330,460	317,648
Short term temporary differences	-	18,000
	<u>330,460</u>	<u>335,648</u>

21. Share capital

	2023 £	2022 £
<b>Allotted, called up and fully paid</b>		
5,648,039,870 (2022 - 5,648,039,870) Ordinary shares of £0.001 each	<u>5,648,040</u>	<u>5,648,040</u>

22. Reserves

**Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Capital contribution**

Includes all current and prior period contributions to the equity capital of a company that were not made in exchange for shares.

**Profit and loss account**

Includes all current and prior period retained profits and losses.

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**VELOCIX SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**23. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £157,853 (2022: £145,283). Contributions totalling £nil (2022: £nil) were payable to the fund at the reporting date and are included in creditors.

**24. Related party transactions**

Velocix Solutions Limited has taken the exemption under FRS101 for related party transactions within a wholly owned group to not be disclosed.

**25. Controlling party**

During the year the company was controlled by Lumine Group UK Holdco Limited.

The largest group in which the results of the company are consolidated is that headed by Constellation Software Inc. incorporated in Canada. The consolidated financial statements of the group are available to the public and may be obtained from Constellation Software Inc., 20 Adelaide Street East, Suite 1200, Toronto, Ontario, Canada.

The smallest group in which they are consolidated is that headed by Lumine Group Inc. The consolidated financial statements of the group are available to the public and may be obtained from Constellation Software Inc., 5060 Spectrum Way, Suite 100, Mississauga, Ontario, Canada.