Registered number: 03426103

MAGNITUDE SOFTWARE UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

MAGNITUDE SOFTWARE UK LIMITED
REGISTERED NUMBER: 03426103

BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note		2023 £		2022 £
Fixed assets					
Tangible assets	4		6,623		13,489
			6,623		13,489
Current assets					
Debtors: amounts falling due within one year	5	10,130,893		9,165,625	
Cash at bank and in hand		561,206		615,605	
		10,692,099		9,781,230	
Creditors: amounts falling due within one year	6	(1,441,771)		(1,078,207)	
Net current assets			9,250,328		8,703,023
Total assets less current liabilities			9,256,951		8,716,512
Creditors: amounts falling due after more than one year	7		(22,922)		-
Provisions for liabilities					
Deferred tax		(1,656)		-	
			(1,656)		-
Net assets			9,232,373		8,716,512
Capital and reserves					
Called up share capital	8		25,154,269		25,154,269
Share premium account			630,497		630,497
Other reserves			5,904,382		5,904,382
Profit and loss account			(22,456,775)		(22,972,636)
Shareholders' funds			9,232,373		8,716,512

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

J-H F Liepe
Director

Date: September 27, 2024

MAGNITUDE SOFTWARE UK LIMITED
REGISTERED NUMBER: 03426103

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2023

The notes on pages 3 to 10 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

Magnitude Software UK Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is 207 Regent Street, Suite 8, Third Floor, London, England, W1B 3HH.

The financial statements are presented in Sterling (£). Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The following principal accounting policies have been applied:

1.2 Going concern

The directors believe that the company's sales growth trajectory, its cash levels and its ability to control its operating costs puts the company in a good position to manage its business risks successfully.

This, together with the letter of support, from the ultimate parent company, confirms that there is a commitment at the group level to continue to support the entity. Due to this, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved.

1.3 Revenue

Revenue from sales of perpetual software licences is recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered reasonably assured. In instances where a significant vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. Maintenance fees are recognised over the period of the contract. Professional services, such as implementation, training and consultancy, are recognised when the services are performed.

1.4 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.

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 company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

1. Accounting policies (continued)

1.4 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	- over the length of the lease
Office equipment	- 33%
Computer equipment	- 33%

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.

1.5 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, and intercompany working capital balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1. Accounting policies (continued)

1.5 Financial instruments (continued)

Impairment of financial assets

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.6 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.

1.7 Share Capital

Ordinary shares are classified as equity.

1. Accounting policies (continued)

1.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Pound Sterling (£).

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 profit and loss account within 'interest receivable and similar income'. All other foreign exchange gains and losses are presented in profit or loss within 'administrive expenses".

1.9 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 balance sheet. The assets of the plan are held separately from the company in independently administered funds.

1.10 Interest income

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

1. Accounting policies (continued)

1.11 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.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.12 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.

1.13 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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

Deferred tax

In determining the valuation of the deferred tax asset, the directors made reference to the results achieved subsequent to the year end. They have not recognised a deferred tax asset for anticipated profits after the period covered by the latest internal management accounts on the grounds that the profitability levels are more uncertain.

The exact realisation of the brought forward tax losses is wholly dependent on future events, which can not be foreseen, and the timings of the reversal are subject to change which could materially impact the utilisation of the tax losses.

3. Employees

The average monthly number of employees, including directors, during the year was 2 (2022: 6).

4. Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2023	20,596
At 31 December 2023	20,596
Depreciation	
At 1 January 2023	7,107
Charge for the year on owned assets	6,866
At 31 December 2023	13,973
Net book value	
At 31 December 2023	6,623
At 31 December 2022	13,489

5. Debtors

	2023 £	2022 £
Trade debtors	673,729	383,230
Amounts owed by group undertakings	9,446,559	8,492,650
Other debtors	-	4,141
Prepayments and accrued income	10,605	1,244
Deferred taxation	-	284,360
	10,130,893	9,165,625

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

6. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	4,080	-
Amounts owed to group undertakings	695,870	133,540
Other taxation and social security	12,998	65,230
Accruals and deferred income	728,823	879,437
	1,441,771	1,078,207

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

7. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Accruals and deferred income	22,922	-

8. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
25,154,269 Ordinary shares of £1 each	25,154,269	25,154,269

9. 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 £5,075 (2022: £21,427). Contributions totalling £Nil (2022: £Nil) were payable to the fund at the balance sheet date and are included in creditors.

10. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

11. Controlling party

The immediate parent company is Magnitude Software Inc., a company incorporated and registered in the US.

The directors deem that there is no ultimate controlling party to the Company as the ultimate shareholders of the group do not exercise control over the Company.

The results are consolidated into the financial statements of GS Intermediate Inc., an intermediate parent company, the smallest and largest group company to prepare consolidated accounts. They are available from Corporation Trust Center, 1209 Orange St., Wilmington, New Castle, DE, 19801, USA.

12. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2023 was unqualified.

The audit report was signed on 27 September 2024 by David Fotheringham (senior statutory auditor) on behalf of Cooper Parry Group Limited.