

SYSTEMSACCOUNTANTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

SYSTEMSACCOUNTANTS LIMITED

COMPANY INFORMATION

Directors J F Bradshaw
D A Turner
D Hammel (appointed 7 April 2022)
P Reid (appointed 7 April 2022)
N Sutcliffe (appointed 7 April 2022)

Company secretary D A Turner

Registered number 03397753

Registered office Perio Mill
Fotheringhay
Peterborough
PE8 5HU

Independent auditors MHA MacIntyre Hudson
11 Merus Court

Meridian Business Park

Leicester

LE19 1RJ

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

Introduction

Established 25 years ago, SystemsAccountants Limited is one of the UK's leading specialist recruitment and resourcing solutions companies, focused exclusively on financial/accounting technology and transformation. We source accounting/IT hybrids who can translate the functional needs of finance into business applications, process automation, data insight and transformation outputs.

The Group have taken the success of the UK business and expanded internationally by developing its operations in the USA and across Europe. In so doing, we have developed an unparalleled global network of candidates and are able to offer our niche recruitment service from in country bases.

Business review

We specialise exclusively in assignments to source permanent, interim and contract candidates and are actively engaged by FSTE100 and FSTE250 clients as well as a diverse range of mid-market companies and government organisations. During the financial year we provided placements for nearly 700 contracts with c300 clients, the majority of which were as a result of repeat business.

The Company's key financial and other performance indicators during the year were as follows:

	Unit 2022	2021	2020	2019	2018
Turnover	£ 21,742,821	15,185,314	19,923,293	26,272,098	28,379,173
Turnover growth	% 43	(24)	(24)	(7)	5
Gross profit margin	% 25	22	17	16	16
Profit before tax	£ 1,814,975	1,523,070	1,192,662	1,064,979	1,047,085
Net profit growth	% 9	(47)	12	2	17

We are pleased with the overall performance of the business during FY21/22 and the significant increase in revenues and profits a result of post pandemic release and operational strategy.

Going forwards, the Company is continuing to be prudent in expenditure whilst proactively developing teams to enhance focus on specific market areas and encourage growth in the core UK markets. Margin and market pressures continue but relevant cost control and the supply of a niche service has ensured that we remain competitive and financially secure going forward.

Our customer numbers and mix remain at healthy levels; the top 10 largest customers accounted for 32% of total turnover, the largest of which had 7% although the average was just 1%. We are not overly exposed to any particular sectors and although our geographical statistics show our engagements predominately in the UK, international growth has been experienced through the Group with clients engaging with us to cover programmes with a global reach.

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

Position of business

We continue our core business model of providing niche recruitment services and in the coming years will focus on developing this model through the group whilst nurturing the core UK business to fully optimise our service offerings.

The recruitment industry is continuing to experience a change in process with legislative changes, the use of outsourced recruitment operations and social media. The director team are cognizant of these changes and are managing our strategy as appropriate. Specifically, the SystemsAccountants director team are working on a strategy to further differentiate our services from our competitors, to strengthen our core business and open up new market areas.

Overall, the business is in a strong position to deal with the economic climate, in particular with the fluctuations in market conditions associated with political changes, the post pandemic market and their longer-term economic effects. The director team have assessed and prepared for market pressures and are confident that with the strong controls already established within the business that it will continue to operate profitably for the coming year.

Objectives and policies

We anticipate that the next financial year will see increased revenue levels to the current year as confidence returns to the market and business adapt to working remotely. International growth and diversification for the group continue whilst the core business is expected to return to pre-pandemic trading levels notwithstanding the continued margin pressure and challenges arising from the evolving recruitment strategies of our clients. We expect to maintain our market position given our strategy and the financial headroom in the Company.

The budget for the next financial year reflects the above and measures will be in place to sensor check the commercial viability of the assumptions used. There is also continual review of overhead spend and strict control over working capital.

The continued strength of the Company's Balance Sheet and internal controls enable us to react very quickly to both unfavourable and favourable market conditions.

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

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N Sutcliffe

Director

Date: 28 April 2023

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2022**

The directors present their report and the financial statements for the year ended 31 July 2022.

Results and dividends

The profit for the year, after taxation, amounted to £1,526,373 (2021 - £1,401,717).

Dividends paid in the year amounted to £1,866,995 (2021 - £1,252,034)

Directors

The directors who served during the year were:

J F Bradshaw
D A Turner
D Hammel (appointed 7 April 2022)
P Reid (appointed 7 April 2022)
N Sutcliffe (appointed 7 April 2022)

Disclosure of information to auditors

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

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

Post balance sheet events

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

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Directors' responsibilities statement

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

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

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

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

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

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

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N Sutcliffe

Director

Date: 28 April 2023

Perio Mill
Fotheringhay
Peterborough
PE8 5HU

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYSTEMSACCOUNTANTS LIMITED

Opinion

We have audited the financial statements of SystemsAccountants Limited (the 'Company') for the year ended 31 July 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Enquiry of management and those charged with governance around actual, potential or suspected litigation, claims, non-compliance with applicable laws and regulations and fraud.
- Enquiry of entity staff in tax and compliance functions and external advisors to identify any instances of non-compliance with laws and regulations.
- Performing audit work over the risk of management override, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimate for bias.
- Reviewing of financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Discussions with the engagement team in relation to how and where fraud might occur in the financial statements and any potential indicators of 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.

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.

SYSTEMSACCOUNTANTS LIMITED

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

Shiran Wynter ACA (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson
Statutory Auditors

Leicester

United Kingdom

Date: 28 April 2023

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2022**

	Note	2022 £	2021 £
Turnover	4	21,742,821	15,185,314
Cost of sales		(16,306,248)	(11,863,449)
Gross profit		5,436,573	3,321,865
Administrative expenses		(3,923,891)	(2,679,898)
Other operating income	5	62,641	108,212
Operating profit	6	1,575,323	750,179
Income from shares in group undertakings		283,010	884,918
Interest receivable and similar income	10	263	3,449
Interest payable and similar expenses	11	(43,621)	(115,476)
Profit before tax		1,814,975	1,523,070
Tax on profit	12	(288,602)	(121,353)
Profit for the financial year		1,526,373	1,401,717

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2022 (2021 - £NIL).

The notes on pages 13 to 29 form part of these financial statements.

BALANCE SHEET
AS AT 31 JULY 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	15	48,563	44,114
Investments	16	38,734	38,466
		<u>87,297</u>	<u>82,580</u>
Current assets			
Debtors: amounts falling due within one year	17	4,647,943	5,842,268
Cash at bank and in hand	18	1,204,629	1,954,962
		<u>5,852,572</u>	<u>7,797,230</u>
Creditors: amounts falling due within one year	19	(4,855,926)	(4,464,461)
Net current assets		<u>996,646</u>	<u>3,332,769</u>
Total assets less current liabilities		<u>1,083,943</u>	<u>3,415,349</u>
Creditors: amounts falling due after more than one year	20	-	(1,990,784)
Net assets		<u><u>1,083,943</u></u>	<u><u>1,424,565</u></u>
Capital and reserves			
Called up share capital	22	82,500	82,500
Capital redemption reserve		200	200
Profit and loss account		1,001,243	1,341,865
		<u><u>1,083,943</u></u>	<u><u>1,424,565</u></u>

SYSTEMSACCOUNTANTS LIMITED
REGISTERED NUMBER: 03397753

BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2022

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

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N Sutcliffe
Director

Date: 28 April 2023

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

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 August 2020	82,500	200	1,192,182	1,274,882
Comprehensive income for the year				
Profit for the year	-	-	1,401,717	1,401,717
Dividends	-	-	(1,252,034)	(1,252,034)
Total transactions with owners	-	-	(1,252,034)	(1,252,034)
At 1 August 2021	82,500	200	1,341,865	1,424,565
Comprehensive income for the year				
Profit for the year	-	-	1,526,373	1,526,373
Dividends	-	-	(1,866,995)	(1,866,995)
Total transactions with owners	-	-	(1,866,995)	(1,866,995)
At 31 July 2022	82,500	200	1,001,243	1,083,943

Capital redemption reserve

The statutory, non-distributable reserve into which amounts were transferred following the redemption of the Company's own shares.

Profit and loss account

Includes all current and prior period retained profits and losses. All amounts are distributable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

1. General information

The entity is a private company limited by shares, incorporated in England and Wales, registration number 03397753. The registered office is Perio Mill, Fotheringhay, Peterborough, PE8 5HU.

The principal activity of the Company continued to be that of niche recruitment.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial information. Post year end, the Company has continued to be profitable and has continued to strengthen its cash position. The strong Balance Sheet held at the year end would enable the Company to access borrowing should they require it and they have an agreed overdraft in place to support their short-term financing needs. Coupled with the continued profitability, increasing cash balances and finance available, the Company has the ability to continue as a going concern for the next twelve months.

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d); and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of SystemsAccountants Holdings Limited as at 31 July 2022 and these financial statements may be obtained from Perio Mill, Fotheringhay, Peterborough, PE8 5HU.

2.3 Exemption from preparing consolidated financial statements

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

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

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is British 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 the Statement of Comprehensive Income 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 the Statement of Comprehensive Income within 'other operating income'.

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

2. Accounting policies (continued)

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

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

2.7 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.9 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.10 Finance costs

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

2.11 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

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

2. Accounting policies (continued)

2.12 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 the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Taxation

Tax is recognised in the Statement of Comprehensive Income 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 balance sheet date in the countries where the Company operates and generates income.

2.14 Intangible assets

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

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

2.15 Tangible fixed assets

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

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 the Statement of Comprehensive Income during the period in which they are incurred.

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

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	25%	reducing balance basis
Office equipment	-	25%	reducing balance basis
Computer equipment	-	25%	reducing balance basis

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 the Statement of Comprehensive Income.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Debtors

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

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice. 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.

2.19 Creditors

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

2.20 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at transaction price, net of transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a

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

2. Accounting policies (continued)

financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are 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 Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a 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. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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.

2.21 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.

2.22 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Annual bonus plan

The Company operates a number of annual bonus plans for employees. An expense is recognised in the income statement when the Company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

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

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

Estimates and judgements 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.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Impairment of investments

Investments in subsidiaries are subject to an annual review to determine whether an impairment is required. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows to determine the value of the subsidiaries.

(ii) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed 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.

(iii) Impairment of assets

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience.

(iv) Trade creditors accrual

The Company provides for supplier services rendered at the balance sheet date as a proportion of the total value of the engagement.

(v) Trade debtors accrual

The Company provides for customer services rendered at the balance sheet date as a proportion of the total value of the engagement.

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

4. Turnover

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	16,378,612	14,684,003
Rest of Europe	4,797,989	320,350
Rest of the World	566,220	180,961
	<u>21,742,821</u>	<u>15,185,314</u>

5. Other operating income

	2022 £	2021 £
Management charges receivable	62,641	38,457
Government grants receivable	-	69,755
	<u>62,641</u>	<u>108,212</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £	2021 £
Depreciation - owned assets	19,824	24,074
Depreciation - financed assets	-	2,470
Exchange differences	(408)	27,058
Other operating lease rentals	187,148	193,806
Loss on disposal of fixed assets	<u>3,935</u>	<u>1,245</u>

7. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>14,500</u>	<u>10,000</u>

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

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

8. Employees

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

	2022 £	2021 £
Wages and salaries	2,558,317	1,735,791
Social security costs	334,474	214,701
Cost of defined contribution scheme	127,282	115,649
	<u>3,020,073</u>	<u>2,066,141</u>

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

	2022 No.	2021 No.
Administration and support	22	20
Other departments	23	21
	<u>45</u>	<u>41</u>

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	518,768	285,300
Company contributions to defined contribution pension schemes	28,135	11,250
	<u>546,903</u>	<u>296,550</u>

The highest paid director received remuneration of £260,843 (2021 - £270,474).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,250 (2021 - £11,250).

10. Interest receivable

	2022 £	2021 £
Other interest receivable	263	3,449
	<u>263</u>	<u>3,449</u>

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

11. Interest payable and similar expenses

	2022	2021
	£	£
Bank interest payable	454	-
Other loan interest payable	43,167	115,476
	<u>43,621</u>	<u>115,476</u>

12. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	288,602	121,353
	<u>288,602</u>	<u>121,353</u>
Total current tax		
	<u>288,602</u>	<u>121,353</u>
Taxation on profit on ordinary activities	<u>288,602</u>	<u>121,353</u>

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

12. Taxation (continued)

Factors affecting tax charge for the year

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

	2022 £	2021 £
Profit on ordinary activities before tax	<u>1,814,975</u>	<u>1,523,070</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	344,845	289,383
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,126	62
Capital allowances for year in excess of depreciation	(3,237)	22
Non-taxable income	(53,772)	(168,134)
Other differences leading to an increase in the tax charge	-	718
Group relief	(1,360)	(698)
Total tax charge for the year	<u>288,602</u>	<u>121,353</u>

Factors that may affect future tax charges

From 1 April 2023, the Corporation Tax main rate will increase to 25% for profits over £250,000. A small profits rate will also be introduced for profits of £50,000 or less, charging Corporation Tax at 19%. Profits between £50,000 and £250,000 will be taxed at the main rate reduced by a marginal relief providing a gradual increase in the effective Corporation Tax rate.

13. Dividends

	2022 £	2021 £
Dividends paid on equity share capital	<u>1,866,995</u>	<u>1,252,034</u>
	<u>1,866,995</u>	<u>1,252,034</u>

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

14. Intangible assets

	Development expenditure £
Cost	
At 1 August 2021	265,971
At 31 July 2022	<u>265,971</u>
Amortisation	
At 1 August 2021	265,971
At 31 July 2022	<u>265,971</u>
Net book value	
At 31 July 2022	<u><u>-</u></u>
At 31 July 2021	<u><u>-</u></u>

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

15. Tangible fixed assets

	Plant and machinery	Office equipment	Computer equipment	Total
	£	£	£	£
Cost or valuation				
At 1 August 2021	6,034	6,066	174,719	186,819
Additions	-	-	29,454	29,454
Disposals	-	(1,405)	(33,270)	(34,675)
At 31 July 2022	<u>6,034</u>	<u>4,661</u>	<u>170,903</u>	<u>181,598</u>
Depreciation				
At 1 August 2021	3,392	5,243	134,070	142,705
Charge for the year	2,642	-	17,182	19,824
Disposals	-	(582)	(28,912)	(29,494)
At 31 July 2022	<u>6,034</u>	<u>4,661</u>	<u>122,340</u>	<u>133,035</u>
Net book value				
At 31 July 2022	<u>-</u>	<u>-</u>	<u>48,563</u>	<u>48,563</u>
At 31 July 2021	<u>2,642</u>	<u>823</u>	<u>40,649</u>	<u>44,114</u>

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

16. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2021	38,466
Foreign exchange movement	268
	<hr/>
At 31 July 2022	<u>38,734</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
SystemsAccountants Inc.	159 N. Sangamon Street, Suite 200 & 300, Chicago, IL, 60607, United States	Ordinary	100 %
SystemsAccountants B.V.	Perio Mill, Fotheringhay, Oundle, Cambridgeshire PE8 5HU	Ordinary	100 %
SystemsAccountants GmbH	Gontardstraße 11, 4th Floor, 10178 Berlin, Germany	Ordinary	100 %
SystemsAccountants Sarl	7 Rue de Castellane, 75008 Paris	Ordinary	100 %

17. Debtors

	2022 £	2021 £
Trade debtors	4,267,834	3,639,097
Amounts owed by group undertakings	244,468	2,089,677
Amounts owed by associates	8,081	-
Other debtors	33,206	19,564
Prepayments and accrued income	94,354	93,930
	<hr/>	<hr/>
	<u>4,647,943</u>	<u>5,842,268</u>

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

18. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	1,204,629	1,954,962
	<u>1,204,629</u>	<u>1,954,962</u>

19. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	-	1,091,176
Trade creditors	3,622,171	2,936,311
Amounts owed to group undertakings	496,725	-
Amounts owed to associates	-	15,794
Corporation tax	117,058	66,988
Other taxation and social security	218,495	84,121
Other creditors	62,407	35,183
Accruals and deferred income	339,070	234,888
	<u>4,855,926</u>	<u>4,464,461</u>

HSBC Bank plc holds a fixed and floating charge over all assets of the Company.

Bank loans amounting to £NIL (2021 - £1,091,176) are secured by the Company.

Factoring creditors amounting to £1,419,209 (2021 - £1,051,454) are secured by the Company.

As at 31 July 2022 the Company had cross guarantees and financial commitments, not provided in the Balance Sheet of £3,821,547 (2021 - £NIL).

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

	2022 £	2021 £
Bank loans	-	1,990,784
	<u>-</u>	<u>1,990,784</u>

HSBC Bank plc holds a fixed and floating charge over all assets of the Company.

Bank loans amounting to £NIL (2021 - £1,990,784) are secured by the Company.

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

21. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Bank loans	-	1,091,176
	<u>-</u>	<u>1,091,176</u>
Amounts falling due 1-2 years		
Bank loans	-	999,117
	<u>-</u>	<u>999,117</u>
Amounts falling due 2-5 years		
Bank loans	-	991,667
	<u>-</u>	<u>991,667</u>
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>3,081,960</u></u>

22. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
82,500 (2021 - 82,500) Ordinary shares of £1.00 each	<u>82,500</u>	<u>82,500</u>

23. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Contributions totalling £20,069 (2021 - £14,375) were unpaid at the end of the year and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

24. Commitments under operating leases

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

	2022 £	2021 £
Not later than 1 year	194,803	187,148
Later than 1 year and not later than 5 years	145,567	327,260
	<u>340,370</u>	<u>514,408</u>

25. Related party transactions

The wholly owned subsidiaries of the other members of the Group are exempt from the requirements of Financial Reporting Standard 102, section 33.1A to disclose transactions.

Amounts owed by other related parties in the year amounted to £53,344 (2021 - £21,080).

During the year the Company made purchases from a related party amounting to £2,650 (2021 - £4,399) and made sales to the related party amounting to £395,365 (2021 - £148,566).

All transactions are considered to be at arms length.

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

No other transactions with related parties were undertaken such as are required to be disclosed under

Financial Reporting Standard 102, section 33.1A.

26. Controlling party

The Company's immediate parent undertaking is SystemsAccountants Holdings Limited and ultimate parent undertaking is SystemsAccountants Group Limited. The ultimate controlling party in the current period is J F Bradshaw.

The consolidated financial statements of SystemsAccountants Holdings Limited can be obtained from Perio Mill, Fotheringhay, Peterborough, PE8 5HU.

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