
ADMINISTRATE LIMITED

Registered number: SC333823



ADMINISTRATE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



BALANCE SHEET**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
Non current assets			
Tangible assets	5	<u>26,628</u>	<u>58,355</u>
		26,628	58,355
Current assets			
Debtors	7	875,814	842,679
Cash at bank and in hand		597,910	781,442
		<u>1,473,724</u>	<u>1,624,121</u>
Creditors			
Amounts falling due within 1 year	8	(3,885,007)	(2,414,117)
Amounts falling due after 1 year	8	(370,910)	-
		<u>(4,255,917)</u>	<u>(2,414,117)</u>
Net current liabilities		<u>(2,411,283)</u>	<u>(789,996)</u>
Total assets less liabilities		<u>(2,755,565)</u>	<u>(731,641)</u>
Capital and reserves			
Called up share capital	9	7,943	6,186
Share premium account	10	18,047,013	14,804,740
Share option reserve	10	26,515	232,208
Profit and loss account	10	(20,837,036)	(15,774,775)
Total shareholders' deficit		<u>(2,755,565)</u>	<u>(731,641)</u>

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 on pages 2 to 15 were approved and authorised for issue by the board and were signed on its behalf by:

K Tenner
Director 

Date: 19th July 2023

The notes on pages 4 to 15 form part of these financial statements.

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

	Called up share capital	Share premium account	Share option reserve	Profit and loss account	Total shareholders' funds
	£	£	£	£	£
At 1 January 2021	3,949	11,961,670	326,167	(12,617,137)	(325,351)
Loss for the year	-	-	-	(3,330,584)	(3,330,584)
Total comprehensive expense for the financial year	-	-	-	(3,330,584)	(3,330,584)
Contributions by and distributions to owners					
Issue of share capital	2,195	2,843,070	-	-	2,845,265
Share based payments	-	-	78,987	-	78,987
Exercise of options	42	-	(172,946)	172,946	42
At 31 December 2021	6,186	14,804,740	232,208	(15,774,775)	(731,641)
Comprehensive expense for the financial year					
Loss for the year	-	-	-	(5,286,824)	(5,286,824)
Total comprehensive expense for the financial year	-	-	-	(5,286,824)	(5,286,824)
Contributions by and distributions to owners					
Issue of share capital	1,694	3,242,273	-	-	3,243,967
Share based payments	-	-	18,870	-	18,870
Exercise of options	63	-	(224,563)	224,563	63
At 31 December 2022	7,943	18,047,013	26,515	(20,837,036)	(2,755,565)

The notes on pages 4 to 15 form part of these financial statements.

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

1. General information

Administrate Limited (the "Company") is a private company limited by shares, registered in Scotland. The address of the registered office is 61 Dublin Street, Edinburgh, EH3 6NL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Exemption from preparing consolidated financial statements

The Company has taken the exemption from the requirement to prepare consolidated financial statements under section 402 of the Companies Act 2006.

2.3 Going concern

Over the last 12 months, despite strong macroeconomic headwinds, the Company has continued to grow its customer base. As a result of this positive momentum, the Company has raised £5m of growth financing in the first half of 2023.

This new funding will enable the business to continue to generate substantial marketing and sales leads, and as a result, the Company has a very strong new customer pipeline. Detailed forecasts have been prepared for at least 12 months following the date of these financial statements which have taken into account the uncertain macroeconomic environment driven by Covid-19, the ongoing war between Ukraine and Russia and the cost of living crisis in the UK. The directors are confident that there are sufficient cash reserves to sustain the business well beyond the 12 month going concern period. As a result the directors have adopted the going concern basis of accounting.

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

2. Accounting policies (continued)

2.4 Turnover

Revenue in relation to online software subscriptions 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 recorded net of VAT and discounts. Revenue is recognised in the accounting period in which the service is rendered. Annual subscriptions are recognised on a straight-line basis over the length of the subscription. Consideration received prior to the service being rendered is recognised in the Balance Sheet as deferred income. Revenue in relation to professional service and implementation work is recognised when time is incurred by our team in relation to the project.

2.5 Current and deferred tax

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.

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 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 Balance Sheet date.

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

2. Accounting policies (continued)

2.6 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 the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.7 Intangible assets

Purchased Intellectual Property

Purchased Intellectual Property is valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives. The directors carry out impairment reviews of these assets at each year end and have determined that the carrying value of the Purchased Intellectual Property equates to nil.

Research and development

Research expenditure is written off to the Statement of Comprehensive Income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the Company is expected to benefit. The directors carry out impairment reviews of these assets at each year end and have determined that the carrying value of the Development Costs equates to nil.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Purchased Intellectual Property	-	100 % straight line
Development cost	-	100 % straight line

If there is an indication that there has been a significant change in amortisation rate; useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

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

2. Accounting policies (continued)

2.8 Tangible assets

Tangible 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.

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:

Leasehold improvements	-	33% straight line
Office equipment	-	33% straight line
Computer equipment	-	33% straight line

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.

2.9 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2. Accounting policies (continued)

2.10 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 present value of the future cash flows 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 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.

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.

2.11 Share based payments

The Company operates an equity-settled compensation plan for its employees and the employees of its subsidiaries. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the relevant entity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each Balance Sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the Statement of Comprehensive Income. The credit entry is taken to reserves because the share options are equity-settled.

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

2. Accounting policies (continued)

2.12 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.13 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.

2.14 Creditors

Creditors and provisions are recognised where the Company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle an obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2.15 Pensions

Defined contribution pension plan

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the repayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost on profit or loss in the period in which it arises.

2.16 Operating leases

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

2.17 Interest income

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

2.18 Finance costs

Finance costs are charged to the 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.

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

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

In the application of the Company's accounting policies, the Directors are required to make judgement, estimates and assumptions about the carrying amount of assets and liabilities that are not apparent from other sources. The estimates associated with a assumptions re based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

In preparing these financial statements, the Directors have made the following judgements:

- **Revenue recognition**

Where revenue is recognised in relation to a project that spans the year end, the Directors use professional judgment to assess percentage completion of the project and ascertain the revenue to be recognised in the current period with reference to the invoice value of the project.

- **Tangible fixed assets**

The Directors review fixed assets for impairment and identify any indicators of impairment. Factors taken into consideration in reaching such a decision include the age, condition, expected lifespan of the asset and capability of future performance.

In preparing these financial statements, the Directors have made the following estimation uncertainties:

- **Tangible fixed assets**

Tangible fixed assets are depreciated over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles, and maintenance programs are taken into account.

- **Debtor recoverability**

An estimate is made by the Directors of the likelihood of recoverability of the trade debtors at the Balance Sheet date based upon the age of the debt in question and payment history of the customer. For any balance considered irrecoverable, provision is made against the debtor. The remaining debtor balance at the year is not provided for and is considered fully recoverable.

- **Share based payments**

Share options are recognised as an expense based on their value at date of grant. The fair value of the options are estimated through the use of a valuation model which required inputs such as the risk free interest rate, expected dividends, expected volatility and expected option life – and is expensed over the vesting period. Market data is factored into the inputs used to calculate the fair value of share options.

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

4. Tax

	2022 £	2021 £
R&D tax credit	458,972	462,502
	<u>458,972</u>	<u>462,502</u>

Deferred tax asset

The company has a potential deferred tax asset of £3,764,885 (2021 - £2,641,655) relating to accumulated losses. In line with accounting standards, this amount is unrecognised due to uncertainty over the timing of future taxable profits.

5. Tangible assets

	Leasehold improvements £	Computer equipment £	Office equipment £	Total £
Cost				
At 1 January 2022	58,420	191,958	18,492	268,870
Additions	-	18,285	-	18,285
Disposals	-	(35,360)	-	(35,360)
At 31 December 2022	<u>58,420</u>	<u>174,883</u>	<u>18,492</u>	<u>251,795</u>
Accumulated depreciation				
At 1 January 2022	58,290	133,734	18,492	210,516
Charge for the year	130	32,747	-	32,877
Disposals	-	(18,226)	-	(18,226)
At 31 December 2022	<u>58,420</u>	<u>148,255</u>	<u>18,492</u>	<u>225,167</u>
Net book value				
At 31 December 2022	-	26,628	-	26,628
At 31 December 2021	<u>130</u>	<u>58,224</u>	-	<u>58,355</u>

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

6. Investments

	Investments in subsidiary companies £
Cost	
At 1 January 2022	18,663
At 31 December 2022	18,663
Impairment	
At 1 January 2022	18,663
At 31 December 2022	18,663
At 31 December 2022	-
At 31 December 2021	-

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of Incorporation	Class of shares	Holding	Principle activity	Registered Office
Administrate S.A.L Offshore	Lebanon	Ordinary	98%	Training management system software	House of Law, Acharfieh – Sodeco – 1 st Floor, Beirut, Lebanon
Administrate Inc.	USA	Ordinary	100%	Training management system software	220 West Lamme St, Ste 3C, Bozeman, MT 59715
Riaradh Ltd	Ireland	Ordinary	100%	Training management system software	9 Exchange Place, IFSC, Dublin 1, Ireland

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

7. Debtors

	2022	2021
	£	£
Trade debtors	299,924	277,213
Other debtors	458,972	462,502
Prepayments and accrued income	116,918	102,964
	<u>875,814</u>	<u>842,679</u>

8. Creditors

Amounts falling due within one year	2022	2021
	£	£
Trade creditors	138,578	103,823
Other creditors	6,374	12,616
Corporation tax	-	-
Social security and other taxes	384,523	146,015
Accruals and deferred income	1,709,658	1,200,926
Amounts owed to group undertakings	1,645,874	950,737
	<u>3,885,007</u>	<u>2,414,117</u>

Amounts falling due after one year

	2022	2021
	£	£
Convertible Loan Note	370,910	-
	<u>370,910</u>	<u>-</u>

The Company was issued convertible loans totalling £370,910, for which interest was charged at 10% per annum. The loans and accrued interest were converted into equity as part of the February 2023 investment round.

9. Called up share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
50,794,458 (2021: 37,683,194) Ordinary shares of £0.0001 each	5,080	3,769
19,520,733 (2021: 15,504,229) A1 Ordinary shares of £0.0001 each	1,952	1,550
2,168,970 (2021: 1,722,692) A2 Ordinary shares of £0.0001 each	217	172
6,947,495 (2021: 6,947,495) Growth Shares of £0.0001 each	695	695
	<u>7,943</u>	<u>6,186</u>

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

Continued

On 18 March 2022, the Company issued 12,476,081 Ordinary shares of £0.0001 each for consideration of £2,495,215.20. The consideration was settled in cash.

On 20 April 2022 the Company issued 72,124 Ordinary shares of £0.0001 each for consideration of £7.21 as a result of the exercise of share options. The consideration was settled in cash.

On 17 August 2022 the Company issued 36,062 Ordinary shares of £0.0001 each for consideration of £3.61 as a result of the exercise of share options. The consideration was settled in cash.

On 21 September 2022 the Company issued 346,997 Ordinary shares of £0.0001 each for consideration of £34.70 as a result of the exercise of share options. The consideration was settled in cash.

On 19 October 2022 the Company issued 180,000 Ordinary shares of £0.0001 each for consideration of £18.00 as a result of the exercise of share options. The consideration was settled in cash.

On 18 March 2022, the Company issued 4,016,504 A1 Ordinary shares of £0.0001 each for consideration of £803,300.80. The consideration was settled in cash.

On 18 March 2022, the Company issued 446,278 A2 Ordinary shares of £0.0001 each for consideration of £89,255.60. The consideration was settled in cash.

Share premium for all issues in the year is shown net of issue related expenses amounting to £135,344.

10. Reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium represents the excess consideration received from the issue of share capital.

Share option reserve

The share option reserve represents the cumulative amounts charged to profit in respect of employee share option arrangements where the scheme has not yet been settled by means of an award of shares to an individual.

Profit and loss account

The profit and loss account represents the accumulated profits and losses from the activities of the Company.

11. Share-based payment transactions

The Company operates an EMI qualifying share option scheme for its employees. The Company did not grant any EMI qualifying share options to employees during the year. As at the year end a total of 65,620 share options were vested but were not exercised. Share options vest over a period ranging from 0 to 1,460 days from the date of grant. During the year 490,935 EMI options were exercised at an exercise price of £0.0001.

The Company operates an unapproved share option scheme for employees and contractors of its overseas subsidiaries. During the year, the Company granted 666,600 share options to 4 individuals with a £0.20 exercise price per share. As at the year end a total of 127,000 share options vested but were not exercised. Share options vest over a period ranging from 0 days to 1,460 days from the date of grant. During the year 144,248 unapproved options were exercised at an exercise price of £0.0001.

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

12. Related party transactions

As part of the funding round in March 2022, Douglas Mckenzie purchased 2,862 Ordinary Shares at a share price of £0.20. Douglas is the spouse of Nicola Mckenzie who is a director of the Company.

144,248 share options over Ordinary shares were exercised at an exercise price of £0.0001 by Patrick Flanagan, a director of the Company, between May and October 2022. 71,124 options were exercised in May 2022, 36,062 were exercised in August 2022 and 36,062 were exercised in October 2022.

In October 2022, 310,935 share options over Ordinary shares were exercised at an exercise price of £0.0001 by John Peebles who is a director of the Company.

13. Events after the end of the reporting period

In February 2023, the Company raised £2.0M of new investment in a funding round. 3,200,800 A1 Ordinary Shares were purchased by external investors at a share price of £0.20 and 355,653 A2 Ordinary Shares were purchased by external investors at a share price of £0.20. 5,840,228 Ordinary Shares were purchased by external investors at a share price of £0.20, and 633,984 Ordinary Shares were purchased by external investors using convertible loan notes and convertible loan notes interest. In June 2023, the Company secured £3.0M in venture debt from an investment firm, with interest payable at a rate of 12% per annum.

14. Ultimate parent undertaking and controlling party

In the opinion of the directors there is no ultimate controlling party.

15. Auditor's information

In accordance with section 444(5A) and section 44 (5B) of the Companies Act 2006

- the auditor's report for Administrate Limited was unqualified;
- there were no matters to which the auditor drew attention by way of emphasis; and
- and the auditor of the Company is BDO LLP and the auditor's report was signed on 19th July 2023 by Alastair Rae, the Senior Statutory Auditor.