Registered number: 01451033

APAK GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

APAK GROUP LIMITED

COMPANY INFORMATION

Directors	E Bierry P Buisson E Pasquier J M Powell
Registered number	01451033
Registered office	Nibley Court 3 Turner Drive Yate Bristol BS37 5YX
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 4th Floor Cumberland House 15-17 Cumberland Place Southampton SO15 2BG
Bankers	HSBC Bank Plc 3 Temple Quay Bristol BS1 6DZ

APAK GROUP LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The principal activity of the Company was the provision of enterprise financial software products and services. From 01 January 2022 the trade and assets of the Company were hived up to the immediate parent entity, Sopra Banking Software Limited. Going forwards the Company is non-trading.

The APAK Wholesale Finance System, 'SFP Wholesale', to which the trade relates to, is widely recognised as the preferred solution for banks and captive finance providers in the automotive and equipment funding sectors. Specifically developed to standardise, streamline and automate dealer funding operations, SFP Wholesale can be rolled out into multiple markets on a single, global platform with minimal impact on our clients' business and technical infrastructures, whilst significantly improving operational efficiency and productivity.

Business review

As the Company is now non-trading, there are no key financial or other performance indicators relevant in the year.

Principal risks and uncertainties

As the Company is non-trading, the directors do not consider there to be any significant risks present for the entity.

Financial risk management objectives and policies

The directors monitor financial risk management (including price, credit, liquidity and foreign exchange risks). Given the straight forward nature of the remaining activities of the Company, the directors consider this risk to be minimal.

Financial instruments

The Company holds basic financial instruments, comprising cash and inter-company debtors. The main purpose of the basic financial instruments is to maintain funds for and to finance the Company's operations.

Future developments

The Company is expected to remain non-trading.

Research and development

Following the hive up at the start of the year, the Company has not undertaken any research or development.

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

E Pasquier
Director

Date: 17/07/2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Results and dividends

The loss for the year, after taxation, amounted to £17,649 *(2021 - profit £6,631,499)*.

Dividends of £16,571,043 (*2021 - £4,500,000*) were paid and proposed in the year.

Directors

The directors who served during the year were:

E Bierry
P Buisson
E Pasquier
J M Powell

Matters covered in the Strategic Report

The Company has chosen, in accordance with Section 414C (11) Companies Act 2006, to set out, in the Company's Strategic Report, information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

There were no significant events affecting the Company after the year end.

Auditor

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

E Pasquier
Director

Date: 17/07/2023

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

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 101 'Reduced Disclosure Framework'. 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 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.

evelyn
PARTNERS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APAK GROUP LIMITED

Opinion

We have audited the financial statements of APAK Group Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Emphasis of matter - not a going concern

We draw attention to note 2.2 of the financial statements, which explains that the financial statements have not been prepared on a going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 3, 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.

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Company's industry and regulation. We understand that the Company complies with the framework through:

- Outsourcing accounts preparation to external experts.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the Company's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 101 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- The risk of error relating to the hive-up of the trade and assets of the Company to Sopra Banking Software on 1 January 2022.

The procedures we carried out to gain evidence in the above areas included:

- Testing manual journal entries, focussing particularly on postings to unexpected or unusual accounts and those outside the normal scope of the client business.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APAK GROUP LIMITED

CLA Evelyn Partners Limited

Julie Mutton (Senior Statutory Auditor)

for and on behalf of
CLA Evelyn Partners Limited

Chartered Accountants
Statutory Auditor

4th Floor Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG
Date: 27/07/2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	*2021* *£*
Turnover	4	-	*25,854,954*
Cost of sales		-	*(14,108,608)*
Gross profit		-	*11,746,346*
Administrative expenses		(17,649)	*(4,380,010)*
Fair value movements		-	*81,473*
Operating (loss)/profit	5	(17,649)	*7,447,809*
Profit on disposal of investments		-	*528,510*
Interest receivable and similar income	9	-	*13,515*
Interest payable and similar expenses	10	-	*(108,001)*
(Loss)/profit before tax		(17,649)	*7,881,833*
Tax on (loss)/profit	11	-	*(1,250,334)*
(Loss)/profit for the financial year		(17,649)	*6,631,499*

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

All operations of the Company are discontinued.

The notes on pages 12 to 34 form part of these financial statements.

APAK GROUP LIMITED
REGISTERED NUMBER:01451033

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Goodwill	13		-		*1,813,271*
Other intangible assets	14		-		*2,548,112*
Tangible assets	15		-		*3,790,234*
			-		*8,151,617*
Current assets					
Debtors: amounts falling due within one year	18	1,409,056		*34,647,550*	
Cash at bank and in hand		3,822		*115,168*	
		1,412,878		*34,762,718*	
Creditors: amounts falling due within one year	19	-		*(9,952,667)*	
Net current assets			1,412,878		*24,810,051*
Total assets less current liabilities			1,412,878		*32,961,668*
Creditors: amounts falling due after more than one year	20		-		*(1,964,052)*
Provisions for liabilities					
Other provisions	22		-		*(496,046)*
Net assets			1,412,878		*30,501,570*
Capital and reserves					
Called up share capital	23		903,523		*903,523*
Share premium account	24		504,394		*13,004,394*
Capital redemption reserve	24		22,610		*22,610*
Profit and loss account	24		(17,649)		*16,571,043*
Shareholders' funds			1,412,878		*30,501,570*

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

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

E Pasquier
Director

Date: 17/07/2023

The notes on pages 12 to 34 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	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	903,523	13,004,394	22,610	14,415,002	28,345,529
Comprehensive income for the year					
Profit for the year	-	-	-	6,631,499	6,631,499
Share-based payment	-	-	-	24,542	24,542
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(4,500,000)	(4,500,000)
At 1 January 2022	903,523	13,004,394	22,610	16,571,043	30,501,570
Comprehensive income for the year					
Loss for the year	-	-	-	(17,649)	(17,649)
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(16,571,043)	(16,571,043)
Return of capital	-	(12,500,000)	-	-	(12,500,000)
At 31 December 2022	903,523	504,394	22,610	(17,649)	1,412,878

1. General information

APAK Group Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 01451033). The registered office address is Nibley Court, 3 Turner Drive, Yate, Bristol, BS37 5YX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Going concern

On 1 January 2022, the trade and assets of the Company were hived up to Sopra Banking Software Limited, the immediate parent company. The Company has ceased trading and it is the intention of the directors to dissolve the Company.

Due to the above circumstances, UK accounting standards do not permit the financial statements to be prepared on a going concern basis and these financial statements have been prepared on a basis other than that of a going concern. As all assets and liabilities were hived up to Sopra Banking Software Limited at their book value on 1 January 2022, no adjustments have been required to the value or classification of assets/liabilities within the financial statements as a result of this.

2. Accounting policies (continued)

2.3 Financial Reporting Standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Sopra Steria Group S.A. as at 31 December 2022 and these financial statements may be obtained from PAE Les Glaisins, 74940 Annecy-le Vieux, France.

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations

(a) New and amended Standards and Interpretations adopted by the Company:

- *There are no new or amended standards adopted by the Company*

(b) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2023 but not currently relevant to the Company:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

(c) New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 January 2023:

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants).

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2. Accounting policies (continued)

2.6 Turnover

Turnover represents the fair value of consideration received and receivable in respect of sales of software, professional services, maintenance and support services provided to third parties in the normal course of business, net of discounts and Value Added Tax.

The Company generates turnover from the sale of its own software products directly to end users, sales of consultancy services, fees based on number of units being processed through the Company's software systems, maintenance fees and customer support services.

Turnover arises from the sale of the Company's own perpetual software licenses which require implementation and integration into the 'end-users' systems. Turnover is recognised on these contracts at the point in time when the software goes live in 'customers' IT environment.

Turnover from the implementation and integration of the Company's software with the customer's existing systems, where the software is hosted in the customer's IT environment, is recognised at the point in time when the software goes live. Where the software is hosted in APAK's IT environment the revenue attributable to the pre-study and the definition phases are recognised at the point that the report is delivered to the customer in support of go/no go decisions. Where the customer elects to go forward with the procurement of the software the implementation and integration revenue is recognised in equal monthly instalments over the initial term of the services contract.

Turnover from support and maintenance contracts and other periodically contracted services or products is recognised on a pro-rata basis over the term of the contract. Turnover from hosting activities is recognised over the period of usage. Amounts invoiced but not recognised are accounted for within deferred income.

Turnover from consultancy services Is normally recognised as services are performed, on a time and materials basis. Where consultancy projects are sold on a fixed price basis, turnover is recognised when the software enhancements go-live, whether in the client's IT environment, or where they are hosted in APAK's IT environment.

All loss-making contracts are provided for in full.

2. Accounting policies (continued)

2.7 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Details of how the incremental borrowing rate is determined are disclosed in note 3 of the financial statements.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in 'Tangible assets' in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2. Accounting policies (continued)

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Interest income

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

2.10 Finance costs

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

2.11 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

2.12 Other 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.

Amortisation is provided on the following basis:

Development expenditure	-	straight-line over 7 years

2. Accounting policies (continued)

2.13 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.

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 property	- over the lease term
Fixtures and fittings	- 12.5% - 50%
Office equipment	- 33.3%
Computer software	- 33.3%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 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.

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.17 Financial instruments

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

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

Financial assets

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

a) Financial assets at amortised cost

The Company classifies its financial assets as amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss under 'net impairment losses on financial and contract assets'.

2. Accounting policies (continued)

2.17 Financial instruments (continued)

b) Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit or loss. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss and presented net within other (expenses)/income in the period they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

Financial liabilities

Fair value through profit or loss

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

At amortised cost

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

2.18 Dividends

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

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the 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.

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

Estimates and judgements are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. In the view of management there are no key estimates or judgements in place at the year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Company.

4. Turnover

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

	2022 £	*2021* *£*
Rendering of services	-	*24,918,954*
Sale of licences	-	*936,000*
	-	*25,854,954*

Analysis of turnover by country of destination:

	2022 £	*2021* *£*
United Kingdom	-	*13,948,223*
Rest of Europe	-	*7,883,433*
Rest of the world	-	*4,023,298*
	-	*25,854,954*

Timing of revenue recognition:

	2022 £	*2021* *£*
Goods and services transferred at a point in time	-	*3,868,000*
Goods and services transferred over time	-	*21,986,954*
	-	*25,854,954*

Revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the year end is summarised as follows:

	2022 £	*2021* *£*
To be satisfied in the next financial year	-	*2,808,521*
To be satisfied in subsequent financial years	-	*2,331,554*
	-	*5,140,075*

No income *(2021 - £4,918,628)* was included in contract liabilities or recognised during the year.

5. Operating (loss)/profit

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

	2022 £	*2021* *£*
Exchange differences	4,428	*(96,264)*

6. Auditor's remuneration

	2022 £	*2021* *£*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,000	*38,240*

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.

The current year fee is borne by the immediate parent entity.

7. Employees

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

	2022 £	*2021* *£*
Wages and salaries	-	*9,301,506*
Social security costs	-	*948,548*
Cost of defined contribution scheme	-	*496,063*
	-	*10,746,117*

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

	2022 No.	*2021* *No.*
Office and management	4	*47*
Computing staff	-	*179*
	4	*226*

8. Directors' remuneration

	2022 £	*2021 £*
Directors' emoluments	-	*299,080*
Company contributions to defined contribution pension schemes	-	*4,867*
	-	*303,947*

During the year retirement benefits were accruing to no directors *(2021 - 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £Nil *(2021 - £296,938)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil *(2021 - £4,747)*.

In the prior year, three directors were paid through other group companies, in relation to their services across the group and it was not practicable to split their remuneration across these companies.

9. Interest receivable and similar income

	2022 £	*2021 £*
Group interest receivable	-	*13,515*

10. Interest payable and similar expenses

	2022 £	*2021 £*
Other loan interest payable	-	*178*
Lease liabilities	-	*89,814*
Unwinding of discounting	-	*18,009*
	-	*108,001*

11. Taxation

	2022 £	*2021* *£*
Corporation tax		
Current tax on (losses)/profits for the year	-	*1,303,291*
Total current tax	-	*1,303,291*
Deferred tax		
Origination and reversal of timing differences	-	*(49,400)*
Adjustments in respect of previous periods	-	*(3,557)*
Total deferred tax	-	*(52,957)*
Taxation on (loss)/profit on ordinary activities	-	*1,250,334*

Factors affecting tax charge for the year

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

	2022 £	*2021* *£*
(Loss)/profit on ordinary activities before tax	(17,649)	*7,881,833*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2021 - 19%)*	(3,353)	*1,497,548*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	*47,943*
Non-taxable gain on disposal of subsidiary	-	*(125,327)*
Other share deductions	-	*5,370*
Share-based payments	-	*4,663*
Rate difference regarding deferred tax	-	*(14,806)*
Adjustments to tax charge in respect of prior periods	-	*(3,557)*
Other differences leading to a change in the tax charge	3,353	*(161,500)*
Total tax charge for the year	-	*1,250,334*

11. Taxation (continued)

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

12. Dividends

	2022 £	*2021* *£*
Dividends paid	16,571,043	*4,500,000*

13. Goodwill

	2022 £
Cost	
At 1 January 2022	3,063,923
Intra-group transfers	(3,063,923)
At 31 December 2022	-
Amortisation	
At 1 January 2022	1,250,652
Intra-group transfer	(1,250,652)
At 31 December 2022	-
Net book value	
At 31 December 2022	-
At 31 December 2021	*1,813,271*

14. Intangible assets

	Development expenditure £
Cost	
At 1 January 2022	3,929,318
Intra-group transfers	(3,929,318)
At 31 December 2022	-
Amortisation	
At 1 January 2022	1,381,206
Intra-group transfer	(1,381,206)
At 31 December 2022	-
Net book value	
At 31 December 2022	-
At 31 December 2021	*2,548,112*

In the prior year, included in development expenditure were costs amounting to £2,701,996 relating to the Company's SFP Wholesale software development project. The costs were being amortised straight-line over a 7 year useful economic life. At the previous year end, the net book value of the project was £1,511,831 and the asset had approximately 4 years remaining of its useful economic life.

Amortisation of development expenditure was recognised within administrative expenses in profit or loss.

Also included in development expenditure were costs relating to the Digital and SaaS projects amounting to £498,052 and £382,928 respectively. The assets are still under development at the year end and hence were not currently being amortised.

On 1 January 2022 all intangible assets were transferred to Sopra Banking Software Limited as part of the hive up, disclosed in the Strategic Report.

15. Tangible assets

	Leasehold properties £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2022	7,974,193	311,965	2,216,200	298,708	10,801,066
Transfers intra group	(7,974,193)	(311,965)	(2,216,200)	(298,708)	(10,801,066)
At 31 December 2022	-	-	-	-	-
At 1 January 2022	4,368,630	274,985	2,097,100	270,117	7,010,832
Transfers intra group	(4,368,630)	(274,985)	(2,097,100)	(270,117)	(7,010,832)
At 31 December 2022	-	-	-	-	-
Net book value					
At 31 December 2022	-	-	-	-	-
At 31 December 2021	*3,605,563*	*36,980*	*119,100*	*28,591*	*3,790,234*

All assets were transferred to Sopra Banking Software Limited on 1 January 2022 as part of the hive-up, disclosed in the Strategic Report.

16. Leases

The nature and accounting of Company's leasing activities

The Company had leases contracts for property and other assets with lease terms varying between 1 and 15 years. The Company also had certain leases with lease terms of 12 months or less and leases of office equipment with low value.

Contracts may contain both lease and non-lease components. The Company allocates consideration between lease and non-lease components based on the price a lessor, or similar supplier, would charge to purchase that component separately.

The lease term begins at the commencement date and includes any rent-free periods provided by the lessor. Lease terms vary between contracts and depend on the individual facts and circumstances of the contract.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. The Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted average rate applied was Nil *(2021 - 3.72%)*.

The amounts recognised in the financial statements in relation to the leases are as follows:

	2022 £
Right-of-use asset	
Net book value at 1 January 2022	2,042,365
Transfers intra group	(2,042,365)
Net book value at 31 December 2022	-

	2022 £
Liability	
At 1 January 2022	2,292,128
Transfers intra group	(2,292,128)
At 31 December 2022	-

17. Leases (continued)

Future minimum lease payments for:

	2022 £	*2021* *£*
Within one year	-	*328,076*
Between 1-5 years	-	*747,152*
Over 5 years	-	*1,216,900*
	-	*2,292,128*

18. Debtors

	2022 £	*2021* *£*
Trade debtors	-	*2,386,375*
Amounts owed by group undertakings	1,409,056	*28,807,020*
Other debtors	-	*303*
Prepayments and accrued income	-	*3,317,846*
Deferred taxation	-	*76,507*
Forward contracts	-	*59,499*
	1,409,056	*34,647,550*

Trade receivables, which are the only financial assets at amortised cost, are non-interest bearing and generally have a 30 - 90 day term. Due to their short maturities, the carrying amount of trade and other receivables is a reasonable approximation of their fair value.

A provision for impairment of trade receivables, accrued income and intra-group balances is established using an expected loss model. Expected loss is calculated from a provision matrix based on the expected lifetime default rates and estimates of loss on default.

19. Creditors: Amounts falling due within one year

	2022 £	*2021* *£*
Trade creditors	-	*118,789*
Amounts owed to group undertakings	-	*1,691,305*
Corporation tax	-	*479,437*
Other taxation and social security	-	*618,081*
Lease liabilities	-	*328,076*
Other creditors	-	*105,224*
Accruals and deferred income	-	*6,601,405*
Forward contracts	-	*10,350*
	-	*9,952,667*

Contract liabilities included in the above total £Nil *(2021 - £5,140,175)*.

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

	2022 £	*2021* *£*
Lease liabilities	-	*1,964,052*

21. Deferred taxation

	2022 £	*2021* *£*
At beginning of year	(76,507)	*(23,550)*
Charged to profit or loss	-	*(52,957)*
Transferred intra-group	76,507	*-*
Deferred tax asset at the end of the year	-	*(76,507)*

The deferred tax asset is made up as follows:

	2022 £	*2021* *£*
Accelerated capital allowances	-	*(16,022)*
Short-term timing differences	-	*(60,485)*
	-	*(76,507)*

22. Provisions

	Dilapidations provision £
At 1 January 2022	496,046
Transferred intra-group	(496,046)
At 31 December 2022	-

23. Share capital

	2022	2021
	£	*£*
Allotted, called up and fully paid		
680,553 A Ordinary shares of £1.00 each	680,553	*680,553*
64,170 B Ordinary shares of £1.00 each	64,170	*64,170*
81,920 C Ordinary shares of £1.00 each	81,920	*81,920*
76,880 D Ordinary shares of £1.00 each	76,880	*76,880*
	903,523	*903,523*

Ordinary 'A' shares have full voting and dividend rights. Ordinary 'B', 'C' and 'D' shares have limited voting and dividend rights.

24. Reserves

Share premium account

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

Capital redemption reserve

The capital redemption reserve represents the nominal value of shares repurchased by the Company.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

25. 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. The pension cost charge represents contributions payable by the Company to the fund and amounted to £Nil *(2021 - £496,063)*. Contributions totalling £Nil *(2021 - £60,826)* were payable to the fund at the reporting date.

26. Other financial commitments

As at 31 December 2021, the Company had forward exchange currency contract commitments to sell *€0.91m* and buy *€0.84m*. All contracts matured during the current year and there were no outstanding commitments and the year end.

27. Controlling party

The immediate parent undertaking is Sopra Banking Software Limited, a company registered in England and Wales.

The ultimate parent undertaking is Sopra Steria Group S.A., a company registered in France.

The largest and smallest group of undertakings for which group accounts for the year ending 31 December 2022 have been drawn up, is that headed by Sopra Steria Group S.A.. The registered office address of Sopra Steria Group S.A. is PAE Les Glaisins, 74940 Annecy-le-Vieux, France. Copies of the group accounts are available from this address.

The directors do not consider there to be an ultimate controlling party.