

AUDATEX (UK) LIMITED
Company Registration No. 02058567

Annual Report and Financial Statements

for the year ended 31 March 2023

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AUDATEX (UK) LIMITED

Company Information

Directors	D L Babin Jr B L Heath R Rogozinski (Resigned 28 Feb 2023) C Wright (appointed 20 May 2022)
Company secretary	A Young
Registered office	Capitol House Bond Court Leeds LS1 5EZ
Independent Auditor	Deloitte LLP Abbots House Abbey Street Reading RG1 3BD
Bankers	Barclays Bank PLC Business Banking London Corporate Service Centre PO Box 46116 London EC4N 8WB
Solicitors	Blake Morgan LLP Buxton Court 3 West Way Oxford OX2 0SZ

AUDATEX (UK) LIMITED

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AUDATEX (UK) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2023

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 March 2023.

Principal activity

The principal activity of the company continues to be the provision of computer based services and systems to the motor insurance industry.

Business review

As shown in the company's profit and loss account, revenues were £52.7m for the year ended 31 March 2023 (2022: £50.6m), which represents an increase of 5%, generated from both flat rate fees and transactional charges. Gross profit has increased by 4% to £51.6m (2022: £49.7m). In the current financial year the company has made an operating profit of £8.0m (2022: £0.7m), the increase being largely due to reduced depreciation, amortisation and impairment charges incurred in 2023 versus 2022. As shown in the company's balance sheet, intercompany transfers have driven up debtors due from fellow subsidiary undertakings and creditors due to fellow subsidiary undertakings in the year, and loans payable of £15.3m are presented within 'Creditors- amounts falling due within one year' as at March 2023 having been classified within 'Creditors- Amounts falling due after more than one year' in 2022.

In March 2022 there was a transfer of all UK employees, including from Audatex (UK) Ltd, to Solera Global Technology Ltd for the Group to consolidate the operations and management of its UK business, in an effort to decrease duplicative costs and unnecessary administrative maintenance costs. Following the transfer, Solera Global Technology Ltd now provides a range of business support services to the company under a services agreement, such services including sales, marketing, product development and support, management and administrative services.

Key performance indicators are:

	Year ended 31 March 2023	Year ended 31 March 2022
Total Revenue	£52.7 million	£50.6 million
Operating profit	£8.0 million	£0.7 million

Revenue is dependent on the number and value of subscriptions and the number and value of transactional activities, and the directors therefore use revenue as a measure of the overall level of business activity and hence do not present non-financial KPIs.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties affecting the company are:

Economic

The current uncertain economic outlook and rising inflation could have an adverse impact on results, although there has been little impact on the company's performance and operations to date.

Competition

The company operates in a competitive environment, which could be exacerbated by any economic downturn. However, the company aims to minimise this risk by providing added value services to its customers, maintaining strong customer relationships and fast response times to customer issues.

AUDATEX (UK) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2023

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Technology and infrastructure

The company is reliant on its technology and infrastructure to deliver its product offerings. Disruption of this technology or of the company's broader IT infrastructure could prevent delivery of data to customers. The company has invested in its product platforms to ensure that they remain robust and maintain their integrity. The company has a business continuity plan in place which ensures that the business can continually service its customers in any event.

Credit risk

To manage trading credit risk, credit terms are only provided to key accounts where an appropriate payment history can be demonstrated and credit worthiness procedures have been satisfied.

The company's most significant credit exposure is to other group companies; the risk is not considered to be significant.

Cashflow risk

The company has no loans or other debt outside of the group. The company invoices most customers in sterling but is exposed to some foreign currency exchange risk on supplier purchases.

Directors duties

Section 172 of the Companies Act 2006 sets out company directors' duties and the narrative below explains how the company's directors fulfilled those duties in the year:

The company is a subsidiary of Solera Global Corp and follows the same corporate core values:

- Leading with integrity
- Being respectful and inclusive
- Delivering innovation that matters
- Relentlessly committed to customer success
- Winning together

The directors of the company seek to instil these core values on all staff by leading by example.

The Group leadership team sets out the vision and mission of the Group, which the company's directors use to set the company's four year rolling strategic plan, which is reviewed and updated throughout the year. The plan gives a road map for the development of the company's products, which is refined through conversations with customers, assessing their future needs and how the company may help them meet those needs, maximising customer value.

~~As well as customers, other key stakeholders are employees, certain suppliers to the company and the ultimate owners of the company. The company has a talent programme to nurture and develop staff, with all staff also participating in the company wide performance management programme which feeds into the award of bonuses and promotions. Staff communication is undertaken by way of all staff meetings for each business unit, monthly newsletters, Group wide communications and by way of the Group intranet. The company recognises the special needs of disabled people and supports a policy of equal opportunities for all employees. Help is given to all personnel in job training and career development. Promotions for all employees are made on the basis of an individual's suitability and aptitude. In March 2022 all employees were transferred to a fellow subsidiary company, as noted in the business review above.~~

The company works with key suppliers to identify emerging opportunities for both the company and the relevant suppliers, and expand the dissemination of the suppliers' products within the company's service offerings.

The company seeks to be a good corporate citizen through initiatives to reduce its carbon footprint (see below), through charity giving and local charitable initiatives.

AUDATEX (UK) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2023

STRATEGIC REPORT (continued)

Energy and carbon reporting

The company's carbon emissions and energy usage for the year ended March 31, 2023 and March 31, 2022 were:

	Combustion of gas		Use of electricity		Transport		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
CO ₂ emissions (tonnes)	-	-	27	64	0	106	27	170
Energy usage (kWhr)	-	-	141,401	301,658	0	427,792	141,401	729,450

The energy usage from the use of electricity (scope 2 emissions) is derived from meter readings, or where those are not available, average office energy usage per square metre of floor space. The energy usage from transport is derived from fuel consumption for company vehicles (scope 1 emissions) and mileage claims for business travel in employee owned vehicles (scope 3 emissions). The calculations reflect the type of fuel used. Following the transfer of all UK employees, including from Audatex (UK) Ltd, to Solera Global Technology Ltd in March 22, there are no carbon emissions from transport in 2023 associated with Audatex (UK) Ltd.

Methodology: The UK Government's environmental reporting guidance on how to measure and report greenhouse gas emissions has been used. The energy usages are converted to tonnes of CO₂ using Government published conversion factors.

Solera recognises that the company's primary responsibility is to reduce emissions as far as possible. However, as Solera work towards responsible consumption practices, to mitigate any impact, a green tariff for 100% renewable electricity has been purchased from its electricity provider. Every unit of renewable energy purchased comes with its own Renewable Energy Guarantee of Origin (REGO) certificate.

The company has set an intensity ratio (in accordance with the requirements of the Companies Act) as the tonnes of CO₂ emissions per £1 million of turnover. For 2023, the ratio is 0.51 tCO₂e (2022: 3.36 tCO₂e).

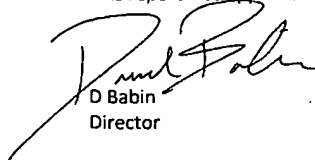
Financial position

The directors consider the company's financial position as at the year end is satisfactory. The company is funded by inter-company borrowings and remits excess cash to its parent.

Future developments

The directors are not aware, at the date of the annual report, of any likely changes in the company's activities in the next period.

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



D Babin
Director

28 November 2023

AUDATEX (UK) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2023

Directors' report

The directors present their annual report and the financial statements for the year ended 31 March 2023.

Dividends

Dividends of £Nil (2022 - £nil) were paid during the year. The directors do not propose a dividend for the year.

Directors

The directors who served during the year, and to the date of signing, were:

D Babin
B L Heath
R Rogozinski (Resigned 28 Feb 2023)
C Wright (appointed 20 May 2022)

Energy and carbon reporting

Information on energy usage and greenhouse gas emissions is given in the Strategic Report and forms part of this report by cross reference.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for a minimum period of 12 months from the date of signing these financial statements. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 2 to the financial statements.

Financial risk management objectives and policies

The Company has reviewed all aspects of the business and its environment and identified the principal risks and uncertainties facing it, allowing appropriate risk management policies to be drawn up. The Company's ultimate parent undertaking, Solera Global Corp has determined the guidelines in managing the Company's financial risks, including risks from financial instruments. Solera Global Corp gathers all information concerning possible risk situations and defines the corresponding hedge. The Group manages the Company's capital to ensure that the Company will be able to continue as a going concern.

The Company's principal risks and uncertainties are set out in the strategic report.

Post balance sheet events

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

Future developments

Details of future developments can be found in the Strategic Report and form part of this report by cross reference.

Engagement with employees, suppliers, customers and others

Details of how the Company engages with employees, suppliers, customers and others are set out in the Strategic Report within the Directors' duties statement and form part of this report by cross reference.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

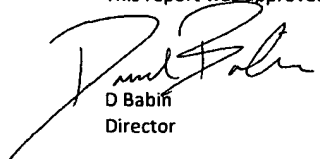
- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

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

This report was approved by the board of directors on 28 November 2023 and signed on its behalf.



D Babin
Director

AUDATEX (UK) LIMITED

Annual Report and Financial Statements for the year ended 31 March 2023

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 and then apply them consistently;
- make judgments 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDATEX (UK) LIMITED

Independent auditor's report to the members of Audatex (UK) Limited Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Audatex (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

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).

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.

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.

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.

AUDATEX (UK) LIMITED

Independent auditor's report to the members of Audatex (UK) Limited Report on the audit of the financial statements (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation, and pensions legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Manual adjustments to revenue: identified as a fraud risk as the company may intentionally accelerate or defer revenue recognition based on the incentive to achieve certain revenue benchmarks. We have used journal entry detail to identify manual adjustments to revenue, evaluated the rationale and ensured the appropriateness of each entry selected.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

AUDATEX (UK) LIMITED

Independent auditor's report to the members of Audatex (UK) Limited

Report on the audit of the financial statements (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provision of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Andrew Hornby FCA (Senior Statutory auditor)

for and on behalf of Deloitte LLP

Statutory auditor

Reading, UK

28 November 2023

AUDATEX (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2023

		Year ended 31 March 2023 £	Year ended 31 March 2022 £
	Notes		
Turnover	4	52,742,485	50,552,227
Cost of sales		(1,155,457)	(841,201)
Gross profit		<u>51,587,028</u>	<u>49,711,026</u>
Administrative expenses		(43,575,108)	(49,036,908)
Operating profit	6	<u>8,011,920</u>	<u>674,118</u>
Interest payable and similar charges	7	(533,000)	(462,598)
Interest receivable and similar income	8	<u>277,116</u>	<u>770</u>
Profit before taxation		<u>7,756,036</u>	<u>212,291</u>
Tax on profit	11	(2,928,848)	(488,527)
Profit/(loss) for the financial year		<u><u>4,827,188</u></u>	<u><u>(276,236)</u></u>

All amounts relate to continuing activities.

There was no other comprehensive income other than the profit for the current and previous year. Therefore, a separate statement of other comprehensive income has not been presented.

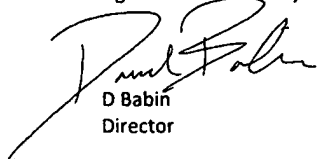
The notes form part of these financial statements.

AUDATEX (UK) LIMITED

Balance Sheet as at 31 March 2023

	Notes	2023 £	2022 £
Fixed assets			
Goodwill	12	287,778	518,001
Intangible assets	13	1,095,164	2,235,212
Tangible assets	14	7,741,026	10,703,457
Investments	15	<u>1,671,458</u>	<u>1,671,458</u>
		10,795,426	15,128,128
Current assets			
Debtors	16	52,861,119	38,127,562
Cash at bank and in hand		<u>1,329,309</u>	<u>3,826,446</u>
		54,190,428	41,954,008
Creditors: amounts falling due within one year	17	<u>(57,812,112)</u>	<u>(39,945,285)</u>
Net current liabilities/(assets)		<u>(3,621,684)</u>	<u>2,008,723</u>
Total assets less current liabilities		<u>7,173,742</u>	<u>17,136,851</u>
Creditors: amounts falling due after more than one year	18	-	(14,790,297)
Net assets		<u>7,173,742</u>	<u>2,346,554</u>
Capital and reserves			
Share capital	20	1,550,000	1,550,000
Capital contribution		6,023,943	6,023,943
Profit and loss account		<u>(400,201)</u>	<u>(5,227,389)</u>
Shareholders' funds		<u>7,173,742</u>	<u>2,346,554</u>

The financial statements of Audatex (UK) Limited (registered number 02058567) were approved and authorised for issue by the board and were signed on its behalf by:


D Babin
Director

28 November 2023

The notes form part of these financial statements.

AUDATEX (UK) LIMITED

Statement of Changes in Equity for the year ended 31 March 2023

	Called-up share capital £	Capital contribution £	Profit and loss account £	Total £
At 31 March 2021	1,550,000	6,023,943	(4,951,153)	2,622,790
Loss for the financial year	-	-	(276,236)	(276,236)
Total comprehensive income	-	-	(276,236)	(276,236)
At 31 March 2022	1,550,000	6,023,943	(5,227,389)	2,346,554
Profit for the financial year	-	-	4,827,188	4,827,188
Total comprehensive income	-	-	4,827,188	4,827,188
At 31 March 2023	1,550,000	6,023,943	(400,201)	7,173,742

AUDATEX (UK) LIMITED

Notes to the financial statements for the year ended 31 March 2023

1 General information

Audatex (UK) Limited is a private company under the Companies Act 2006, limited by shares, incorporated in the United Kingdom and registered in England and Wales (registered number: 02058567). The registered office address is Capitol House, Bond Court, Leeds, LS1 5EZ. The nature of the company's operations and its principal activities are set out in the strategic report.

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.

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).

Audatex (UK) Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in relation to related parties, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated accounts

The Company has not drawn up consolidated financial statements because it is entitled to the exemption available under section 401 of the Companies Act 2006. It is included in the consolidated financial statements of Solera Global Corp which are publicly available (see note 24).

AUDATEX (UK) LIMITED

Notes to the financial statements for the year ended 31 March 2023

2 Accounting policies (continued)

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, together with a summary of the financial position of the Company, the Company's policy for managing its capital and ensuring its financial risk management objectives are met.

The company is reliant on its parent undertaking for working capital support to ensure all liabilities are settled as they fall due. The directors have received written assurance from the parent company that it will continue to support the operations of the company for at least 12 months from the date of signing of the financial statements. Having taken this into account, and after reviewing the company's forecasts and projections, taking account of reasonably possible changes in the company's revenues and profitability in the current macroeconomic environment, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future, being a minimum of twelve months from the date of signing, and have therefore prepared the financial statements using the going concern basis of accounting.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

AUDATEX (UK) LIMITED

Notes to the financial statements for the year ended 31 March 2023

2 Accounting policies (continued)

2.7 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, which range from 3 to 6 years.

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.

2.8 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.

2.9 Interest income

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

2.10 Intangible assets

Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired is capitalised and amortised on a straight line basis over its useful economic life of 4 years. Provision is made for any impairment.

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.

The estimated useful lives are as follows:

Software - 3 years

AUDATEX (UK) LIMITED

Notes to the financial statements for the year ended 31 March 2023

2 Accounting policies (continued)

2.11 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:

Freehold property	5% per annum
Freehold property improvements	10% per annum
Client equipment	33% per annum
Plant and equipment	33% per annum
Fixtures and fittings	15% per annum
Motor vehicles	25% per annum

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.

2.12 Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

2.13 Investments

Fixed asset investments are shown at cost less provision for impairment.

2.14 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 profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Investments in subsidiaries and associates are measured at cost less impairment.

2.17 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.

AUDATEX (UK) LIMITED

Notes to the financial statements for the year ended 31 March 2023

2.18 Dividends receivable

Dividend income is recognised when the right to receive payment is established.

2.19 Dividends payable

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.

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

The preparation of financial statements in accordance with FRS 102 requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the year. The judgements, estimates and associated assumptions are based on historical experience, the current position and other factors that are considered to be relevant. Actual results could differ from those estimates.

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

Management believe there are no areas that involve critical judgements, or key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

AUDATEX (UK) LIMITED

Notes to the financial statements for the year ended 31 March 2023

4 Turnover:	2023 £	2022 £
<i>Analysis by class of business</i>		
Computer based customer		
- services	51,813,149	49,681,670
- systems	929,337	870,557
	52,742,485	50,552,227

Turnover consists of sales made in the United Kingdom.

5 Auditor's remuneration

Fees payable to the company's auditor and its associates for the audit of the company's annual accounts

	122,000	109,000
Total audit fees	122,000	109,000

There were no fees payable to the company's auditor and its associates for non-audit services (2022: £nil).

6 Operating profit is after charging/(crediting):	2023 £	2022 £
Depreciation of tangible fixed assets		
-owned	2,893,824	3,320,255
Impairment of tangible fixed assets	228,987	3,309,807
Amortisation of intangible fixed assets	1,230,158	1,816,148
Amortisation of goodwill	230,222	230,222
Loss on disposal of tangible fixed assets	12,762	-
Rentals under operating leases	75,271	223,089
Foreign exchange (gain)/loss	(211,673)	(222,274)
	533,000	462,598

7 Interest payable and similar charges	2023 £	2022 £
Finance leases	-	12,978
Interest payable to fellow subsidiary undertakings	533,000	449,620
	533,000	462,598

8 Interest receivable and similar income	2023 £	2022 £
Bank interest receivable	277,116	770
	277,116	770

AUDATEX (UK) LIMITED

Notes to the financial statements for the year ended 31 March 2023

9 Staff numbers and costs

The average weekly number of employees (including executive directors) during the year was as follows:

	2023	2022
Support Services	-	32
Product Development	-	26
Administration	-	20
Sales and Marketing	-	11
	<u>-</u>	<u>89</u>

Their aggregate remuneration comprised:

Staff costs (including executive directors):

	2023 £	2022 £
Wages and salaries	-	8,339,841
Social security costs	-	1,423,957
Other pension costs	-	385,108
	<u>-</u>	<u>10,148,906</u>

All employees were transferred to a fellow subsidiary company, Solera Global Technology Ltd, on 7 March 2022 under the Transfer of Undertaking Regulations 2006. The employees continue to provide services to the company under a service agreement between Audatex Ltd and SGT Ltd.

10 Directors' remuneration

All directors are remunerated by other companies in the Solera Global Corp group. The amount attributable and allocated in respect of their services to the company is as follows:

	2023 £	2022 £
Emoluments	118,809	64,058
Contribution to money purchase pension scheme	6,205	2,250
	<u>125,014</u>	<u>125,993</u>

The number of directors who:

	Number	Number
Are members of a money purchase pension scheme	1	1
Exercised options over shares in the Company	-	-

AUDATEX (UK) LIMITED

Notes to the financial statements for the year ended 31 March 2023

11 Tax on profit	2023 £	2022 £
The tax charge comprises:		
Current tax on profit		
UK Corporation tax	1,691,244	730,844
Adjustment in respect of prior years	18,379	(484,408)
Total current tax	1,709,623	246,436
Deferred tax		
Origination and reversal of timing differences	662,470	(300,442)
Adjustment in respect of prior years	347,554	637,410
Effect of changes in tax rates	209,201	(94,877)
Total deferred tax (refer note 19)	1,219,225	242,091
Total tax on profit	2,928,848	488,527

There is no expiry date on timing differences, unused tax losses or tax credits.

A change in the main UK corporation tax rate was announced in the Budget on 3 March 2021 and since this new law was enacted within the reporting date its effects are included in the financial statements. From 1 April 2023 the main corporation tax rate for the company increased from 19% to 25% which increases any future tax liabilities accordingly. Any deferred tax has been recognised as appropriate at a rate of 25% on the above basis.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax of 19% (2022: 19%) to the loss before tax is as follows:

	2023 £	2022 £
Profit before tax	7,756,036	212,291
Tax at 19% (2022: 19%)	1,473,647	40,335
Effects of:		
- Expenses not deductible for tax purposes	360,487	396,906
- Income not taxable	(9,869)	(6,840)
- Remeasurement of deferred tax - change of UK tax rate	209,201	(94,877)
- Adjustments to tax charge in respect of previous periods	895,382	153,003
Total tax charge	2,928,848	488,527

AUDATEX (UK) LIMITED

Notes to the financial statements for the year ended 31 March 2023

12 Goodwill

	Goodwill £
Cost	
At 1 April 2022	978,445
At 31 March 2023	<u>978,445</u>
Amortisation	
At 1 April 2022	460,445
Charge for the year	230,222
At 31 March 2023	<u>690,667</u>
Net book value	
At 31 March 2023	<u>287,778</u>
At 31 March 2022	<u>518,001</u>

The goodwill was acquired as part of the purchase of the trade and assets of the company's subsidiary Valexa Technologies Limited on 1 April 2020.

13 Intangible fixed assets

	Software £
Cost	
At 1 April 2022	13,456,198
Additions	90,110
Retirement	(82,510)
At 31 March 2023	<u>13,463,798</u>
Amortisation	
At 1 April 2022	11,220,986
Charge for the year	1,230,158
Retirement	(82,510)
At 31 March 2023	<u>12,368,634</u>
Net book value	
At 31 March 2023	<u>1,095,164</u>
At 31 March 2022	<u>2,235,212</u>

AUDATEX (UK) LIMITED

Notes to the financial statements for the year ended 31 March 2023

14 Tangible fixed assets

	Freehold Property £	Client Equipment £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation						
At 1 April 2022	17,076,438	2,147,846	11,717,961	1,074,230	17,769	32,034,244
Additions	-	-	173,143	-	-	173,143
Disposals/retirement	-	-	(2,812,922)	(51,698)	(17,769)	(2,882,389)
At 31 March 2023	17,076,438	2,147,846	9,078,181	1,022,532	-	29,324,998
Depreciation						
At 1 April 2022	9,646,439	1,203,057	10,072,869	390,655	17,769	21,330,788
Charge for the year	1,101,013	424,482	1,222,253	146,076	-	2,893,824
Disposals	-	-	(2,800,161)	(51,698)	(17,769)	(2,869,627)
Disposals/retirement	228,987	-	-	-	-	228,987
At 31 March 2023	10,976,438	1,627,539	8,494,961	485,033	-	21,583,972
Net book value						
At 31 March 2023	6,100,000	520,307	583,220	537,500	-	7,741,026
At 31 March 2022	7,430,000	944,789	1,645,092	683,576	-	10,703,456

The impairment charge relates to the company's office premises which are now held for sale.

15 Fixed asset investments

£

Subsidiaries

Cost and net book value at 31 March 2023 and 31 March 2022

1,671,458

At 31 March 2023, the company has investments in the following subsidiary undertakings:

	Registered office	Principal activity	Holding % (ordinary share capital)
Hollander International Systems Ltd	Birch House, 10 Bankhead Crossway S, Edinburgh EH11 4EP	Software development	100*
Hollander International Systems Ltd, Australia	2 McDougall Street, Kotara NSW 2289	Software development	100
Valexa Technologies Limited	Capitol House, Bond Court, Leeds LS1 5EZ	Software development	100*
ADW Veyron Limited	Capitol House, Bond Court, Leeds LS1 5EZ	Software development	100*

*held directly by Audatex (UK) Limited

AUDATEX (UK) LIMITED

Notes to the financial statements for the year ended 31 March 2023

	2023 £	2022 £
16 Debtors		
Amounts falling due within one year:		
Trade debtors	7,317,341	8,175,988
Amounts due from fellow subsidiary undertakings	43,722,079	23,875,783
Deferred tax asset (see note 19)	687,884	1,907,107
Taxation and social security	370,563	3,740,204
Amounts receivable under finance leases due within 1 year	11,654	77,419
Prepayments and accrued income	751,599	351,061
	52,861,119	38,127,562

Amounts due from fellow subsidiary undertakings include a loan receivable of £7.8m (2022: £4.8 million) which bears interest at a rate of 3.5% per annum and is repayable within one year. After the year end the Company extended the maturity date of this loan to 31 March 2025. The remaining amounts due from fellow subsidiary undertakings are unsecured, non interest bearing and are repayable on demand.

	2023 £	2022 £
17 Creditors		
Amounts falling due within one year:		
Trade creditors	1,231,321	290,480
Amounts owed to fellow subsidiaries	53,355,591	34,653,986
Taxation and social security	21,237	279,446
Corporation tax	1,190,468	730,845
Accruals and deferred income	2,013,494	3,990,528
	57,812,112	39,945,285

Amounts owed to fellow subsidiary undertakings include loans payable of £15.3m (2022: £14.8 million) which bear interest at a rate of 4.1% per annum and are repayable within one year; these were classified within 'Creditors- Amounts falling due after more than one year' in 2022. The remaining amounts owed to fellow subsidiary undertakings are unsecured, non interest bearing and are repayable on demand.

	2023 £	2022 £
18 Creditors		
Amounts falling due after more than one year:		
Amounts owed to fellow subsidiaries	-	14,790,297
	-	14,790,297

	2023 £	2022 £
19 Deferred tax asset		
Balance at 1-April	1,907,107	2,149,200
Tranferred from subsidiary	-	-
Adjustments in respect of prior years	(347,554)	(637,410)
Credit to profit and loss for the year	(871,669)	395,317
Balance at 31 March	687,884	1,907,107
The deferred tax asset is made up as follows:		
Depreciation in excess of capital allowances	687,884	1,901,642
Short term timing differences	-	5,465
	687,884	1,907,107

AUDATEX (UK) LIMITED

Notes to the financial statements for the year ended 31 March 2023

	2023 £	2022 £
20 Called up share capital and reserves		
Called up, allotted and fully paid: 1,550,000 ordinary shares of £1 each	<u>1,550,000</u>	<u>1,550,000</u>

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

21 Reserves

Capital contribution

The capital contribution reserve arose from the granting of share options in Solera Holdings, Inc to the company's employees prior to the cancellation of the scheme on 3 March 2016.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

22 Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Other		
Not later than 1 year	6,387	61,115
Later than 1 year and not later than 5 years	-	8,216
	<u>6,387</u>	<u>69,331</u>

23 Pension commitments

The company makes contributions for all employees into personal pension schemes and the Legal & General Group Personal pension scheme. Contributions to these schemes are charged to the profit and loss account as they fall due.

The pension cost for the defined contribution schemes during the period totalled £0 (2022: £385,108).

24 Ultimate and immediate parent companies

Audatex Schweiz(GmbH), registered office Elias Canettistrasse 2, 8050 Zurich, Switzerland is the immediate parent company. The parent company of the smallest and largest group for which consolidated accounts are prepared which include the company is Solera Global Corp, which is incorporated in the USA. The financial statements of Solera Global Corp may be obtained from its registered office at 1500 Solana Boulevard, Building 6, Suite 6300, Westlake, TX 76262, USA.

The ultimate parent company and ultimate controlling party is Vista Equity Partners Management, LLC.