

Company Registration No. 08179642 (England and Wales)

**EQUE2 LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**29 APRIL 2020**



# EQUE2 LIMITED

## COMPANY INFORMATION

<b>Directors</b>	Mr J Moule Mr P A Davidson Mr A Bones
<b>Company number</b>	08179642
<b>Registered office</b>	Nicholsons House Nicholson Walk Maidenhead Berkshire SL6 1LD
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF

# EQUE2 LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 29 APRIL 2020

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The directors present the strategic report and financial statements for the year ended 29 April 2020.

#### **Review of the business**

On 12 December Westbridge Funds acquired a majority stake in the parent company of Eque2 Limited. Everest Acquisition Company Ltd in their support of a Management Buy Out. LDC and other shareholders sold their shares in the Group to Westbridge. As part of this transaction the loan notes and bank loans held in the parent company, have been repaid in full by funds provided by the new parent company, Olympus 123 Limited.

The Directors are delighted to find the right partner and investor and looking forward to working with Westbridge on our exciting future plans.

The directors report a sixth consecutive year of strong financial performance with the small to medium-sized business division ("SMB") continuing to grow rapidly and the upper mid-market sector ("UMM") seeing a strong increase in revenues of £560k representing an 4% increase on the previous year and confirming the Company's continued position as the UK's leading supplier of enterprise resource planning systems ("ERP") to the construction industry.

Operating profit is stated after amortisation of acquisition goodwill, customer relationships and intellectual property of £494,733 (2019: £515,305). Eliminating the effects amortisation, Eque2 generated an operating profit of £2,173,533 (2019: £2,027,980) an increase of 7% on the previous year, demonstrating that margins continue to improve and costs are tightly under control. The increase in revenue and margin is a result of the investment in sales and marketing resource and infrastructure as outlined in prior years and the acquisition of JNC Solutions Limited in May 2018. Continued investment in sales and marketing resource and infrastructure ensures the business is very well placed to take good advantage of an anticipated increase in market opportunity over the coming years both in the SMB division (driven by requirement for improved systems) and the UMM division (driven by the need to replace old, legacy systems provided by our competitors). The business will therefore continue to increase revenues through organic growth and alongside this remains extremely acquisitive particularly with solutions that add value to the already market leading product set as evidenced by the successful acquisition and integration of JNC Solutions.

Although it would have been reasonable to assume that Covid-19 might have impacted buying behaviours in the sector, apart from an initial short period of uncertainty, revenues have continued to grow driven by new customer additions consistently higher than in previous years. The business-critical nature of some of the products has also enabled annual support revenues to remain solid. All of these factors have contributed to an excellent 2020 with an exceptionally positive outlook for the future.

The company has continued to invest in its people and this will be an ongoing theme for the years to come. Staff retention is an important management objective and building upon the initiatives introduced last year a range of additional employee benefits are being rolled out. Additionally, the management team have an active career development programme in place for key people which is proving very successful and building upon this a new graduate programme has been introduced. That said, it is inevitable that as market leader in this sector our staff will be targeted by our competitors which again was evidenced last year.

As customer demand has increased, the business has added to the services and support teams as well as maintaining investment in sales and marketing. There have also been additional resources added to the development teams to maintain the lead our products have over the competition. Of particular note is the launch of a new Cloud solution which ensures Eque2 remains well ahead of all competitors in this space from a technology perspective.

The business continues to set new records for both new customer additions and for additional sales to existing customers. These latter revenues are part of a concerted effort across the business to build a strong and growing customer base and then meet more of our customers' needs with a broader range of the products and services that they can use to improve their business performance.

## **EQUE2 LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 29 APRIL 2020**

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As well as increasing the footprint of the company's solutions with the customer base there has also been an increased focus on making sure that customers are using the right solution from the Eque2 portfolio. This means adding new products (such as estimating) to their portfolio as well as moving from the SMB product set to the UMM products. Again there has been a marked increase in these sales in this year. Equally if circumstances with any of our UMM customers change, they have the option of moving onto the SMB product set. This unique ecosystem of products ensures that customer retention is maximised.

The company remains firmly committed to the strong partnerships it has with Sage in the SMB space and Microsoft in the UMM space and continues to leverage off those partnerships with what are the leading players in those sectors. Whilst committed to these partnerships the company has continued with the strategic plan to increase the percentage of the company's own products in sales made. This percentage has increased in every year and this has been the case in the past year. Once again there are a number of development initiatives across all of the development teams to keep increasing the percentage of own intellectual property ("IP") sales year.

#### **Principal risks and uncertainties**

The directors consider that the UK construction market is likely to continue to provide growth opportunities for the business, despite the current economic climate and ongoing complexities of Brexit negotiations. The combination of the high level of annual support revenues and low levels of customer attrition provides revenue visibility to underpin the company strategy on product and market development.

Given that in large part, sales leads are generated from proactive education of the company's addressable market, we remain well placed to quickly react to any changes in market conditions by altering the key marketing messages. Lead generation therefore would not be adversely impacted by market uncertainty.

The company also seeks to mitigate exposure to all forms of risk through regular performance reviews across all disciplines of the business including sales and marketing, professional services consultancy & implementations and product roadmap.

The company manages its cash risk through regular monitoring of its cash flows to ensure that the company meets all of its debts as they fall due. The company benefits from annual invoicing in advance for its support renewals which has helped the company drive strong cash generation year after year.

The company's main financial asset is its trade debtors and credit risk is managed by regular monitoring of outstanding balances using Credit Hound, an automated debt collection system and the use of credit agencies and specialist legal services.

The business always obtains a deposit for all new business software sales which covers at least any third party costs and is increasing its use of direct debit collections.

The company is exposed to price increases from suppliers, which need to be managed in conjunction with price increases to customers to be able to manage its pricing risk. This can have a negative effect on gross margin, but the company is proactively managing this risk in so far as maintenance contracts provide for price increases which dilute the impact of any third party enforced increases.

The company's exposure to currency rate fluctuations is minimal due to the largest supplier invoicing in sterling. The company does operate a euros account for ad hoc euro receipts and payments but these are not material in relation to the total annual value of purchase invoices and receipts.

#### **Development and performance**

The company undertakes research and development into all areas of its product portfolio. In the opinion of the directors, continuity of investment in this area is essential for the maintenance of the company's market position and for future growth.

## **EQUE2 LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 29 APRIL 2020**

#### **Key performance indicators**

The company's key financial performance indicators are turnover in particular the % of recurring revenues i.e. support and maintenance contracts, recurring EBITDA and gross profit margin which tracks the % of own IP versus third party IP. Sales KPI's include QSO's (qualified sales opportunities) along with win rates and average deal values. Operational KPI's include day rates for professional services days utilisation for professional services and the value of the services order book at any point in time.

On behalf of the board



Mr A Bones  
**Director**

Date: 22/02/2021

# EQUE2 LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 29 APRIL 2020

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The directors present their annual report and financial statements for the year ended 29 April 2020.

### Principal activities

The principal activity of the company during the year was the sale of construction and contracts finance and payroll software.

Notwithstanding the company's net liabilities and net current liabilities, the directors have prepared the financial statements on a going concern basis as described in note 1.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R L Beaton	(Resigned 12 December 2020)
Ms J Mercer	(Resigned 12 December 2020)
Mr J Moule	
Mr P A Davidson	
Mr A Bones	(Appointed 24 June 2020)

### Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Research and development

The company undertakes research and development into all areas of its product portfolio. In the opinion of the directors, continuity of investment in this area is essential for the maintenance of the group's market position and for future growth. All internally generated research and development expenditure is expensed as incurred, the expense for the year is stated in note 7. The company has purchased intellectual property in previous financial years which has been capitalised on the balance sheet as an intangible asset and will be amortised over its useful life.

### Future developments

The company will continue to move all of its products forward to provide greater benefit to new and existing customers. In addition, the company will identify and develop functionality in areas of our customer's businesses not covered by the current portfolio.

### Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

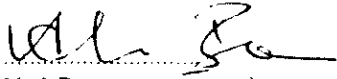
### Matters of strategic importance

Principal risks and uncertainties have been included in the separate Strategic Report in accordance with Section 414c (11) of the Companies Act 2006.

**EQUE2 LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 29 APRIL 2020**

On behalf of the board



Mr A Bones  
Director

Date 22/02/2021

## **EQUE2 LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 29 APRIL 2020**

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The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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.
- 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQUE2 LIMITED

### Opinion

We have audited the financial statements of Eque2 Limited (the 'company') for the year ended 29 April 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 April 2020 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- 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.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EQU2 LIMITED (CONTINUED)

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### 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 where 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 6, 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 Financial Reporting Council's website at: <http://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 member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.



Graham Bond FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

3/3/2021

## EQUE2 LIMITED

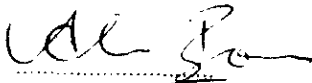
### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 APRIL 2020

	Notes	2020 £	2019 £
Turnover	3	15,875,547	15,315,148
Cost of sales		(2,815,920)	(2,927,006)
<b>Gross profit</b>		13,059,627	12,388,142
<b>Administrative expenses excluding the following items:</b>		(10,760,062)	(10,243,001)
Depreciation		(126,433)	(118,033)
Amortisation		(494,733)	(515,305)
Total administrative expenses		(11,381,228)	(10,876,339)
Other operating income		401	872
EBITDA		2,299,966	2,146,013
<b>Operating profit</b>	6	1,678,800	1,512,675
Interest receivable and similar income	7	-	489
Interest payable and similar expenses	8	(846)	-
<b>Profit on ordinary activities before taxation</b>		1,677,954	1,513,164
Taxation	9	(10,409)	123,831
<b>Profit for the financial year</b>	20	1,667,545	1,636,995
<b>Total comprehensive income for the year</b>		1,667,545	1,636,995

**EQUE2 LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 29 APRIL 2020**

	Notes	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	10		1,785,677		2,252,010
Other intangible assets	10		213,000		241,400
<i>Total intangible assets</i>			1,998,677		2,493,410
Tangible assets	11		177,460		186,248
Investments	12		2,738,939		1,128,019
			4,915,076		3,807,677
<b>Current assets</b>					
Debtors	14	7,071,894		5,471,391	
Cash at bank and in hand		2,091,151		2,084,910	
			9,163,045		7,556,301
<b>Creditors: amounts falling due within one year</b>	15	(9,409,715)		(8,373,526)	
<b>Net current liabilities</b>			(246,670)		(817,225)
<b>Total assets less current liabilities</b>			4,668,406		2,990,452
<b>Provisions for liabilities</b>	16		(61,572)		(51,163)
<b>Net assets</b>			4,606,834		2,939,289
<b>Capital and reserves</b>					
Called up share capital	19		105,356		105,356
Share premium account	20		111,631		111,631
Profit and loss reserves	20		4,389,847		2,722,302
<b>Total equity</b>			4,606,834		2,939,289

The financial statements were approved by the board of directors and authorised for issue on 22/02/2021 and are signed on its behalf by



Mr A Bones  
Director

## EQUE2 LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 APRIL 2020

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 30 April 2018</b>	105,356	111,631	1,085,307	1,302,294
<b>Year ended 29 April 2019:</b>				
Profit and total comprehensive income for the year	-	-	1,636,995	1,636,995
<b>Balance at 29 April 2019</b>	105,356	111,631	2,722,302	2,939,289
<b>Year ended 29 April 2020:</b>				
Profit and total comprehensive income for the year	-	-	1,667,545	1,667,545
<b>Balance at 29 April 2020</b>	105,356	111,631	4,389,847	4,606,834

# EQUE2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 APRIL 2020

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### 1 Accounting policies

#### Company information

Eque2 Limited is a private company limited by shares registered and incorporated in England and Wales. The registered office and principal place of business is Nicholsons House, Nicholson Walk, Maidenhead, Berkshire, SL6 1LD.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements.

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Interest income/expense and net gains/losses for financial instruments not measured at fair value, amount of any impairment loss, risks arising from financial instruments, and transferred financial asset not derecognised, loan defaults or breaches, and descriptions of hedging relationship;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Eque2 Limited is a wholly owned subsidiary of Everest Acquisition Company Limited and the results of Eque2 Limited are included in the consolidated financial statements of Everest Acquisition Company Limited which are available from Freetrade Exchange, 37 Peter Street, Manchester, M2 5GB.

# EQUE2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2020

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### 1 Accounting policies (Continued)

#### **Business combinations**

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

*The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.*

*Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.*

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

# EQUE2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 29 APRIL 2020

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#### 1 Accounting policies (Continued)

##### Going concern

As described in note 21 the company has provided security in respect of the bank borrowings of the company's parent, Everest Acquisition Company Limited. The company's cash resources are managed as part of those of the group headed by Everest Acquisition Company Limited ('the Group').

The directors of the Group have prepared consolidated profit and loss forecasts including cash flow information for the period in excess of 12 months from the date of approval of the financial statements.

The ongoing Brexit negotiations are giving rise to some uncertainty over capital spend in the UK public sector, the Government has committed to a number of large infrastructure projects which will underpin the sector. The demand for housing is still a real factor in the market and the demographic pressures on schools and infrastructure have not gone away. The market therefore continues to grow in both the UK and in Ireland. This sustained period of growth is encouraging more companies to look at their systems and to decide to invest in new solutions or in expanding the footprint of systems in their business both in the UK and in Ireland despite the continuing Covid-19 pandemic. The company is well placed to benefit from both of these scenarios. The sales pipeline has grown year on year and is at its highest level. The opportunities therefore for the company to capitalise on its' continued investment remain strong.

The Group's financial projections as supported by the sales order book and cashflow forecasts, together with their underlying assumptions whilst taking account of reasonably possible changes in trading performance indicate that the Group will have sufficient working capital to meet its working capital requirements when they fall due and will continue to trade within its existing cash resources for the foreseeable future subject to no significant changes in the company's circumstances

On 12 December 2020, 100% of the share capital of the parent company, Everest Acquisition Company, was acquired by Olympus 789 Limited, a wholly owned subsidiary of Olympus 123 Limited. As a result of this transaction the Group's loan notes and bank borrowings were repaid in full by Olympus 789 Limited. The Group is now funded by loans provided by Olympus 789 Limited and no longer has any third party debt obligations save for trade creditors in the normal course of business.

The company has net current liabilities of £246,670 (2019: £817,225) however this has arisen as a result of deferred income which is included in current liabilities on the balance sheet. Deferred income is not a cash liability that will be paid but income deferred into future years. There is minimal cash cost required to support these future revenues.

The directors have no reason to believe that material uncertainties exist that may cast significant doubt over the ability of the company to continue as a going concern. On the basis of the assessment of the company's financial position and consolidated forecast financial information the directors have reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting in preparing the annual financial statements has been used.

##### Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services in the ordinary nature of the business. Turnover is shown net of Value Added Tax, of goods and services provided to customers. Income from sales of perpetual software licenses is recognised in full at the point of sale. Support income is invoiced in full prior to commencement of the support agreement, with the income deferred and recognised equally over the term. Implementation services and development income are recognised in the period the work was undertaken.

# EQUE2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 29 APRIL 2020

#### 1 Accounting policies (Continued)

##### **Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

##### **Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases

Customer relationships	10 years straight line
Intellectual property	2 - 3 years straight line

##### **Research and development**

Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from the related product. All research and other development costs are written off as incurred.

##### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases

Fixtures & fittings	3 - 15 years straight line
Computer equipment	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Any capital expenditure not in excess of £500 is written off to profit or loss.

##### **Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# EQUE2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2020

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### 1 Accounting policies (Continued)

#### **Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, amounts due from fellow group entities and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

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

# EQUE2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2020

### 1 Accounting policies (Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors and amounts due to fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when and only when the company's contractual obligations are discharged, cancelled, or they expire.

#### **Equity instruments**

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

# EQUE2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 29 APRIL 2020

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#### 1 Accounting policies (Continued)

##### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

##### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

#### 2 Judgements and key sources of estimation uncertainty

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

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

##### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### **Valuation of intangibles**

The directors review carefully the intellectual property that the company has purchased in recent years, in addition to the acquisition intellectual property/goodwill arising on the MBO from Sage in 2013. For the acquired intellectual property (in the post-acquisition period, acquired through purchasing intellectual property & source code from Turnkey, CML and more recently Wennsoft/Evolution/Miracle TK), we assess the value of the intellectual property acquired, whether it is the intention to develop further the acquired intellectual property/code, how long this will take and to what extent the acquired intellectual property will be wholly re-written. Once this timeframe has been assessed, we then amortise over the period to which Eque2 will generate revenues from the acquired intellectual property. In some instances, where the code is being re-written, the amortisation period will be shorter than situations where a wholesale re-write is not required and Eque2 will continue to generate revenues for a longer period.

## EQUE2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 29 APRIL 2020

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Sale of construction & contracts finance software	15,875,547	15,315,148
	-----	-----
	2020 £	2019 £
<b>Other revenue</b>		
Interest income	-	489
	-----	-----
	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
UK	15,473,259	14,663,716
Europe	402,288	651,432
	-----	-----
	15,875,547	15,315,148
	-----	-----

#### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was

	2020 Number	2019 Number
Development staff	32	32
Finance and admin staff	9	7
Directors	4	5
Marketing and sales staff	37	35
Professional services and support staff	50	47
	-----	-----
	132	126
	-----	-----

Their aggregate remuneration comprised

	2020 £	2019 £
Wages and salaries	7,152,195	6,901,371
Social security costs	790,922	776,721
Pension costs	339,205	302,894
	-----	-----
	8,282,322	7,980,986
	-----	-----

# EQUE2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2020

### 5 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	547,416	554,475
Company pension contributions to defined contribution schemes	23,557	18,160
	<u>570,973</u>	<u>572,635</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director

	2020	2019
	£	£
Remuneration for qualifying services	186,509	187,578
Company pension contributions to defined contribution schemes	11,990	11,200
	<u>200,499</u>	<u>200,778</u>

### 6 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging		
Exchange losses	15,199	10,075
Research and development costs	846,587	813,129
Fees payable to the company's auditor for the audit of the company's financial statements	15,250	14,525
Depreciation of owned tangible fixed assets	126,433	118,033
Amortisation of intangible assets	494,733	515,305
Operating lease charges	273,280	299,936
	<u>1,871,482</u>	<u>1,781,076</u>

The amortisation of intangible assets is included within administration expenses.

### 7 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	-	489
	<u>-</u>	<u>489</u>

### 8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	846	-
	<u>846</u>	<u>-</u>

## EQUE2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 29 APRIL 2020

#### 9 Taxation

	2020 £	2019 £
<b>Current tax</b>		
<i>Adjustments in respect of prior periods</i>	-	(114,453)
<b>Deferred tax</b>		
Origination and reversal of timing differences	2,223	(17,146)
Adjustment in respect of prior periods	8,186	7,768
Total deferred tax	10,409	(9,378)
Total tax charge/(credit)	10,409	(123,831)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows

	2020 £	2019 £
Profit before taxation	1,677,954	1,513,164
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	318,811	287,501
Tax effect of expenses that are not deductible in determining taxable profit	3,068	3,545
Change in unrecognised deferred tax assets	(5,396)	-
<i>Adjustments in respect of prior years</i>	-	(114,453)
Group relief	(134,518)	(225,769)
Permanent capital allowances in excess of depreciation	24,197	19,316
Research and development tax credit	(210,896)	(103,756)
Deferred tax adjustments in respect of prior years	8,186	7,768
Other tax adjustments	6,957	2,017
Taxation charge/(credit) for the year	10,409	(123,831)

## EQUE2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 29 APRIL 2020

#### 10 Intangible fixed assets

	Goodwill £	Customer relationships £	Intellectual property £	Total £
<b>Cost</b>				
At 30 April 2019 and 29 April 2020	4,618,618	284,000	258,152	5,160,770
<b>Amortisation and impairment</b>				
At 30 April 2019	2,366,608	42,600	258,152	2,667,360
Amortisation charged for the year	466,333	28,400	-	494,733
At 29 April 2020	2,832,941	71,000	258,152	3,162,093
<b>Carrying amount</b>				
At 29 April 2020	1,785,677	213,000	-	1,998,677
At 29 April 2019	2,252,010	241,400	-	2,493,410

The customer relationships asset is amortised over a useful life of 10 years. there are 7.5 years remaining of this useful life.

#### 11 Tangible fixed assets

	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>			
At 30 April 2019	229,057	539,040	768,097
Additions	44,850	72,795	117,645
At 29 April 2020	273,907	611,835	885,742
<b>Depreciation and impairment</b>			
At 30 April 2019	152,445	429,404	581,849
Depreciation charged in the year	45,858	80,575	126,433
At 29 April 2020	198,303	509,979	708,282
<b>Carrying amount</b>			
At 29 April 2020	75,604	101,856	177,460
At 29 April 2019	76,612	109,636	186,248

#### 12 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	13	2,738,939	1,128,019

## EQUE2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2020

#### 12 Fixed asset investments (Continued)

##### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 30 April 2019	1,128,019
Additions	1,610,920
	-----
At 29 April 2020	2,738,939
	-----
<b>Carrying amount</b>	
At 29 April 2020	2,738,939
	-----
At 29 April 2019	1,128,019
	-----

#### 13 Subsidiaries

Details of the company's subsidiaries at 29 April 2020 are as follows

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Intuita Limited	1.	Dormant	Ordinary	100	0
Sitestream Software Limited	1.	Dormant	Ordinary	100	0
JNC Solutions Ltd.	1	Business and domestic software development	Ordinary	100	0
Clip IT Solutions Ltd	1.	Business and domestic software development	Ordinary	100	0

1. Freetrade Exchange Peter Street, Manchester, M2 5GB.

On 6 November 2019 the company acquired 100% of the share capital of Clip IT Solutions Ltd, a company registered and incorporated in England and Wales, for a total cash consideration of £1,100,000, deferred cash consideration of £400,000 and costs of £119,258. The company also received a refund of £8,338 in relation to the acquisition of JNC Solutions Limited in the prior year.

#### 14 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	3,667,253	3,978,615
Corporation tax recoverable	-	114,440
Amounts owed by group undertakings	2,403,672	408,165
Prepayments and accrued income	1,000,969	970,171
	-----	-----
	7,071,894	5,471,391
	-----	-----

## EQUE2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 29 APRIL 2020

#### 14 Debtors (Continued)

Amounts due by group undertakings are unsecured and due on demand.

#### 15 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	427,439	645,076
Amounts due to group undertakings	393,885	396,186
Other taxation and social security	1,016,698	789,288
Deferred consideration	400,000	-
Accruals and deferred income	7,171,693	6,542,976
	<u>9,409,715</u>	<u>8,373,526</u>

The company credit cards are secured by a debenture over the assets of the company.

Amounts due to group undertakings are unsecured and repayable on demand.

#### 16 Provisions for liabilities

	Notes	2020	2019
		£	£
Deferred tax liabilities	17	61,572	51,163

#### 17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	Liabilities	Liabilities
	2020	2019
Balances:	£	£
Accelerated capital allowances	37,071	25,238
Fair value uplift on business combination	40,740	41,038
Short-term timing differences	(16,239)	(15,113)
	<u>61,572</u>	<u>51,163</u>

# EQUE2 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 29 APRIL 2020

### 17 Deferred taxation (Continued)

	2020
	£
<b>Movements in the year:</b>	
Liability at 30 April 2019	51,163
Charge to profit or loss	10,409
	<hr/>
Liability at 29 April 2020	61,572
	<hr/>

The deferred tax liability set out above in relation to accelerated capital allowances is expected to reverse within the foreseeable future and the deferred tax liability in relation to the fair value uplift on business combinations is being released in line with the amortisation of the intangibles acquired. The deferred tax asset in relation to short-term timing differences is expected to reverse within the foreseeable future.

### 18 Retirement benefit schemes

	2020	2019
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	339,205	302,894
	<hr/>	<hr/>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions payable to the fund at the year end and included in creditors was £55,264 (2019 - £52,371).

### 19 Share capital

	2020	2019
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
7,692,308 A Ordinary shares of 0.1p each	7,692	7,692
4,871,795 B Ordinary shares of 1p each	48,718	48,718
4,871,795 C Ordinary shares of 1p each	48,718	48,718
2,280,000 C1 Ordinary shares of 0.01p each	228	228
	<hr/>	<hr/>
	105,356	105,356
	<hr/>	<hr/>

#### **A, B and C Ordinary shares**

The company's A, B and C ordinary shares each carry the right to one vote at general meetings of the company.

#### **C1 Ordinary shares**

The company's C1 ordinary shares each carry no voting rights at general meetings of the company.

### 20 Reserves

#### **Share premium**

Consideration received for shares issued above their nominal value net of transaction costs.

## EQUE2 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 29 APRIL 2020

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#### 20 Reserves (Continued)

##### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

#### 21 Financial commitments, guarantees and contingent liabilities

The company's assets are pledged as security for the parent company's bank borrowings and the amount outstanding at 29 April 2020 was £9,262,501 (2019: £5,050,000)

#### 22 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows

	2020	2019
	£	£
Within one year	228,998	209,853
Between one and five years	445,227	500,748
	<hr/>	<hr/>
	674,225	710,601

#### 23 Events after the reporting date

On the 12 December 2020, 100% of the issued share capital of the parent company, Everest Acquisition Company Ltd, was acquired by Olympus 789 Limited, a wholly owned subsidiary of Olympus 123 Limited. As a result of this transaction, the loan notes and bank loan along with the interest held in the parent company were repaid in full by Olympus 789 Limited.

## **EQUE2 LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 29 APRIL 2020**

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#### **24 Related party transactions**

Directors Richard Beaton and Jane Mercer are shareholders and directors of Open ECX Limited. Open ECX Limited provides support of customer orders to Eque2 Limited. During the year, the company paid fees of £18,016 (2019 - £35,500) to Open ECX Limited for this customer orders support. During the year the company also received £Nil (2019 - £10,362) in relation to a recharge of marketing costs from Open ECX Limited. At the year end the company was owed £2,972 (2019 - £Nil).

Director Richard Beaton of Eque2 Limited has close family members who are directors of Secura Hosting Limited. Secura Hosting Limited provides third party hosting services to Eque2 Limited. During the year, the company paid fees of £273,968 (2019 - £164,736) to Secura Hosting Limited for third party hosting services. At the year end the company owed £30,798 (2019 - £10,214).

#### **25 Ultimate controlling party**

The company is a wholly owned subsidiary of Everest Acquisition Company Limited, a company registered and incorporated in England and Wales. A copy of the financial statements can be found at the registered office address: Freetrade Exchange, 37 Peter Street, Manchester, M2 5GB.

On the 12 December 2020, Olympus 789 Limited, a wholly owned subsidiary of Olympus 123 Limited acquired 100% of the share capital in Everest Acquisition Company Ltd. From 12 December the ultimate parent company is considered to be Olympus 123 Limited. The ultimate controlling party is considered to be funds managed by Westbridge Capital LLP.