

Company Registration No. 02276852 (England and Wales)

KORIS365 NORTH LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021



KORIS365 NORTH LIMITED

COMPANY INFORMATION

Directors	S Zhang J M Potter M J Yalden
Secretary	S Zhang
Company number	02276852
Registered office	Unit 15 Pavilion Business Park Royds Hall Road Leeds LS12 6AJ England
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL

KORIS365 NORTH LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

Trading performance slightly declined in 2021 with revenues of £9.0 million (2020: £9.2m). The company has experienced delays in supply of IT hardware which is attributable to the global shortage of micro chips, which has delayed delivery of projects and recognition of revenue into 2022.

The company reported an operating profit of £70,631 (2020: £410,088) and a profit for the year of £81,346 (2020: £373,343).

Adjusted EBITDA (defined as operating profit before, interest, taxation, depreciation, amortisation and exceptional costs) is the key metric directors use to measure the underlying profitability of the company. For the year, the company's Adjusted EBITDA amounted to £0.2m (2020: £0.7m).

The company's cash balance at 31 December 2021 was £2.2m, an increase of £0.4m from the prior year. Net assets at 31 December 2021 increased by £0.1 m to £2.2 million.

Principal risks and uncertainties

The principal risks and uncertainties faced by the company going forward are outlined below.

Market risk

Failure to keep up with changing market trends, customer requirements and technological developments could have a serious impact on the business of the company. We are actively seeking to address this risk by having regular dialogue with customers and vendor partners.

Competition risk

Our revenues from recurring revenue contracts and project work are constantly under threat from competitive and commoditisation pressures. A large number of players in the SME IT services space are leveraging their brand, resources and breadth of portfolio to apply downward pricing pressures.

We will leverage our strong relationships with equipment vendors to ensure we benefit from the most competitive pricing for IT hardware and software. We will continue to innovate and ensure we deliver excellent value-added customer service and competitively priced solutions to differentiate ourselves from the competition.

Supply risk

Failures in the supply chain, platform resilience or security can have serious implications on the operations and ultimately the revenues of the company. We are continually investing in our platform infrastructure and processes to ensure we are able to provide robust and secure services to our customers.

Financial risk

The company has implemented strict budgetary, forecasting and financial reporting procedures supported by appropriate key performance indicators to manage financial risk.

Liquidity risk

The company seeks to manage financial risk by ensuring adequate liquidity is available to meet liabilities as they fall due and to invest cash assets, safely and profitably.

Credit risk

The principal risk relates to the recovery of trade debtor balances. This is managed by having robust credit control procedures in place.

KORIS365 NORTH LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

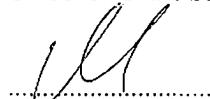
Key performance indicators

The directors monitor a number of financial key performance indicators ("KPIs") to track the financial performance and financial health of the company. These KPIs focus on:

- Visibility of future revenue and gross profit
- Gross profit margins
- Earnings before interest, tax, depreciation, amortisation and other exceptional costs ("Adjusted EBITDA")

KPIs	Year ended 31 December 2021	Year ended 31 December 2020
Adjusted EBITDA	£237k	£643k

On behalf of the board



M J Yalden
Director

Date: 15th June 2022

KORIS365 NORTH LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of the provision of IT services and solutions to business customers.

Directors

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

S Zhang

J M Potter

M J Yalden

(Appointed 1 November 2021)

Results and dividends

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

No dividends were paid for the year ended 31 December 2021 (2020: £nil).

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Future developments

Throughout 2021 we have seen continued disruption to economies and trade due to the pandemic. We have experienced demand for products and services, with global shortages of computer chips, we have seen lead times for hardware increase in some cases from a week to several months. This has meant we carry over into 2022 a healthy undelivered order book of both product and services, and we continue to work closely with our customers and support them to find ways to overcome these complexities.

We continue to monitor technology trends, coupled with new technologies and our existing product and services offering, the directors believe the company is well positioned in the market with a solution offering that is aligned to customer requirements to capitalise on opportunities with both existing and new customers.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

KORIS365 NORTH LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report, such as principal risks and uncertainties.

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.

On behalf of the board



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M J Yalden
Director

Date: 15th June 2022

KORIS365 NORTH LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KORIS365 NORTH LIMITED

Opinion

We have audited the financial statements of Koris365 North Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, the statement of financial position 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 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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, 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.

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 KORIS365 NORTH LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KORIS365 NORTH LIMITED (CONTINUED)

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors. There are no significant laws and regulations that have an indirect impact on the financial statements.

The audit engagement team identified the risk of management override of controls and recognition of revenue and deferred income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the basis and timing of revenue recognition using the assistance of data analysis techniques.

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 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 Allchin

Andrew Allchin FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

15/06/22
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KORIS365 NORTH LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	9,028,364	9,186,282
Cost of sales		(5,012,040)	(4,903,255)
Gross profit		4,016,324	4,283,027
Administrative expenses		(3,964,709)	(3,971,502)
Other operating income	3	19,016	98,563
Operating profit	6	70,631	410,088
Interest receivable and similar income	7	139	6,325
Profit before taxation		70,770	416,413
Tax on profit	8	10,576	(43,070)
Profit for the financial year		81,346	373,343
Retained earnings brought forward		2,097,721	1,724,378
Retained earnings carried forward		2,179,067	2,097,721

KORIS365 NORTH LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Intangible assets	10		68,638		32,056
Tangible assets	11		187,140		305,727
			<u>255,778</u>		<u>337,783</u>
Current assets					
Stocks	12	9,334		55,053	
Debtors	13	2,593,285		1,934,163	
Cash at bank and in hand		2,206,296		1,838,622	
		<u>4,808,915</u>		<u>3,827,838</u>	
Creditors: amounts falling due within one year	14	<u>(2,791,769)</u>		<u>(1,983,204)</u>	
Net current assets			<u>2,017,146</u>		<u>1,844,634</u>
Total assets less current liabilities			<u>2,272,924</u>		<u>2,182,417</u>
Creditors: amounts falling due after more than one year	15		(7,074)		(7,212)
Provisions for liabilities	16		(60,580)		(51,281)
Net assets			<u>2,205,270</u>		<u>2,123,924</u>
Capital and reserves					
Called up share capital	19		6,075		6,075
Share premium account			15,198		15,198
Capital redemption reserve			4,930		4,930
Profit and loss reserves			2,179,067		2,097,721
Total equity			<u>2,205,270</u>		<u>2,123,924</u>

The financial statements were approved by the board of directors and authorised for issue on 15th June 2022 and are signed on its behalf by:



 M J Yalden
 Director

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Koris365 North Limited (the 'company') is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 15 Pavilion Business Park, Royds Hall Road, Leeds, England, LS12 6AJ.

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.

Reduced disclosures

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' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of MXLG Acquisitions Limited. These consolidated financial statements are available from its registered office, The Walbrook Building, 25 Walbrook, London, England, EC4N 8AF.

Going concern

The company recognised a profit for the year of £81,346 (2020 - £373,343) and had net current assets at 31 December 2021 of £2,017,146 (2020 - £1,844,634).

The directors have carried out a detailed review of the forecasts for the period to 30 June 2023, with due regard for the risks and uncertainties to which the business is exposed, as well as available mitigating actions such as controlling certain expenditures.

The company has access to working capital funding from group companies under common ownership as well as access to undrawn committed revolving credit facilities of £5 million granted to its immediate parent undertaking, MXLG Intermediate Holdings Limited. After making enquiries and considering the above facts, the directors therefore reasonably expect that the group has adequate resources to continue to operate for at least 12 months after the signing date of these financial statements. The financial statements do not include adjustments that would be required if the company were unable to continue as a going concern.

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from contracts for the professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, turnover is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Where contracts spanning more than one year are in place and revenue is invoiced annually, revenue is only recognised once it is invoiced and not on inception of the contract.

Income from commissions received is recognised in line with the underlying connectivity contracts to which the commissions are tied.

Intangible fixed assets other than goodwill

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the company and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Intangible assets recognised separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software costs	5 years straight line
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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 and fittings	25% to 33.3% straight line
Computer equipment	25% to 33.3% 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.

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).

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' 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 owed by group undertakings 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, other than those held at fair value through profit and loss, 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.

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

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.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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.

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

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.

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.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Included within other operating income shown in the profit and loss accounts are amounts received from the UK Government in respect of the Coronavirus Job Retention Scheme (CJRS).

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.

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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 have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

A judgement is made to recognise multi-year licence revenue in line with the billing, and as such, where contracts span more than one year and revenue is invoiced annually, revenue is only recognised once it is invoiced and not on inception of the contract.

Recoverability of trade debtors

Outstanding debts due are reviewed by management to identify possible amounts where an impairment provision is required. When assessing recoverability, the directors have considered the future trading forecasts and the level of potential financial support required.

Key sources of estimation uncertainty

Management do not consider there to be any significant estimates relating to the company's financial statements.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Sale of products	4,143,324	4,162,900
Rendering of services	4,677,053	4,853,673
Commissions received	207,987	169,709
	<u>9,028,364</u>	<u>9,186,282</u>
	<u><u>9,028,364</u></u>	<u><u>9,186,282</u></u>
	2021	2020
	£	£
Other income		
Interest income	139	6,325
Grants received	19,016	98,563
	<u>19,155</u>	<u>104,888</u>
	<u><u>19,155</u></u>	<u><u>104,888</u></u>

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	8,849,836	9,075,673
Europe	178,528	110,609
	<u>9,028,364</u>	<u>9,186,282</u>

The grants received relate to the Government's furlough job retention scheme.

4 Employees

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

	2021 Number	2020 Number
Management and business support	9	7
Project delivery	4	5
Sales and marketing	14	14
Technical	27	29
	<u>54</u>	<u>55</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,411,390	2,574,675
Social security costs	289,776	285,526
Pension costs	50,473	48,009
	<u>2,751,639</u>	<u>2,908,210</u>

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	146,077	139,477
Company pension contributions to defined contribution schemes	1,319	1,314
	<u>147,396</u>	<u>140,791</u>

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

Not all directors are remunerated directly for their services to this company and therefore no charge is recognised for those directors.

6 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	13,899	(30,345)
Government grants	(19,016)	(98,563)
Fees payable to the company's auditor for the audit of the company's financial statements	18,000	16,500
Depreciation of owned tangible fixed assets	158,230	187,550
Amortisation of intangible assets	8,563	-
Operating lease charges	60,969	65,924
	<u> </u>	<u> </u>

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	139	6,325
	<u> </u>	<u> </u>

8 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	34,779	27,615
Adjustments in respect of prior periods	(35,343)	1,834
Total current tax	(564)	29,449
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(26,206)	10,425
Changes in tax rates	16,194	4,301
Adjustment in respect of prior periods	-	(1,105)
Total deferred tax	(10,012)	13,621
	<u> </u>	<u> </u>
Total tax (credit)/charge	(10,576)	43,070
	<u> </u>	<u> </u>

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Taxation (Continued)

The total tax (credit)/charge 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:

	2021 £	2020 £
Profit before taxation	70,770	416,413
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	13,446	79,118
Tax effect of expenses that are not deductible in determining taxable profit	928	2,853
Adjustments in respect of prior years	(35,343)	729
Group relief	-	(45,814)
Fixed asset differences	488	1,883
Adjustment to deferred tax rate	9,905	4,301
Taxation (credit)/charge for the year	(10,576)	43,070

10 Intangible fixed assets

	Software costs £
Cost	
At 1 January 2021	32,056
Additions - internally developed	45,145
At 31 December 2021	77,201
Amortisation and impairment	
Amortisation charged for the year	8,563
At 31 December 2021	8,563
Carrying amount	
At 31 December 2021	68,638
At 31 December 2020	32,056

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 January 2021	326,104	1,576,210	1,902,314
Additions	-	39,643	39,643
At 31 December 2021	<u>326,104</u>	<u>1,615,853</u>	<u>1,941,957</u>
Depreciation and impairment			
At 1 January 2021	301,662	1,294,925	1,596,587
Depreciation charged in the year	15,164	143,066	158,230
At 31 December 2021	<u>316,826</u>	<u>1,437,991</u>	<u>1,754,817</u>
Carrying amount			
At 31 December 2021	<u>9,278</u>	<u>177,862</u>	<u>187,140</u>
At 31 December 2020	<u>24,442</u>	<u>281,285</u>	<u>305,727</u>

12 Stocks

	2021 £	2020 £
Work in progress	<u>9,334</u>	<u>55,053</u>

13 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,008,586	645,565
Corporation tax recoverable	20,210	-
Amounts owed by group undertakings	1,203,910	942,910
Other debtors	60,724	62,308
Prepayments and accrued income	299,855	283,380
	<u>2,593,285</u>	<u>1,934,163</u>

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	561,393	462,654
Amounts owed to group undertakings	980,206	-
Corporation tax	-	27,705
Other taxation and social security	308,311	493,178
Accruals and deferred income	941,859	999,667
	<u>2,791,769</u>	<u>1,983,204</u>

15 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Accruals and deferred income	7,074	7,212
	<u>7,074</u>	<u>7,212</u>

16 Provisions for liabilities

	Notes	2021 £	2020 £
Redundancy costs		19,311	-
Deferred tax liabilities	17	41,269	51,281
		<u>60,580</u>	<u>51,281</u>

Movements on provisions apart from deferred tax liabilities:

	Redundancy costs £
Additional provisions in the year	19,311
	<u>19,311</u>

The redundancy costs provision is expected to be realised in the next 12 months.

17 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	41,269	51,281
	<u>41,269</u>	<u>51,281</u>

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17 Deferred taxation (Continued)

	2021 £
Movements in the year:	
Liability at 1 January 2021	51,281
Credit to profit or loss	(10,012)
Liability at 31 December 2021	<u>41,269</u>

18 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>50,473</u>	<u>48,009</u>

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.

19 Share capital

	2021 £	2020 £
Ordinary share capital Issued and fully paid		
6,000 Ordinary shares of £1 each	<u>6,000</u>	<u>6,000</u>
Preference share capital Issued and fully paid		
75 Preference shares of £1 each	<u>75</u>	<u>75</u>

Ordinary share rights

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

Preference share rights

The shares do not carry any voting rights but holders may be entitled to dividend and capital distribution (including on the winding up of the company). The shares may be redeemed.

KORIS365 NORTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 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:

	2021	2020
	£	£
Within one year	56,000	56,000
Between one and five years	224,000	224,000
In over five years	72,800	128,800
	<u>352,800</u>	<u>408,800</u>

21 Directors' transactions

Interest free loans have been granted by the company to its directors as follows:

Description	%	Opening	Closing balance
	Rate	balance	
		£	£
J M Potter -	-	60,724	60,724
		<u>60,724</u>	<u>60,724</u>

The amount advanced to J M Potter was in relation to upfront personal income tax payable in connection to the LTIP shares issued by the parent company, MXLG Acquisitions Limited, in November 2019. The amounts outstanding are unsecured. No guarantees have been given or received.

22 Ultimate controlling party

MXLG Acquisitions Limited, a company registered in England and Wales, is the smallest and largest group for which consolidated accounts are drawn up. These accounts are available from the registered office of MXLG Acquisitions Limited, The Walbrook Building, 25 Walbrook, London, England, EC4N 8AF.

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