

Registration number: 05236974

F2X Group Limited

Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2020

F2X Group Limited

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F2X Group Limited

Company Information

Directors T W Hardcastle
D A Hill
M Baptista

Company secretary I D Konrath

Registered office 9/10 The Crescent
Wisbech
Cambs
PE13 1EH

Auditors Bulley Davey Limited
Registered Auditors
4 Cyrus Way
Cygnet Park
Hampton
Peterborough
PE7 8HP

F2X Group Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Principal activity

The principal activity of the company is the provision of the INSTANDA digital insurance platform for property & casualty and life & health carriers, MGA's and brokers.

INSTANDA is a cloud native no code SaaS platform which allows the insurance industry to create, distribute and manage, both simple and complex insurance products in a matter of weeks. The platform enables sophisticated underwriting, analytics, distribution (via direct, agent or embedded) and integration with legacy systems or modern technology platforms.

Fair review of the business

The exceptional trading conditions resulting from the global Covid-19 pandemic and a higher proportion of partner driven implementations impacted year on year (YoY) revenue growth. However, closing platform licence revenues grew sharply by over 50%.

The final tranches (£2,591,874) of the Series A investment round of USD19.5m (£15.6m) announced in March 2020 were received in 2021 after the year end. In addition, in June 2021, existing investors committed funding of £6m to help the business realise the very significant growth opportunities ahead of it. These funding streams are driving further investment in the INSTANDA platform as well as increasing key staff hires in global functions and position the Company for continued rapid growth and to meet the increasing demand for digital insurance propositions.

Principal risks and uncertainties

The board considers the principal risks and uncertainties to be:

- Competition:** The market for insurance software is competitive and varies according to geography, client size and market segment. This risk is managed by working closely with in country partners who have localised knowledge and can position the INSTANDA proposition as a differentiated offering.
- Funding:** The INSTANDA platform has an excellent track record in product market fit and as a result growth has been significant. The company has capital reserves in place to continue to invest aggressively in platform enhancements and in securing world class talent. The Board has and will continue to enter into, discussions with prospective investors to secure further funding as required.
- Covid19:** In March 2020 the World Health Organisation declared Covid-19 a pandemic. Management implemented several initiatives to mitigate the short-term impacts on the business including adopting new working practices immediately to ensure the safety and wellbeing of our staff and to maintain a high level of service to all INSTANDA clients.

Approved by the Board on 31 August 2021 and signed on its behalf by:

T W Hardcastle
Director

F2X Group Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their report and the for the year ended 31 December 2020.

Directors of the group

The directors who held office during the year were as follows:

T W Hardcastle

D A Hill

M Baptista

Financial instruments

Objectives and policies

The company's main financial instruments are bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business operations. Trade debtors are managed by systems concerning credit levels allowed and the constant monitoring of amounts outstanding. Trade creditors are managed by systems concerning credit levels obtained and by ensuring sufficient funds are available to meet payments due.

Price risk, credit risk, liquidity risk and cash flow risk

The price risk of the company's products and services are managed through close relations with clients.

The credit risk to the company is the failure of clients to fulfil their financial obligations to the company. This exposure is reduced due to the number of clients and managed by close credit controls and the terms and conditions of credit.

Liquidity and cashflow risk is where the company will be unable to generate enough resources in order to meet its financial obligations. The company monitors cash position and funding requirements at board level and manages this risk by ensuring that cash resources are generated and maintained sufficiently in order to meet the required payments when they fall due.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 31 August 2021 and signed on its behalf by:

T W Hardcastle

Director

F2X Group Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

F2X Group Limited

Independent Auditor's Report to the Members of F2X Group Limited

Opinion

We have audited the financial statements of F2X Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, 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 Financial Reporting Standard 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 group's and the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The prior year financial statements have not been audited, therefore the corresponding figures are unaudited.

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

F2X Group Limited

Independent Auditor's Report to the Members of F2X Group Limited

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Statement of Directors' Responsibilities [set out on page 4], 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Enquiries with management and those charged with governance around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

F2X Group Limited

Independent Auditor's Report to the Members of F2X Group Limited

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.

M A Burden (Senior Statutory Auditor)

For and on behalf of Bulley Davey Limited, Statutory Auditor

4 Cyrus Way

Cygnets Park

Hampton

Peterborough

PE7 8HP

1 September 2021

F2X Group Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	<u>3</u>	4,338,152	3,645,628
Cost of sales		<u>(953,346)</u>	<u>(752,715)</u>
Gross profit		3,384,806	2,892,913
Administrative expenses		<u>(7,236,495)</u>	<u>(6,075,927)</u>
Operating loss	<u>5</u>	<u>(3,851,689)</u>	<u>(3,183,014)</u>
Other interest receivable and similar income	<u>6</u>	249	2,194
Interest payable and similar expenses	<u>7</u>	<u>(107,467)</u>	<u>(97,727)</u>
		<u>(107,218)</u>	<u>(95,533)</u>
Loss before tax		(3,958,907)	(3,278,547)
Tax on loss	<u>11</u>	<u>663</u>	<u>1,245,807</u>
Loss for the financial year		<u><u>(3,958,244)</u></u>	<u><u>(2,032,740)</u></u>

F2X Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020 £	2019 £
Loss for the year	<u>(3,958,244)</u>	<u>(2,032,740)</u>
Total comprehensive income for the year	<u><u>(3,958,244)</u></u>	<u><u>(2,032,740)</u></u>

F2X Group Limited

(Registration number: 05236974)

Consolidated Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	<u>12</u>	7,709,574	5,446,932
Tangible assets	<u>13</u>	101,968	115,649
		<u>7,811,542</u>	<u>5,562,581</u>
Current assets			
Debtors	<u>15</u>	2,344,693	2,412,033
Cash at bank and in hand		2,861,568	705,919
		<u>5,206,261</u>	<u>3,117,952</u>
Creditors: Amounts falling due within one year	<u>17</u>	<u>(2,427,066)</u>	<u>(2,325,206)</u>
Net current assets		<u>2,779,195</u>	<u>792,746</u>
Net assets		<u>10,590,737</u>	<u>6,355,327</u>
Capital and reserves			
Called up share capital	<u>20</u>	1,663	1,414
Share premium reserve	<u>21</u>	17,896,493	9,703,088
Profit and loss account	<u>21</u>	<u>(7,307,419)</u>	<u>(3,349,175)</u>
Shareholders' funds		<u>10,590,737</u>	<u>6,355,327</u>

Approved and authorised by the Board on 31 August 2021 and signed on its behalf by:

T W Hardcastle
Director

F2X Group Limited

(Registration number: 05236974)
Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	<u>12</u>	7,709,574	5,446,932
Tangible assets	<u>13</u>	98,517	113,315
Investments	<u>14</u>	1,076	2,076
		<u>7,809,167</u>	<u>5,562,323</u>
Current assets			
Debtors	<u>15</u>	2,269,247	2,360,162
Cash at bank and in hand		2,840,119	682,537
		<u>5,109,366</u>	<u>3,042,699</u>
Creditors: Amounts falling due within one year	<u>17</u>	<u>(2,339,549)</u>	<u>(2,263,750)</u>
Net current assets		<u>2,769,817</u>	<u>778,949</u>
Net assets		<u>10,578,984</u>	<u>6,341,272</u>
Capital and reserves			
Called up share capital	<u>20</u>	1,663	1,414
Share premium reserve		17,896,493	9,703,088
Profit and loss account		<u>(7,319,172)</u>	<u>(3,363,230)</u>
Shareholders' funds		<u>10,578,984</u>	<u>6,341,272</u>

The company made a loss after tax for the financial year of £3,955,942 (2019 - loss of £2,039,376).

Approved and authorised by the Board on 31 August 2021 and signed on its behalf by:

T W Hardcastle
Director

F2X Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020 Equity attributable to the parent company

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2020	1,414	9,703,088	(3,349,175)	6,355,327
Loss for the year	-	-	(3,958,244)	(3,958,244)
Total comprehensive income	-	-	(3,958,244)	(3,958,244)
New share capital subscribed	249	8,193,405	-	8,193,654
At 31 December 2020	<u>1,663</u>	<u>17,896,493</u>	<u>(7,307,419)</u>	<u>10,590,737</u>

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2019	1,343	7,203,156	(1,316,435)	5,888,064
Loss for the year	-	-	(2,032,740)	(2,032,740)
Total comprehensive income	-	-	(2,032,740)	(2,032,740)
New share capital subscribed	71	2,499,932	-	2,500,003
At 31 December 2019	<u>1,414</u>	<u>9,703,088</u>	<u>(3,349,175)</u>	<u>6,355,327</u>

F2X Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2020	1,414	9,703,088	(3,363,230)	6,341,272
Loss for the year	-	-	(3,955,942)	(3,955,942)
Total comprehensive income	-	-	(3,955,942)	(3,955,942)
New share capital subscribed	249	8,193,405	-	8,193,654
At 31 December 2020	1,663	17,896,493	(7,319,172)	10,578,984

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 January 2019	1,343	7,203,156	(1,323,854)	5,880,645
Loss for the year	-	-	(2,039,376)	(2,039,376)
Total comprehensive income	-	-	(2,039,376)	(2,039,376)
New share capital subscribed	71	2,499,932	-	2,500,003
At 31 December 2019	1,414	9,703,088	(3,363,230)	6,341,272

F2X Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Loss for the year		(3,958,244)	(2,032,740)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	1,252,971	833,771
Profit on disposal of tangible assets	<u>4</u>	(1,513)	(1,109)
Finance income	<u>6</u>	(249)	(2,194)
Finance costs	<u>7</u>	55,036	8,799
Income tax expense	<u>11</u>	(663)	(1,245,807)
		<u>(2,652,662)</u>	<u>(2,439,280)</u>
Working capital adjustments			
Decrease/(increase) in debtors	<u>15</u>	95,356	(1,320,980)
Increase in creditors	<u>17</u>	645,499	384,475
(Decrease)/increase in deferred income, including government grants		<u>(36,543)</u>	<u>298,125</u>
Cash generated from operations		(1,948,350)	(3,077,660)
Income taxes (paid)/received	<u>11</u>	<u>(27,353)</u>	<u>1,224,708</u>
Net cash flow from operating activities		<u>(1,975,703)</u>	<u>(1,852,952)</u>
Cash flows from investing activities			
Interest received		249	2,194
Acquisitions of tangible assets		(42,875)	(62,161)
Proceeds from sale of tangible assets		4,700	7,243
Acquisition of intangible assets	<u>12</u>	<u>(3,462,243)</u>	<u>(2,506,592)</u>
Net cash flows from investing activities		<u>(3,500,169)</u>	<u>(2,559,316)</u>
Cash flows from financing activities			
Interest paid	<u>7</u>	(55,036)	(8,799)
Proceeds from issue of ordinary shares, net of issue costs		8,193,654	2,500,003
Proceeds from bank borrowing draw downs		-	(138,044)
Repayment of other borrowing		(502,193)	502,191
Payments to finance lease creditors		<u>(4,904)</u>	<u>(18,728)</u>
Net cash flows from financing activities		<u>7,631,521</u>	<u>2,836,623</u>
Net increase/(decrease) in cash and cash equivalents		2,155,649	(1,575,645)
Cash and cash equivalents at 1 January		<u>705,919</u>	<u>2,281,564</u>
Cash and cash equivalents at 31 December		<u><u>2,861,568</u></u>	<u><u>705,919</u></u>

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

9/10 The Crescent
Wisbech
Cambs
PE13 1EH
England

These financial statements were authorised for issue by the Board on 31 August 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2020.

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Going concern

The financial statements have been prepared on a going concern basis.

Research and development

Expenditure is written off in the year incurred except where this represents a project that is separately identifiable when it is considered to meet the criteria to be recognised as an intangible asset.

Any tax credit estimated is shown as a debtor on the basis that the directors are confident that the expenses constitute genuine research and development and the claim will be successful.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the group's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Office equipment	25% straight line basis
Motor vehicles	25% straight line basis

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life of 7 years.

The company has capitalised as an intangible asset any incurred costs for development work done in the year as an addition. The company believes that there is an enduring benefit to this that should be recognised on the balance sheet, although all such expenditure is being included with the claim for Research and Development tax credits.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Internally generated software	7 years straight line
Software development	7 years straight line

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2020	2019
	£	£
Sale of goods	4,338,152	3,645,628

The analysis of the group's turnover for the year by market is as follows:

	2020	2019
	£	£
UK	2,568,276	2,609,051
Europe	372,448	260,151
Rest of world	1,397,428	776,426
	4,338,152	3,645,628

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

4 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2020	2019
	£	£
Gain (loss) on disposal of property, plant and equipment	1,513	1,109

5 Operating loss

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation expense	53,370	47,590
Amortisation expense	1,199,601	786,181
Operating lease expense - plant and machinery	42,710	21,135
Profit on disposal of property, plant and equipment	(1,513)	(1,109)
Transfer capital costs	(3,462,243)	(2,506,592)

6 Other interest receivable and similar income

	2020	2019
	£	£
Interest income on bank deposits	249	2,194

7 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and borrowings	-	5,595
Interest on obligations under finance leases and hire purchase contracts	7	201
Interest expense on other finance liabilities	55,029	3,003
Foreign exchange (gains) / losses	52,431	88,928

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£	£
Wages and salaries	5,778,132	4,677,959
Social security costs	656,222	482,344
Other short-term employee benefits	7,415	9,566
Pension costs, defined contribution scheme	129,204	92,653
Other employee expense	116,126	254,472
	<u>6,687,099</u>	<u>5,516,994</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
F2X Group Limited	89	75
Instanda Inc.	6	6
	<u>95</u>	<u>81</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	<u>364,345</u>	<u>371,766</u>

In respect of the highest paid director:

	2020	2019
	£	£
Remuneration	<u>205,373</u>	<u>200,506</u>

10 Auditors' remuneration

	2020	2019
	£	£
Audit of these financial statements	<u>5,000</u>	<u>-</u>
Other fees to auditors		
All other non-audit services	<u>10,459</u>	<u>-</u>

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

11 Taxation

Tax charged/(credited) in the income statement

	2020	2019
	£	£
Current taxation		
UK corporation tax	(663)	(1,245,807)

12 Intangible assets

Group

	Goodwill	Software development	Internally group generated software	Total
	£	£	£	£
Cost or valuation				
At 1 January 2020	136,198	4,908,618	2,032,315	7,077,131
Additions internally developed	-	3,462,243	-	3,462,243
At 31 December 2020	136,198	8,370,861	2,032,315	10,539,374
Amortisation				
At 1 January 2020	136,198	743,980	750,021	1,630,199
Amortisation charge	-	909,270	290,331	1,199,601
At 31 December 2020	136,198	1,653,250	1,040,352	2,829,800
Carrying amount				
At 31 December 2020	-	6,717,611	991,963	7,709,574
At 31 December 2019	-	4,164,638	1,282,294	5,446,932

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Company

	Goodwill £	Software development £	Internally group generated software £	Total £
Cost or valuation				
At 1 January 2020	136,198	4,908,618	2,032,315	7,077,131
Additions internally developed	-	3,462,243	-	3,462,243
At 31 December 2020	136,198	8,370,861	2,032,315	10,539,374
Amortisation				
At 1 January 2020	136,198	743,980	750,021	1,630,199
Amortisation charge	-	909,270	290,331	1,199,601
At 31 December 2020	136,198	1,653,250	1,040,352	2,829,800
Carrying amount				
At 31 December 2020	-	6,717,611	991,963	7,709,574
At 31 December 2019	-	4,164,638	1,282,294	5,446,932

13 Tangible assets

Group

	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation			
At 1 January 2020	283,307	47,940	331,247
Additions	42,875	-	42,875
Disposals	-	(12,750)	(12,750)
At 31 December 2020	326,182	35,190	361,372
Depreciation			
At 1 January 2020	177,633	37,964	215,597
Charge for the year	49,331	4,039	53,370
Eliminated on disposal	-	(9,563)	(9,563)
At 31 December 2020	226,964	32,440	259,404
Carrying amount			
At 31 December 2020	99,218	2,750	101,968
At 31 December 2019	105,673	9,976	115,649

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Company

	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation			
At 1 January 2020	279,761	47,940	327,701
Additions	40,583	-	40,583
Disposals	-	(12,750)	(12,750)
At 31 December 2020	320,344	35,190	355,534
Depreciation			
At 1 January 2020	176,421	37,964	214,385
Charge for the year	48,156	4,039	52,195
Eliminated on disposal	-	(9,563)	(9,563)
At 31 December 2020	224,577	32,440	257,017
Carrying amount			
At 31 December 2020	95,767	2,750	98,517
At 31 December 2019	103,339	9,976	113,315

14 Investments

Company

	2020 £	2019 £
Investments in subsidiaries	1,076	2,076

Subsidiaries

Cost or valuation

At 1 January 2020		2,076
Disposals		(1,000)
At 31 December 2020		1,076

Provision

Carrying amount

At 31 December 2020		1,076
At 31 December 2019		2,076

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Instanda Inc.	160 Greentree Dr Ste 101 Delaware, USA	Ordinary	100%	100%
F2X Innovation & Technology Limited	9/10 The Crescent Wisbech PE13 1EH England & Wales	Ordinary	100%	100%
F2X Consulting Limited	9/10 The Crescent Wisbech PE13 1EH England & Wales	Ordinary	0%	100%

Subsidiary undertakings

Instanda Inc.

The principal activity of Instanda Inc. is software services. The loss for the financial period of Instanda Inc. was £2,302 and the aggregate amount of capital and reserves at the end of the period was £11,829.

F2X Innovation & Technology Limited

The principal activity of F2X Innovation & Technology Limited is dormant company. The profit for the financial period of F2X Innovation & Technology Limited was £- and the aggregate amount of capital and reserves at the end of the period was £1,000.

F2X Consulting Limited

The principal activity of F2X Consulting Limited is dormant company, this company was dissolved on 29 December 2020. The profit for the financial period of F2X Consulting Limited was £- and the aggregate amount of capital and reserves at the end of the period was £Nil.

15 Debtors

	Note	Group		Company	
		2020 £	2019 £	2020 £	2019 £
Trade debtors		582,914	674,219	529,448	622,130
Amounts owed by related parties	<u>24</u>	-	-	-	1,352
Other debtors		1,551,096	1,539,938	1,550,796	1,538,804
Prepayments		154,205	72,915	133,408	72,915
Accrued income		7,363	103,862	6,480	103,862
Income tax asset	<u>11</u>	49,115	21,099	49,115	21,099
		<u>2,344,693</u>	<u>2,412,033</u>	<u>2,269,247</u>	<u>2,360,162</u>

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

16 Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Cash on hand	220	136	220	136
Cash at bank	2,861,348	705,783	2,839,899	682,401
	2,861,568	705,919	2,840,119	682,537
	2,861,568	705,919	2,840,119	682,537

17 Creditors

	Note	Group		Company	
		2020	2019	2020	2019
		£	£	£	£
Due within one year					
Loans and borrowings	<u>18</u>	-	507,096	-	507,096
Trade creditors		688,214	367,643	582,399	357,936
Amounts due to related parties	<u>24</u>	-	-	111,260	2,000
Social security and other taxes		600,949	321,966	600,966	321,108
Outstanding defined contribution pension costs		22,900	16,982	22,900	16,982
Other payables		99,893	120,518	99,893	120,514
Accruals		364,859	304,207	301,335	284,158
Deferred income		650,251	686,794	620,796	653,956
		2,427,066	2,325,206	2,339,549	2,263,750
		2,427,066	2,325,206	2,339,549	2,263,750

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

18 Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Current loans and borrowings				
Hire purchase contracts	-	4,904	-	4,904
Other borrowings	-	502,192	-	502,192
	-	507,096	-	507,096

19 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £129,204 (2019 - £92,653).

Contributions totalling £22,900 (2019 - £16,982) were payable to the scheme at the end of the year and are included in creditors.

20 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary of £0.00 each	16,634,389	1,663.44	14,136,215	1,413.62

21 Reserves

Group

Share capital

Represents the nominal value of shares that have been issued.

Share premium

Represents the total amount paid for share capital in excess of its nominal value.

Profit and loss account

Includes all current and prior year retained profits and losses at the balance sheet date.

Company

Share capital

Represents the nominal value of shares that have been issued.

Share premium

Represents the total amount paid for share capital in excess of its nominal value.

Profit and loss account

Includes all current and prior period retained profits and losses at the balance sheet date.

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

22 Obligations under leases and hire purchase contracts

Group

Finance leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	-	4,904
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>4,904</u>

Operating leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	299,679	457,710
Later than one year and not later than five years	4,748	277,430
Later than five years	-	-
	<u>304,427</u>	<u>735,140</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £465,425 (2019 - £457,710).

Company

Finance leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	-	4,904
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>4,904</u>

Operating leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	299,679	457,710
Later than one year and not later than five years	4,748	277,430
Later than five years	-	-
	<u>304,427</u>	<u>735,140</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £465,425 (2019 - £

F2X Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

23 Analysis of changes in net debt

Group

	At 1 January 2020 £	Financing cash flows £	At 31 December 2020 £
Cash and cash equivalents			
Cash	705,919	2,155,649	2,861,568
Borrowings			
Short term borrowings	(502,192)	502,192	-
Lease liabilities	(4,904)	4,904	-
	(507,096)	507,096	-
	198,823	2,662,745	2,861,568

Company

	At 1 January 2020 £	Financing cash flows £	At 31 December 2020 £
Cash and cash equivalents			
Cash	682,537	2,157,582	2,840,119
Borrowings			
Short term borrowings	(502,192)	502,192	-
Lease liabilities	(4,904)	4,904	-
	(507,096)	507,096	-
	175,441	2,664,678	2,840,119

24 Related party transactions

Summary of transactions with key management

Key management are the directors. During the year key management received advances/ credits totalling £1,941 (2019 - £344) and made repayments of £5,146 (2019 - £2,840). At the balance sheet date the amount due from key management was £186,509 (2019 - £189,714).

Summary of transactions with entities with joint control of significant interest

Purchases from entities with joint control of significant interest totalled £123,000 (2019 - £nil). The total amount owed to entities with joint control or significant interest at the year end was £nil (2019 - £nil).

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