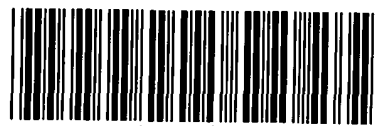


DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

COMPANY INFORMATION

Directors	N A Gilhespie (appointed 7 December 2021) S P Rowley
Company secretary	Oakwood Corporate Secretary Limited
Registered number	07361080
Registered office	Unit 1.1 Techspace Shoreditch South 32-38 Scrutton Street London EC2A 4RQ
Independent auditor	Nexia Smith & Williamson Statutory Auditor & Chartered Accountants 25 Moorgate London EC2R 6AY
Bankers	Canadian Imperial Bank of Commerce 150 Cheapside London England EC2V 6ET

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

CONTENTS

	Page
Group Strategic Report	1 - 3
Directors' Report	4 - 5
Directors' Responsibilities Statement	6
Independent Auditor's Report	7 - 10
Consolidated Statement of Comprehensive Income	11
Consolidated Statement of Financial Position	12 - 13
Company Statement of Financial Position	14 - 15
Consolidated Statement of Changes in Equity	16 - 18
Company Statement of Changes in Equity	19 - 20
Consolidated Statement of Cash Flows	21 - 22
Notes to the Financial Statements	23 - 60

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their Strategic Report for the year ended 31 December 2020.

Principal activity

Dext Software Group (formerly Receipt Bank Group) provides accounting software to enable its customers (accountants, book-keepers and SMEs) to automate their processes, save time and money and gain enhanced financial insight of organisations.

During the 2020 financial year, the primary Dext Software product enabled the provision of real time views of an organisation's finances, allowing paper receipts, invoices or bank statements to be instantly snapped saving hours of data entry, connecting the business's account with over 1,400 suppliers and automatically sorting and storing the relevant financial data in one place. It worked with all major accountancy software (including Xero, QuickBooks and Sage), enabling it to be used with nearly any client.

Additionally, the Xavier product enabled accountants and advisers to provide proactive insights to clients using Xero or QuickBooks, allowing them to become more like business partners and increase revenue through the delivery of higher-value advisory work.

The organisation is headquartered in the UK and operated globally with offices in Australia, Bulgaria, Canada and France. Offices in South Africa and the US were closed post the balance sheet date.

Business review

The Group continued to deliver strong growth, despite the impact of COVID-19. At the end of the year, there were over 282,000 active clients using Dext Software products, with annual turnover growing from £28.5m in 2019 to £34.1m in 2020 (up 19%).

The £12.7m operating loss for 2020 was at a similar level to the prior year as the organisation continued to invest in growth. The total comprehensive loss for the year amounted to £12.5m (2019: loss of £13.8m as restated).

No dividends were paid or proposed during the year (2019: £Nil).

At December 2020, the Group had total net assets of £5.9m (2019: net liabilities of £10.5m as restated).

Research and development activities

The Group undergoes research and development activities in connection with the continued development of its suite of automation tools to help its existing and prospective customers improve their bookkeeping and accounting processes. All costs relating to these activities are charged to the Consolidated Statement of Comprehensive Income as incurred.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

The section below highlights the main risks and uncertainties inherent within the organisation and the primary mitigations currently in place. The below is in addition to the other financial risks disclosed within note 18.

Strategic Risks

Product - The organisation's products become uncompetitive, diminishing their value and relevance to the customer base when compared to its competitors or changes in the wider market.

This is mitigated through investing increased amounts in research and development, continually seeking to deliver performance and efficiency improvements in the suite of products and building strong relationships with our customers to ensure we are meeting their needs and focusing on what is important to them.

Economic Risks

Downturn in key geographical markets

Macroeconomic performance is monitored at a local office level by close contact with customers, prospects and professional bodies. The ability of Receipt Bank's products/services to support customer performance in all economic conditions (saving time and overhead) is core to our customer proposition. Geographical performance and expectations are a key driver in the Group planning process.

Operational and Regulatory Risks

Cyber security/data protection - Inadequate cyber defences result in a material security breach, with the potential loss of access to internal systems, customer data being compromised and GDPR breaches that result in significant fines for the organisation.

This is mitigated through dedicated internal focus in managing this risk, with a team reporting directly to the Chief Technology Officer, ensuring that the key technology partners work to the highest standards in this area and ensuring that employees are aware of potential risks around cyber security and data protection, through the delivery of regular training programmes.

Employee retention - Key employees leave the business prematurely, resulting in knowledge and organisation being lost, impacting adversely on both company performance and customer experience.

This has been mitigated by ensuring remuneration packages are competitive within the sector, developing a positive and creative working environment for staff and ensuring that employee health and wellbeing is promoted at all levels of the organisation.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Financial Risks

Liquidity - Dext Software (formerly Receipt Bank) does not have sufficient cash or access to cash during a period when the organisation is investing for growth and making losses.

This is mitigated through careful analysis and understanding of future cashflows, ensuring that financial covenants on current loans and borrowings are not breached and that any refinancing is agreed well in advance of current expiry dates.

Acquisition - New businesses acquired by Dext Software (formerly Receipt Bank) are not effectively integrated and do not meet previous performance expectations.

These risks are mitigated by undergoing thorough due diligence prior to acquisition and providing significant internal support post acquisition to ensure a smoother integration and help deliver investment objectives.

Impact of COVID-19

Although the COVID-19 pandemic has impacted the operations within the Group, including the temporary closure of our offices, staff working from home and the postponing of trade shows and customer events, we still delivered very strong growth in customer volume and revenue as the business continued to expand its product set and scale upwards.

The directors have reviewed cash flow forecasts for a period at least 12 months beyond the date of signing of these financial statements, including any impacts of the pandemic, to ensure the Group can maintain its day-to-day services, fulfil its statutory obligations, and meet future obligations to investors and other stakeholders.

Financial key performance indicators

	2020	2019	2018	2017
		(as restated)	(as restated)	
	£m	£m	£m	£m
Turnover	34.1	28.5	18.6	11.7
Gross Profit	30.3	25.1	16.2	9.9
Gross margin	89%	88%	87%	85%
Operating loss	(12.7)	(13.4)	(17.6)	(7.6)

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

Steve Rowley
Steve Rowley (Dec 30, 2021 18:51 GMT)

S P Rowley
Director

Date: 30/12/2021

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Results and dividends

The loss for the year, after taxation, amounted to £12,527,604 (2019: £13,846,548).

No dividends were paid or proposed during the year (2019: £Nil).

Directors

The directors who served during the year were:

C R G Mullin (resigned 30 June 2021)
S P Rowley (appointed 5 July 2020)
J A Ewell (resigned 6 May 2021)
J Green (appointed 2 January 2020, resigned 28 January 2021)
M Hennessy (resigned 5 July 2020)
T Norris (resigned 6 May 2021)
A D S Prenn (resigned 6 May 2021)
P A Robert-Tissot (resigned 6 May 2021)
M C Wood (resigned 6 May 2021)
H L Zidel (resigned 6 May 2021)
A P Blair (resigned 7 December 2021)

Future developments

The directors foresee no material change in the Group's activities. The Group will continue to invest in its product set through increased research and development activity and drive growth across its target markets through both organic routes and targeted acquisitions of other businesses which deliver complementary products.

We expect that the growth phase of the organisation will continue by, delivering an enhanced range of products to an expanding customer base within our primary markets. We anticipate that building market share will result in annual losses for the group over the next three years before reaching a level of sustainable profitability.

Engagement with employees

It is the Group's policy that the selection of employees for recruitment, training, development and promotion should be determined solely on skills, abilities and other requirements that are relevant to the job, regardless of their sex, race, religion or disability.

The Group recognises the value of its employees and places importance on communications with employees which take place at many levels throughout the organisation on both a formal and informal basis. The personal development of employees is closely monitored so that appropriate training programmes can be designed with a view to assisting employees in achieving both their own and the Group's objectives.

Disabled employees

The Group's policy is to ensure disabled workers have equal opportunities to be appointed to roles they are able to fill. Once employed, all necessary assistance with initial training courses is given and a career plan is developed to ensure suitable development opportunities are provided. Arrangements are made whenever possible for retraining employees who become disabled, to enable them to perform work appropriate to their skills and experience.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Events after the reporting date

Details of post balance sheet events can be found in note 32.

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Steve Rowley
Steve Rowley (Dec 30, 2021 18:51 GMT)

S P Rowley
Director

Date: 30/12/2021

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEXT SOFTWARE LIMITED (FORMERLY
RECEIPT BANK LIMITED)**

Opinion

We have audited the financial statements of Dext Software Limited (formerly Receipt Bank Limited) (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 of 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.

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 and Parent 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 Group and Parent 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.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED) (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their 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 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 Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED) (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained a general understanding of the Group and Parent Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the Group and Parent Company's industry and regulation.

We understand that the Group and Parent Company comply with the framework through:

- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly; and
- The engagement of external experts to ensure ongoing tax compliance.

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

- GDPR compliance in respect of data protection; and
- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

We performed the following procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Enquired of management and those charged with governance as to the risks of non-compliance and any instances thereof;
- Reviewed minutes of meetings of those charged with governance; and
- Obtained written management representations regarding disclosure of any non-compliance with laws and regulations.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to the manipulation of the financial statements through manual journals and incorrect recognition of revenue.

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

- Evaluation of the design effectiveness of management's controls designed to prevent and detect irregularities;
- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the entity's processes and controls surrounding manual journal entries;
- Reviewing and challenging estimates made by management; and
- Substantive testing of revenue transactions.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED) (CONTINUED)

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Timothy Adams (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Statutory Auditor
Chartered Accountants

25 Moorgate
London

EC2R 6AY

Date: 30/12/2021

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	<i>As restated</i> 2019 £
Turnover	4	34,053,726	28,537,429
Cost of sales		(3,788,010)	(3,407,609)
Gross profit		30,265,716	25,129,820
Administrative expenses		(43,120,891)	(38,513,771)
Other operating income	5	155,918	-
Operating loss	6	(12,699,257)	(13,383,951)
Interest receivable		1,255	4,765
Interest payable and similar expenses	10	(709,559)	(587,828)
Loss before taxation		(13,407,561)	(13,967,014)
Tax on loss	11	879,957	120,466
Loss for the financial year		(12,527,604)	(13,846,548)
Other comprehensive income			
Currency translation differences		(29,219)	73,774
Total comprehensive loss for the year		(12,556,823)	(13,772,774)

The notes on pages 23 to 60 form part of these financial statements.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)
REGISTERED NUMBER:07361080

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	As restated 2019 £
Fixed assets			
Intangible assets	12	2,675,689	-
Tangible assets	13	268,102	572,542
		<u>2,943,791</u>	<u>572,542</u>
Current assets			
Debtors: amounts falling due within one year	15	1,679,084	5,522,616
Cash at bank and in hand		23,795,450	7,933,386
		<u>25,474,534</u>	<u>13,456,002</u>
Creditors: amounts falling due within one year	16	(12,766,886)	(14,544,295)
Net current assets/(liabilities)		<u>12,707,648</u>	<u>(1,088,293)</u>
Total assets less current liabilities		<u>15,651,439</u>	<u>(515,751)</u>
Creditors: amounts falling due after more than one year	17	(9,590,441)	(9,858,847)
Provisions for liabilities			
Other provisions	21	(141,194)	(118,056)
		<u>(141,194)</u>	<u>(118,056)</u>
Net assets/(liabilities)		<u><u>5,919,804</u></u>	<u><u>(10,492,654)</u></u>
Capital and reserves			
Called up share capital	22	2,787	2,315
Share premium account	23	60,878,285	37,008,892
Warrants reserve	23	300,518	148,582
Foreign exchange reserve	23	(145,278)	(116,059)
Deferred consideration - shares to be issued	23	2,082,353	-
Share-based payment reserve	23	3,943,227	1,549,494
Capital contribution reserve	23	299,599	-
Profit and loss account	23	(61,441,687)	(49,085,878)
Shareholders' funds/(deficit)		<u><u>5,919,804</u></u>	<u><u>(10,492,654)</u></u>

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)
REGISTERED NUMBER:07361080

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

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

Steve Rowley

Steve Rowley (Dec 30, 2021 18:51 GMT)

S P Rowley

Director

Date: 30/12/2021

The notes on pages 23 to 60 form part of these financial statements.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)
REGISTERED NUMBER:07361080

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	As restated 2019 £
Fixed assets			
Tangible assets	13	93,676	289,751
Investments	14	3,345,021	5,530
		<u>3,438,697</u>	<u>295,281</u>
Current assets			
Debtors: amounts falling due within one year	15	4,869,816	3,642,171
Cash at bank and in hand		17,617,185	4,590,429
		<u>22,487,001</u>	<u>8,232,600</u>
Creditors: amounts falling due within one year	16	(11,711,188)	(11,847,956)
Net current assets/(liabilities)		<u>10,775,813</u>	<u>(3,615,356)</u>
Total assets less current liabilities		<u>14,214,510</u>	<u>(3,320,075)</u>
Creditors: amounts falling due after more than one year	17	(9,590,441)	(9,858,847)
Provisions for liabilities			
Other provisions	21	-	(45,795)
		<u>-</u>	<u>(45,795)</u>
Net assets/(liabilities)		<u><u>4,624,069</u></u>	<u><u>(13,224,717)</u></u>
Capital and reserves			
Called up share capital	22	2,787	2,315
Share premium account	23	60,878,285	37,008,892
Warrants reserve	23	300,518	148,582
Deferred consideration - shares to be issued	23	2,082,353	-
Share-based payment reserve	23	3,943,227	1,549,494
Capital contribution reserve	23	299,599	-
Profit and loss account brought forward	23	(51,934,000)	(37,815,592)
Loss for the year		(11,120,495)	(14,118,408)
Transfer of options exercised		171,795	-
		<u>(62,882,700)</u>	<u>(51,934,000)</u>
Shareholders' funds/(deficit)		<u><u>4,624,069</u></u>	<u><u>(13,224,717)</u></u>

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)
REGISTERED NUMBER:07361080

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

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

Steve Rowley
Steve Rowley (Dec 30, 2021 18:51 GMT)

S P Rowley
Director

Date: 30/12/2021

The notes on pages 23 to 60 form part of these financial statements.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Share premium account £	Warrants reserve £	Deferred consideration - shares to be issued £	Foreign exchange reserve £	Share-based payment reserve £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 January 2020 (as previously stated)	2,315	37,008,892	148,582	-	(116,059)	404,377	-	(47,428,834)	(9,980,727)
Prior year adjustments 2019 and 2018 (note 27)	-	-	-	-	-	1,145,117	-	(1,657,044)	(511,927)
At 1 January 2020 (as restated)	2,315	37,008,892	148,582	-	(116,059)	1,549,494	-	(49,085,878)	(10,492,654)
Comprehensive income for the year									
Loss for the year	-	-	-	-	-	-	-	(12,527,604)	(12,527,604)
Currency translation differences	-	-	-	-	(29,219)	-	-	-	(29,219)
Other comprehensive income for the year	-	-	-	-	(29,219)	-	-	-	(29,219)
Total comprehensive income for the year	-	-	-	-	(29,219)	-	-	(12,527,604)	(12,556,823)
Shares issued during the year	472	23,869,393	-	-	-	-	-	-	23,869,865
Shares to be issued as consideration	-	-	-	2,082,353	-	-	-	-	2,082,353

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Share based payments	-	-	151,936	-	-	2,865,127	-	-	3,017,063
Transfer of options exercised	-	-	-	-	-	(171,795)	-	171,795	-
Capital contribution	-	-	-	-	-	(299,599)	299,599	-	-
Total transactions with owners	472	23,869,393	151,936	2,082,353	-	2,393,733	299,599	171,795	28,969,281
At 31 December 2020	2,787	60,878,285	300,518	2,082,353	(145,278)	3,943,227	299,599	(61,441,687)	5,919,804

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Warrants reserve	Foreign exchange reserve	Share-based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 January 2019 (as previously stated)	2,162	36,970,449	-	(189,833)	1,985,008	(35,166,775)	3,601,011
Prior year adjustments 2018 (note 27)	-	-	-	-	72,555	(72,555)	-
At 1 January 2019 (as restated)	<u>2,162</u>	<u>36,970,449</u>	<u>-</u>	<u>(189,833)</u>	<u>2,057,563</u>	<u>(35,239,330)</u>	<u>3,601,011</u>
Comprehensive income for the year							
Loss for the year (as restated)	-	-	-	-	-	(13,846,548)	(13,846,548)
Currency translation differences	-	-	-	73,774	-	-	73,774
Other comprehensive income for the year	-	-	-	73,774	-	-	73,774
Total comprehensive income for the year (as restated)	-	-	-	73,774	-	(13,846,548)	(13,772,774)
Shares issued during the year	153	38,443	-	-	-	-	38,596
Warrants reserve movement (as restated)	-	-	148,582	-	(508,069)	-	(359,487)
Total transactions with owners	<u>153</u>	<u>38,443</u>	<u>148,582</u>	<u>-</u>	<u>(508,069)</u>	<u>-</u>	<u>(320,891)</u>
At 31 December 2019 (as restated)	<u><u>2,315</u></u>	<u><u>37,008,892</u></u>	<u><u>148,582</u></u>	<u><u>(116,059)</u></u>	<u><u>1,549,494</u></u>	<u><u>(49,085,878)</u></u>	<u><u>(10,492,654)</u></u>

The notes on pages 23 to 60 form part of these financial statements.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Warrants reserve	Deferred consideration - shares to be issued	Share-based payment reserve	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2020 (as previously stated)	2,315	37,008,892	148,582	-	404,377	-	(50,276,956)	(12,712,790)
Prior year adjustments 2019 and 2018 (note 27)	-	-	-	-	1,145,117	-	(1,657,044)	(511,927)
At 1 January 2020 (as restated)	<u>2,315</u>	<u>37,008,892</u>	<u>148,582</u>	<u>-</u>	<u>1,549,494</u>	<u>-</u>	<u>(51,934,000)</u>	<u>(13,224,717)</u>
Comprehensive income for the year								
Loss for the year	-	-	-	-	-	-	(11,120,495)	(11,120,495)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,120,495)</u>	<u>(11,120,495)</u>
Contributions by and distributions to owners								
Shares issued during the year	472	23,869,393	-	-	-	-	-	23,869,865
Shares to be issued as consideration	-	-	-	2,082,353	-	-	-	2,082,353
Share based payments	-	-	151,936	-	2,865,127	-	-	3,017,063
Transfer of options exercised	-	-	-	-	(171,795)	-	171,795	-
Capital contribution	-	-	-	-	(299,599)	299,599	-	-
Total transactions with owners	<u>472</u>	<u>23,869,393</u>	<u>151,936</u>	<u>2,082,353</u>	<u>2,393,733</u>	<u>299,599</u>	<u>171,795</u>	<u>28,969,281</u>
At 31 December 2020	<u><u>2,787</u></u>	<u><u>60,878,285</u></u>	<u><u>300,518</u></u>	<u><u>2,082,353</u></u>	<u><u>3,943,227</u></u>	<u><u>299,599</u></u>	<u><u>(62,882,700)</u></u>	<u><u>4,624,069</u></u>

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Warrants reserve	Share-based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2019 (as previously stated)	2,162	36,970,449	-	1,985,008	(37,743,037)	1,214,582
Prior year adjustment 2018 (note 27)	-	-	-	72,555	(72,555)	-
At 1 January 2019 (as restated)	<u>2,162</u>	<u>36,970,449</u>	<u>-</u>	<u>2,057,563</u>	<u>(37,815,592)</u>	<u>1,214,582</u>
Comprehensive income for the year						
Loss for the year (as restated)	-	-	-	-	(14,118,408)	(14,118,408)
Total comprehensive income for the year (as restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,118,408)</u>	<u>(14,118,408)</u>
Contributions by and distributions to owners						
Shares issued during the year	153	38,443	-	-	-	38,596
Share based payments (as restated)	-	-	148,582	(508,069)	-	(359,487)
Total transactions with owners	<u>153</u>	<u>38,443</u>	<u>148,582</u>	<u>(508,069)</u>	<u>-</u>	<u>(320,891)</u>
At 31 December 2019 (as restated)	<u><u>2,315</u></u>	<u><u>37,008,892</u></u>	<u><u>148,582</u></u>	<u><u>1,549,494</u></u>	<u><u>(51,934,000)</u></u>	<u><u>(13,224,717)</u></u>

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	<i>As restated</i>
	£	2019
		£
Cash flows from operating activities		
Loss for the financial year	(12,527,604)	(13,846,548)
Adjustments for:		
Amortisation of intangible assets	297,299	-
Depreciation of tangible assets	402,648	423,454
Loss on disposal of tangible assets	171,092	1,967
Interest paid	709,559	580,399
Interest received	(1,255)	(4,765)
Taxation charge	(879,957)	120,466
Decrease/(increase) in debtors	2,992,195	(1,096,920)
(Decrease)/increase in creditors	(1,802,617)	3,034,463
Corporation tax received	1,887,990	495,008
Increase in provisions	23,138	118,056
Share-based payment charge	2,865,132	(508,069)
Net cash used in operating activities	(5,862,380)	(10,682,489)
Cash flows from investing activities		
Purchase of tangible fixed assets	(246,956)	(300,670)
Cash paid on acquisition of subsidiary	(926,501)	-
Interest received	1,255	4,765
Net cash used in investing activities	(1,172,202)	(295,905)

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Cash flows from financing activities		
Issue of ordinary shares	23,869,865	38,596
New secured loans	-	14,858,847
Interest paid	(860,046)	(580,399)
Net cash generated from financing activities	<u>23,009,819</u>	<u>14,317,044</u>
Net increase in cash and cash equivalents	<u>15,975,237</u>	<u>3,338,650</u>
Cash and cash equivalents at beginning of year	7,933,386	4,247,897
Foreign exchange gains and losses	(113,173)	346,839
Cash and cash equivalents at the end of year	<u><u>23,795,450</u></u>	<u><u>7,933,386</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>23,795,450</u>	<u>7,933,386</u>
	<u><u>23,795,450</u></u>	<u><u>7,933,386</u></u>

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Dext Software Limited (formerly Receipt Bank Limited) is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 07361080). The registered office address is Unit 1.1 Techspace Shoreditch South, 32-38 Scrutton Street, London, EC2A 4RQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Group and the Parent Company would be identical;
- No Statement of Cash Flows has been presented for the Parent Company; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.3 Going concern

The Group has net current assets of £12,707,648 (2019: net current liabilities of £1,088,293).

The forecasts prepared by management include the net impact of the refinancing exercise partially completed in December 2021. This involved the repayment of the existing A & B term loans (totalling £10m) and £5m operating facility and the agreement of a new £38m term loan with an additional £5m operating facility. £15m was immediately drawn down at the time of agreement and the bank also confirmed that the £5m operating facility was available from this point, with the remaining £23m to be drawn down subject to the finalisation of certain documentation and legal confirmation.

At the time of approving the financial statements, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The directors have reviewed cashflow forecasts for at least 12 months from the date of signing the financial statements to ensure the Group can maintain its day-to-day services, fulfil its statutory obligations and meet future obligations to shareholders and other stakeholders.

The directors have modelled a range of scenarios including a downside scenario involving significant and ongoing revenue reductions over the next 12 months, as well as a limitation of the new term loan by £23m. Even in this scenario, the Group would have sufficient cash reserves to meet all current liabilities due over the next 12 months. Consequently, the directors have prepared these financial statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services (licence revenue)

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Where payments are received from customers in advance of the services being provided, these payments are accounted for as deferred income and included within creditors due within one year.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

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

2.7 Research and development

Research and development expenditure is expensed in the year in which it is incurred.

2.8 Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets.

Grants relating to revenue are recognised in other income over the period in which the related costs are recognised. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised in other income in the period in which it becomes receivable.

Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

2.9 Interest income

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

2.10 Finance costs

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

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life of 5 years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	25%
Computer equipment	-	50%

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

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

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.15 Employee benefits

Short-term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Consolidated Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.18 Contingent liabilities

Contingent liabilities are possible obligations depending on the outcome of uncertain future events, or present obligations where outflows of resources are not certain or cannot be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.19 Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

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

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

2.20 Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in profit or loss.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non-market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in profit or loss, with a corresponding adjustment to equity. Fair value of employee share options is measured by the use of a Black-Scholes model and fair value of growth shares is measured by the use of a Monte Carlo model.

The expected useful life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise constrictions, and behavioural constraints.

When share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Where share options are granted to employees of subsidiaries, the total expense is recognised by the Company, in accordance with the above policy.

2.21 Warrants

Warrants issued with common shares are measured at fair value at the date of issue using the Black-Scholes pricing model, which incorporates certain input assumptions including the warrant price, risk-free interest rate, expected warrant life and expected share price volatility. The fair value is included as a component of equity and is transferred from warrants to common shares on exercise.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.22 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Relief for research and development expenditure is claimed as a cash tax credit and is recognised on a receipt basis unless the amount of the claim can be reliably measured and it is probable that the amount will be recovered, in which case it would be recognised as a receivable in the Balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

In the application of the Group'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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Recoverability of intercompany receivables

The recoverability of intercompany balances requires judgement as to whether the future profitability of subsidiary entities will generate sufficient capital to repay intercompany debts. Due to the continued strategic expansion of the Group, the directors have concluded that there are potential limitations on the ability of certain subsidiaries to repay intercompany balances. At 31 December 2020, the intercompany receivable balance in the Parent Company was £3,679,387 (2019: £Nil) after impairment, the aggregate impairment in the Parent Company was £3,312,368 (2019: £6,376,874). There is no impact on the profit or loss or the Consolidated Statement of Financial Position.

Contingent and deferred share consideration in relation to the acquisition of Hatch Apps Ltd

During the year the Parent Company acquired a controlling interest in a new subsidiary undertaking, Hatch Apps Ltd. The consideration included cash and shares (equity). The equity element is payable contingent on the continued employment of the vendors for a minimum period of 1 year post acquisition and MRR targets being met. The treatment of the equity consideration as either cost of the combination or remuneration expense requires judgment, specifically, as to whether the substance of the transaction was for the acquisition of control, or for employment related services. Having assessed the characteristics of the transaction with reference to the requirements under Section 19 of FRS 102, the directors have judged the appropriate treatment of the equity consideration to be its inclusion within the cost of investment.

Key sources of estimation uncertainty

Bad debt provisions

The trade debtors balance of £719,380 (2019: £1,548,148) recorded in the Consolidated Statement of Financial Position comprises a number of small balances. A full line by line review of trade debtors is carried out at the end of each month and the provision for bad debt is recognised as required. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. Judgements in applying accounting policies (continued)

Share-based payments

Estimates have been made to value the equity settled share-based payments recognised through the issuance of share options during the period. The key assumptions used centre on the share price volatility associated with the Company's share price and the timing of a qualifying 'exit event' of the Company as options then become exercisable. Further details on share-based payments can be found within note 25.

Goodwill useful economic life

The goodwill balance of £2,972,988 recorded in the Consolidated Statement of Financial Position before amortisation, is in relation to the acquisition of Hatch Apps Ltd. Management have assessed 5 years to represent the useful economic life of this asset.

4. Turnover

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

	2020 £	2019 £
Software subscription revenue	34,053,726	28,537,429

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	15,706,014	12,705,759
Rest of Europe	3,354,016	1,287,350
Rest of the world	14,993,696	14,544,320
	34,053,726	28,537,429

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Other operating income

	2020 £	2019 £
Government grants receivable	149,176	-
Other income	6,742	-
	<u>155,918</u>	<u>-</u>

In 2020, government grants of £149,176 (2019: £Nil) were received under the Coronavirus Job Retention Scheme as part of a government initiative to provide immediate financial support as a result of the Covid-19 pandemic to reimburse the Group for 80% of the wages of certain employees who were placed on a temporary period of absence but were kept on the payroll. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

6. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Amortisation of intangible fixed assets	297,299	-
Depreciation of tangible fixed assets	402,648	423,454
Research & development charged as an expense	-	6,010,370
Exchange differences	36,588	314,868
Operating lease rentals	1,339,989	1,880,945
Share-based payment charge/(credit)	2,865,132	(508,069)
Impairment of debtors	129,764	186,498
	<u>129,764</u>	<u>186,498</u>

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>97,750</u>	<u>58,200</u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	<u>10,500</u>	<u>7,300</u>

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Employees

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

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Wages and salaries	21,771,095	19,800,354	10,983,574	9,427,038
Social security costs	2,495,454	2,159,915	1,418,038	1,142,296
Compensation for loss of office as director	-	192,699	-	192,699
Cost of defined contribution scheme	561,631	502,239	171,761	139,895
	24,828,180	22,655,207	12,573,373	10,901,928

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

	Group 2020 No.	<i>Group 2019 No.</i>	Company 2020 No.	<i>Company 2019 No.</i>
Product Development	166	162	41	36
Sales and Marketing	200	137	78	56
General Administration	74	87	48	67
	440	386	167	159

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	627,961	412,974
Directors pension costs	3,191	1,992
Compensation for loss of office	-	192,699
	<u>631,152</u>	<u>607,665</u>

During the year retirement benefits were accruing to 3 directors (2019: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £262,500 (2019: £276,404).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,314 (2019: £500).

The total accrued pension provision of the highest paid director at 31 December 2020 amounted to £109 (2019: £47).

During the year, £730,137 (2019: 910,065) growth shares were issued to 1 director (2019: 3 directors).

10. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	622,660	359,207
Bank charges	86,899	228,621
	<u>709,559</u>	<u>587,828</u>

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on losses for the year	(791,575)	151,625
Adjustments in respect of previous periods	(88,382)	(247,687)
Total current tax credit	<u>(879,957)</u>	<u>(96,062)</u>
Deferred tax		
Trading losses	-	(24,404)
Total deferred tax	<u>-</u>	<u>(24,404)</u>
Taxation on loss on ordinary activities	<u>(879,957)</u>	<u>(120,466)</u>

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: *higher than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(13,407,561)</u>	<u>(12,382,525)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(2,547,437)	(2,352,680)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	747,961	(38,996)
Capital allowances for year in excess of depreciation	-	36,195
Utilisation of tax losses	(13,936)	(89,846)
Higher rate taxes on overseas earnings	(9,273)	41,771
Adjustments to tax charge in respect of prior periods	(140,368)	(247,687)
Non-taxable income	(367,330)	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	(424,243)	-
Deferred tax credit	-	(24,404)
Unrelieved tax losses carried forward	1,448,411	2,474,293
Other differences leading to an increase in the tax charge	426,258	80,888
Total tax credit for the year	<u>(879,957)</u>	<u>(120,466)</u>

Factors that may affect future tax charges

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the statement of financial position date, as a result deferred tax balances as at 31 December 2020 continue to be measured at 19%.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

12. Intangible assets

Group

	Goodwill £
Cost	
Additions	2,972,988
At 31 December 2020	<u>2,972,988</u>
Amortisation	
Charge for the year	297,299
At 31 December 2020	<u>297,299</u>
Net book value	
At 31 December 2020	<u><u>2,675,689</u></u>
At 31 December 2019	<u><u>-</u></u>

Goodwill represents the acquisition of Hatch Apps Ltd (trading as Xavier), see Business combinations note 26 for more details.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible fixed assets

Group

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 January 2020	550,824	938,285	1,489,109
Additions	36,008	210,948	246,956
Acquisition of subsidiary	-	1,265	1,265
Disposals	(441,060)	(5,295)	(446,355)
Exchange adjustments	(5,258)	26,337	21,079
At 31 December 2020	<u>140,514</u>	<u>1,171,540</u>	<u>1,312,054</u>
Depreciation			
At 1 January 2020	222,009	694,558	916,567
Charge for the year	121,061	281,587	402,648
Disposals	(270,001)	(5,262)	(275,263)
At 31 December 2020	<u>73,069</u>	<u>970,883</u>	<u>1,043,952</u>
Net book value			
At 31 December 2020	<u>67,445</u>	<u>200,657</u>	<u>268,102</u>
At 31 December 2019	<u>328,815</u>	<u>243,727</u>	<u>572,542</u>

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

13. Tangible fixed assets (continued)

Company

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 January 2020	354,598	345,990	700,588
Additions	33,134	133,042	166,176
Disposals	(387,732)	(3,639)	(391,371)
At 31 December 2020	-	475,393	475,393
Depreciation			
At 1 January 2020	146,553	264,284	410,837
Charge for the year	88,614	121,072	209,686
Disposals	(235,167)	(3,639)	(238,806)
At 31 December 2020	-	381,717	381,717
Net book value			
At 31 December 2020	-	93,676	93,676
At 31 December 2019	208,045	81,706	289,751

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	5,530
Additions	3,339,491
At 31 December 2020	<u>3,345,021</u>

The investment additions in the year represent £3,039,893 relating to the acquisition of Hatch Apps Ltd (trading as Xavier), see Business combinations note 26 for more details. The residual additions during the year relate to employee share options being granted to overseas employees in the US and Australia, giving rise to an increase in investments of £80,634 in Receipt Bank Inc (US) and £218,964 in Dext Australia PTY Limited (Australia).

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Receipt Bank Inc	1209 Orange Street, Wilmington, New Castle, Delware, 19801, USA	Ordinary	100%
Dext Australia PTY Limited (formerly Receipt Bank Australia Pty Limited)	Level 13, 333 George Street, Sydney, New South Wales 2000, Australia	Ordinary	100%
RB Sofia EOOD	Asparoukh Street No 7 fl. Slavyanska" 19, fl.2, office 26, 1000 Sofia Center, Sofia	Ordinary	100%
1Tap App Limited	3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT	Ordinary	100%
Dext France SARL (formerly Receipt Bank France SARL)	27 - 33 Rue du Colonel Pierre Avia, Paris, France 75015	Ordinary	100%
Dext South Africa (PTY) Limited (formerly Receipt Bank SA PTY Limited)	11-14th Floor, Touchstone House, 7 Bree Street, Cape Town, South Africa	Ordinary	100%
Dext Canada Limited (formerly RBK Software Limited)	50 King St W, Suite 312 Toronto, ON M5H 3T9, Canada	Ordinary	100%
Hatch Apps Ltd	Unit 1.1 Techspace Shoreditch South, 32-38 Scrutton Street, London, United Kingdom, EC2A 4RQ	Ordinary	100%

The principal activity for all subsidiaries is that of bookkeeping and accounting software services.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Receipt Bank Inc	106,404	227,152
Dext Australia PTY Limited (formerly Receipt Bank Australia Pty Limited)	183,039	21,805
RB Sofia EOOD	1,089,773	465,362
1Tap App Limited	(2,556,661)	188,621
Dext France SARL (formerly Receipt Bank France SARL)	132,908	79,727
Dext South Africa (PTY) Limited (formerly Receipt Bank SA PTY Limited)	45,416	48,375
Dext Canada Limited (formerly RBK Software Limited)	(1,946)	(7,176)
Hatch Apps Ltd	(268,486)	(281,879)

15. Debtors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	719,380	1,548,148	435,451	299,402
Amounts owed by group undertakings	-	-	3,679,387	-
Other debtors	176,077	442,158	116,710	261,782
Prepayments and accrued income	738,747	2,555,310	638,003	2,309,723
Tax recoverable	-	952,596	265	771,264
Deferred taxation	44,880	24,404	-	-
	<u>1,679,084</u>	<u>5,522,616</u>	<u>4,869,816</u>	<u>3,642,171</u>

Amounts owed to the Parent Company of £6,991,755 (2019: £6,376,874) have been impaired by £3,312,368 (2019: *impaired in full*), with £3,679,387 (2019: *£Nil*) balances being shown as amounts owed to group undertakings as at 31 December 2020, as noted within note 3. The amounts owed to the Parent Company, are interest free, unsecured and repayable on demand.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2020	<i>As restated</i>	2020	<i>As restated</i>
	£	£	£	£
Bank loans	5,000,000	<i>5,000,000</i>	5,000,000	<i>5,000,000</i>
Trade creditors	639,353	<i>4,638,323</i>	181,136	<i>3,198,063</i>
Amounts owed to group undertakings	-	-	1,973,745	<i>1,096,692</i>
Corporation tax	123,778	<i>208,200</i>	-	-
Other taxation and social security	2,044,699	<i>1,316,019</i>	947,666	<i>454,921</i>
Other creditors	205,184	<i>363,083</i>	108,615	<i>117,778</i>
Accruals and deferred income	4,753,872	<i>3,018,670</i>	3,500,026	<i>1,980,502</i>
	12,766,886	<i>14,544,295</i>	11,711,188	<i>11,847,956</i>

The operating facility of £5m is repayable on 21 December 2021 and attracts an interest rate of 2.8% plus LIBOR per annum and is secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group.

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

	Group	<i>Group</i>	Company	<i>Company</i>
	2020	<i>2019</i>	2020	<i>2019</i>
	£	£	£	£
Bank loans	9,590,441	<i>9,858,847</i>	9,590,441	<i>9,858,847</i>

Term loans A & B, both for £5m attract an interest rate of 4.5% plus LIBOR per annum, are repayable December 2023 and September 2024 respectively and are secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group.

Warrants over equity instruments in the Parent Company have been issued to lenders in relation to bank loans, as detailed within Note 25.

On 11 December 2020, the Company obtained a Term C loan facility of £10m with its bankers, with an agreed draw down date by 11 June 2021. The Company did not draw down the loan facility by the agreed closing date. As part of the agreement £300,000 warrants with a fair value of £127,030 were issued to the loan holders in respect of the £10m Term C facility with the right to subscribe for ordinary shares until 11 December 2025 at an exercise price of £6.86 on the earlier of a qualifying event or an IPO. There are no other warrants as at 31 December 2020.

Unamortised debt fees of £409,559 (2019: £141,153) are costs associated with accounting for the term loans at amortised cost and accounting for the warrants issued to lenders in respect of the term loans. These warrants were treated as debt issuance costs and are being amortised over the life of the associated loans. The amounts owed to lenders falling due after more than one year including unamortised debt fees as at the year ended 31 December 2020 is £9,590,441 (2019: £9,858,847).

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Financial instruments

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, and foreign currency exchange rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the directors are implemented by the Group's finance department.

Credit risk

The Group's credit risk is primarily attributable to its trade debtors. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The Group's credit control function actively manages credit risk exposure at the counterparty level, reporting to management on at least a monthly basis.

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

Interest rate risk

The Group has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate. The Group has a policy of maintaining debt at fixed rates where possible to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Details of the terms of the Group's borrowings are disclosed in Note 19.

Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate risk as a result of trade debtors and trade creditors which will be settled in foreign currencies. The Group does not hedge any of its trading activities.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Loans

The operating facility of £5m is repayable on 21 December 2021, attracts an interest rate of 2.8% plus LIBOR per annum and is secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group.

Term loans A & B, each of which are for £5m, attract an interest rate of 4.5% plus LIBOR per annum and are repayable in December 2023 and September 2024 respectively. Further details are disclosed within note 17.

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Amounts falling due within one year				
Bank loans - operating facility (note 16)	5,000,000	<i>5,000,000</i>	5,000,000	<i>5,000,000</i>
Amounts falling due 2-5 years				
Bank loans - term loans (note 17)	9,590,441	<i>9,858,847</i>	9,590,441	<i>9,858,847</i>
	<u>14,590,441</u>	<i><u>14,858,847</u></i>	<u>14,590,441</u>	<i><u>14,858,847</u></i>

20. Deferred taxation

Group

	2020 £	<i>2019 £</i>
At beginning of year	(24,404)	<i>-</i>
Charged to profit or loss	(20,848)	<i>(24,404)</i>
Arising on business combinations	(372)	<i>-</i>
Deferred tax asset at end of year	<u>(44,880)</u>	<i><u>(24,404)</u></i>

The deferred tax asset is made up as follows:

	Group 2020 £	<i>Group 2019 £</i>
Accelerated capital allowances	(20,476)	<i>-</i>
Tax losses carried forward	(24,404)	<i>(24,404)</i>
	<u>(44,880)</u>	<i><u>(24,404)</u></i>

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

21. Provisions

Group

	Dilapidation provision £
At 1 January 2020	118,056
Charged to profit or loss	23,138
At 31 December 2020	141,194

Company

	Dilapidation provision £	Total £
At 1 January 2020	45,795	45,795
Charged to profit or loss	(45,795)	(45,795)
At 31 December 2020	-	-

22. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
13,998,345 (2019: 13,931,794) Ordinary shares of £0.0001 each	1,400	1,393
3,990,000 Series A shares of £0.0001 each	399	400
3,840,972 Series B shares of £0.0001 each	384	384
2,206,968 (2019: 1,268,376) Growth shares of £0.0001 each	221	127
211,973 (2019: 112,112) Deferred shares of £0.0001 each	21	11
3,616,244 (2019: Nil) Series C shares of £0.0001 each	362	-
	2,787	2,315

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. Share capital (continued)

During the year, the Company allotted 66,551 Ordinary shares with an aggregate nominal value of £6.6551. The total consideration received was £18,438.87.

During the year, the Company allotted 1,038,453 Growth shares with an aggregate nominal value of £103.8453. The total consideration received was £65,977.88.

During the year, the Company redesignated 99,861 Growth shares as Deferred shares with an aggregate nominal value of £9.9861. The total consideration received was £Nil.

During the year, the Company allotted 3,616,244 Series C shares with an aggregate nominal value of £361.6244. The total consideration received was £24,814,793.

Rights, preferences and restrictions

The Ordinary, Series A, Series B and Series C shares confer on each holder the right to attend general meetings and vote on proposed resolutions. These shareholders also participate pari passu in dividends declared by the Company.

On exit, liquidation or return of capital any surplus will be paid out first to Series C shareholder, second to Series B shareholders, and third to the Series A shareholders until they have received an amount equal to the subscription price and thereafter any remaining assets will be paid pro rata to the Ordinary and Growth shareholders, except as disclosed below in relation to growth shares.

Growth shares have no voting rights or dividend rights attached to them. Growth shares have no specific rights of redemption.

On exit, liquidation or return of capital Growth shareholders are entitled to receive 0.1% of any distribution due to the holders of Ordinary shares, prior to each holder of Series A and Ordinary shares receiving an amount per share equal to 99.9% of the hurdle amount. Thereafter, Growth shareholders participate pari passu with the holders of Series A and Ordinary shares.

Deferred shares have no voting right or dividend rights attached to them.

On a capital distribution, Deferred shareholders are entitled to receive £0.01 in aggregate for the entire class held by that holder, prior to each holder of any other class of share then in issue. Any deferred shares may be redeemed by the Company at any time at its option of £0.01 for Deferred shares held by any holder without obtaining the sanction of the holder.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

23. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Warrants reserve

On 21 December 2018, £250,000 warrants were issued and on 24 September 2019 a further £250,000 warrants with a fair value of £148,582 were issued to the loan holders, with the right to subscribe for ordinary shares until 21 December 2023 and 24 September 2024 respectively at 75% of the price paid on the earlier of the qualifying event or on IPO.

On 11 December 2020, the Company obtained a Term C loan facility of £10m with its bankers, with an agreed draw down date by 11 June 2021. The Company did not draw down the loan facility by the agreed closing date. As part of the agreement £300,000 warrants with a fair value of £127,030 were issued to the loan holders in respect of the £10m Term C facility with the right to subscribe for ordinary shares until 11 December 2025 at an exercise price of £6.86 on the earlier of a qualifying event or an IPO.

There are no other outstanding warrants at 31 December 2020. The warrant reserve reflects the fair value of the warrants issued and was measured using the Black Scholes model. The warrants are treated as debt issuance costs and are being amortised over the life of the associated loan.

Deferred shares

At the option of the Company, the deferred shares may be redeemed and cancelled by the Company without the consent of the holder. The deferred shares do not confer any rights to the holder.

Foreign exchange reserve

The foreign exchange reserve represents the cumulative movements in foreign exchange.

Share-based payment reserve

This reserve relates to the fair value of the options granted which has been charged to profit or loss over the vesting period of the options.

Profit and loss account

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

Capital contribution reserve

This reserve relates to share based payments whereby subsidiary employees have been granted share options in the Parent Company.

Deferred consideration - shares to be issued

This reserve relates to the fixed number of deferred and contingent shares to be issued in consideration for the acquisition of Hatch Apps Ltd (trading as Xavier) as disclosed within note 26.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

24. Analysis of net debt

	At 1 January 2020 £	Cash flows £	Other non- cash changes £	At 31 December 2020 £
Cash at bank and in hand	7,933,386	15,862,064	-	23,795,450
Debt due within 1 year (note 16)	(5,000,000)	-	-	(5,000,000)
Debt due after 1 year (note 17)	(10,000,000)	-	-	(10,000,000)
Unamortised debt fees (note 17)	141,153	-	268,406	409,559

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. Share-based payments

Employee share options

The Parent Company has a share option scheme for certain employees (including directors). Where share options are issued to employees of subsidiaries, the share option charge relating to these employees is recognised entirely by the Parent Company.

Share options are exercisable at a price determined through each individual option agreement. Options have varying vesting terms, with the majority expiring after 10 years and becoming exercisable upon the sale or listing of the Parent Company or in situations where the Board applies its discretion to approve exercise of the options.

Details of the number of share options and the weighted average exercise price outstanding during the period are as follows:

	Weighted average exercise price (pence) 2020	Number 2020	<i>Weighted average exercise price (pence) 2019</i>	<i>Number 2019</i>
Outstanding at the beginning of the year	0.66	1,354,115	0.55	1,633,664
Granted during the year	-	-	3.16	5,740
Correction of outstanding at the beginning of the year	1.41	(1,138)	-	-
Exercised during the year	0.26	(70,745)	0.01	(231,157)
Expired during the year	0.77	(212,721)	0.01	(54,132)
Outstanding at the end of the year	0.67	1,069,511	0.66	1,354,115

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. Share-based payments (continued)

Employee share options

The Parent Company recognised a total expense of £355,375 (2019: £1,580,631 credit) in relation to equity settled share-based payment transactions during the year. An additional expense of £299,599 (2019: £Nil) was recognised by the Group in relation to equity settled share options granted to employees of subsidiary companies resulting in an increase in the capital contribution reserve of £299,599 (2019: £Nil). These options grant rights over equity instruments in the Parent entity and therefore a further investment in subsidiaries of £299,599 (2019: £Nil) has been recognised by the Parent Company during the year ended 31 December 2020.

All employee share options have been valued using the Black-Scholes method.

Growth shares

The Parent Company recognised a total expense of £2,210,159 (2019: £1,072,562 as restated) in relation to growth shares granted to employees which has been recognised within the share-based payment reserve.

Prior year adjustments of £1,145,117 (£72,555 for the year ended 31 December 2018 and £1,072,562 for the year ended 31 December 2019), were recorded in respect of growth shares not previously recognised, as detailed within Note 27.

All growth shares have been valued using the Monte Carlo method.

The employee share options and growth share charges (2019: credit) have resulted in an increase (2019: decrease) in the share-based payment reserve to £3,943,227 (2019: £1,549,494 as restated).

Warrants

On 21 December 2018, £250,000 warrants were issued and on 24 September 2019 a further £250,000 warrants with a fair value of £148,582 were issued to the loan holders, with the right to subscribe for ordinary shares until December 2023 and 24 September 2024 respectively at 75% of the price paid on the earlier of the qualifying event or an IPO.

On 11 December 2020, the Company obtained a Term C loan facility of £10m with its bankers, with an agreed draw down date by 11 June 2021. The Company did not draw down the loan facility by the agreed closing date. As part of the agreement £300,000 warrants with a fair value of £127,030 were issued to the loan holders in respect of the £10m Term C facility with the right to subscribe for ordinary shares until 11 December 2025 at an exercise price of £6.86 on the earlier of a qualifying event or an IPO.

There are no other outstanding warrants at 31 December 2020. The warrant reserve reflects the fair value of the warrants issued. The warrants are treated as debt issuance costs and are being amortised over the life of the associated loan.

The Parent Company recognised a total charge of £29,716 (2019: £7,429) in relation to equity settled warrants during the year.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

26. Business combinations

On 11 June 2020, the Group obtained control of Hatch Apps Ltd (trading as Xavier) through the purchase of 100% share capital of the company, for total consideration of £3,309,893. Hatch Apps Ltd's principal activity is that of business and domestic software development.

Recognised amounts of identifiable assets acquired and liabilities assumed on acquisition of Hatch Apps Ltd

	Book value £	Fair value £
Tangible fixed assets	1,265	1,265
	<u>1,265</u>	<u>1,265</u>
Debtors	44,276	44,276
Cash at bank and in hand	31,040	31,040
	<u>76,581</u>	<u>76,581</u>
Total assets	76,581	76,581
Creditors due within one year	(9,676)	(9,676)
	<u>66,905</u>	<u>66,905</u>
Total identifiable net assets	66,905	66,905
Goodwill		2,972,988
		<u>3,039,893</u>
Total purchase consideration		3,039,893

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

26. Business combinations (continued)

Consideration

	£
Cash	900,000
Shares	2,082,353
Acquisition costs	57,540
Total purchase consideration	3,039,893

Share consideration is represented by deferred shares and contingent shares with the Parent Company shares being issued to the Sellers; 126,557 deferred shares to be issued by 31 May 2021, 126,557 deferred shares to be issued by 31 May 2022, 48,676 contingent shares to be issued by 31 December 2020 based on the earn-out being met and 48,676 contingent shares to be issued by 30 June 2021 based on the earn-out being met. The fair value of the share consideration has been valued by the directors at £6.90 per share, based on the Series C fund raise.

The fair value included within share consideration of £2,082,354, includes 126,557 deferred shares to be issued by 31 May 2021, 126,557 deferred shares to be issued by 31 May 2022 and 48,676 contingent shares to be issued by 31 December 2020 based on the earn-out being achieved. The second 48,676 contingent shares to be issued by 30 June 2021 based on the earn-out being met, was not considered to be achievable by management as at 31 December 2020 and therefore has not been included within consideration.

Subsequent to the year end all share consideration has been issued by the Parent Company following the acquisition by HG Capital via Hg Pooled Management Limited, as detailed in note 32.

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	900,000
Acquisition costs	57,539
	<u>957,539</u>
Less: Cash and cash equivalents acquired	(31,040)
Net cash outflow on acquisition	926,499

Hatch Apps Ltd contributed £215,465 to the Group's revenue and £334,720 loss to the Group's loss after tax for the period from the date of acquisition to the balance sheet date.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

27. Prior year adjustments

Prior year adjustments have been made in respect of share-based payment charges relating to growth shares not previously accounted for and an understatement of trade creditors and inter-company expenditure recharge.

Group

	<i>Equity As at 31 December 2019 £</i>	<i>Loss For the year-end 31 December 2019 £</i>	<i>Equity As at 31 December 2018 £</i>	<i>Loss For the year-end 31 December 2018 £</i>
As previously stated	(9,980,727)	(12,262,059)	(35,166,775)	(17,145,827)
Share-based payment charge*	-	(1,072,562)	-	(72,555)
Inter-company recharge**	(511,927)	(511,927)	-	-
	<u>(10,492,654)</u>	<u>(13,846,548)</u>	<u>(35,166,775)</u>	<u>(17,218,382)</u>

Share-based payment charge*

Growth shares granted to employees were previously treated as vesting on an Exit event. As at the years ended 31 December 2018 and 31 December 2019, an Exit event was not considered probable and no share-based payment charge was recognised in respect of the growth shares. It was subsequently identified that the Exit event did not represent a vesting condition but a market-based condition impacting the fair value calculation and the fair value of the growth shares should therefore have been recognised over the vesting period. A prior period adjustment of £72,555 in respect of the year ended 31 December 2018 and a prior year adjustment of £1,072,562 for the year ended 31 December 2019 have therefore been recognised to increase the loss for the years then ended. This adjustment has no impact on equity as the accounting entry in respect of the share-based payment charge results in the creation of a separate share-based payment reserve included within equity.

Inter-company recharge**

Trade creditors were understated in the prior year by £511,977 due to the mis-allocation of a payment made in respect of a brought forward liability as at 1 January 2019 between trade creditors and intercompany payables. As a result of this, the amount recognised in profit or loss as intercompany recharge of expenses was also understated. A prior period adjustment has been made to correct trade creditors and total expenditure for the year ended 31 December 2019, which has increased the loss for the year ended 31 December 2019 by £511,927.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

27. Prior year adjustments (continued)

Parent Company

	<i>Equity As at 31 December 2019 £</i>	<i>Loss For the year-end 31 December 2019 £</i>	<i>Equity As at 31 December 2018 £</i>	<i>Loss For the year-end 31 December 2018 £</i>
As previously stated	(12,712,790)	(12,533,919)	1,214,582	(22,132,534)
Share-based payment charge*	-	(1,072,562)	-	(72,555)
Inter-company recharge**	(511,927)	(511,927)	-	-
	<u>(13,224,717)</u>	<u>(14,118,408)</u>	<u>1,214,582</u>	<u>(22,205,089)</u>

Share-based payment charge*

Growth shares granted to employees were previously treated as vesting on an Exit event. As at the years ended 31 December 2018 and 31 December 2019, an Exit event was not considered probable and no share-based payment charge was recognised in respect of the growth shares. It was subsequently identified that the Exit event did not represent a vesting condition but a market-based condition impacting the fair value calculation and the fair value of the growth shares should therefore have been recognised over the vesting period. A prior period adjustment of £72,555 in respect of the year ended 31 December 2018 and a prior year adjustment of £1,072,562 for the year ended 31 December 2019 have therefore been recognised to increase the loss for the years then ended. This adjustment has no impact on equity as the accounting entry in respect of the share-based payment charge results in the creation of a separate share-based payment reserve included within equity.

Inter-company recharge**

Trade creditors were understated in the prior year by £511,977 due to the mis-allocation of a payment made in respect of a brought forward liability as at 1 January 2019 between trade creditors and intercompany payables. As a result of this, the amount recognised in profit or loss as intercompany recharge of expenses was also understated. A prior period adjustment has been made to correct trade creditors and total expenditure for the year ended 31 December 2019, which has increased the loss for the year ended 31 December 2019 by £511,927.

28. Contingent liabilities

The Parent Company and its wholly owned subsidiaries, 1Tap App Limited, Receipt Bank Inc and Receipt Bank Australia Pty Limited, have provided guarantee of amounts due to the Parent Company's bankers, Canadian Imperial Bank of Commerce, secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group. Amounts outstanding at 31 December 2020 are disclosed within notes 16, 17 and 19.

The Parent Company has a contingent liability of £nil (2019: £1,063,515) as at 31 December 2020, in relation to a letter of credit provided by Canadian Imperial Bank of Commerce to Silicon Valley Bank, who in turn has a letter of credit in place to the Group's landlord.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

29. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £561,631 (2019: £502,239). Contributions totalling £83,514 (2019: £129,390) were payable to the fund at the reporting date and are included in other creditors.

30. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	<i>Group 2019 £</i>	Company 2020 £	<i>Company 2019 £</i>
Not later than 1 year	562,171	<i>1,526,155</i>	-	<i>738,552</i>
Later than 1 year and not later than 5 years	995,236	<i>2,982,526</i>	-	<i>93,078</i>
	<u>1,557,407</u>	<i><u>4,508,681</u></i>	<u>-</u>	<i><u>831,630</u></i>

During the year, on 15 September 2020 the Parent Company entered into two deeds of surrender, releasing total commitments of £308,489 from the amount disclosed within the prior year commitments for both the Parent Company and the Group.

31. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

Transactions with key management personnel

Key management personnel are considered to be the directors of the Parent Company. Total transactions with key management personnel for the year were £713,170 (2019: £605,673).

Transactions with directors

During the year, a director invoiced the Company £46,350 (2019: £24,000) in respect of consultancy services. At year end, there was £Nil (2019: £12,000) outstanding in creditors.

On 02 January 2020, a director purchased 7,283 Series C convertible preference shares for total consideration of £49,997.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

32. Events after the reporting date

Change in company name

On 13 August 2021, the Parent Company, formerly Receipt Bank Limited, effected a change of legal name to Dext Software Limited.

Change in controlling party

On 6 May 2021, Dext Bidco Limited became the immediate parent company with significant control, holding more than 75% of the shares in the Parent Company. See note 33 for more details.

Re-designation of shares

On 6 May 2021 all Series B preference shares of £0.0001 and series C preference shares of £0.001 were re-designated as Ordinary shares of £0.001 which have attached to them full voting rights and full dividend rights.

Allotment of shares

On 12 February 2021, the Parent Company issued 4,194 Ordinary shares with a nominal value of £0.0001 at a subscription price of £0.01. The total subscription value was £41.94.

On 20 February 2021, the Parent Company issued 48,676 Ordinary shares with a nominal value of £0.0001 at a subscription price of £0.0001. The total subscription value was £4.87. These shares were issued as contingent share consideration in connection with the acquisition of Hatch Apps Ltd, a subsidiary of the Parent Company, acquired during the year.

On 6 May 2021, the Parent Company issued 301,790 Ordinary shares with a nominal value of £0.0001 at a subscription price of £0.0001. The total subscription value was £30.18. These shares were issued as deferred and contingent share consideration in connection with the acquisition of Hatch Apps Ltd, a subsidiary of the Parent Company, acquired during the year.

On 6 May 2021, the Parent company issued 1,211,118 ordinary shares with a nominal value of £0.0001 at a subscription price ranging between £0.01 and £23.50. The total subscription value was £1,701,026.

Acquisition and share based payment charges

Subsequent to the year end, on 6 May 2021 the Parent Company was acquired by HG Capital via Hg Pooled Management Limited, who obtained a controlling stake in the business which gave rise to a share based payment charge of £1,060,333 in respect of employee share options which vested on an Exit event.

The acquisition of the Parent Company by HG Capital via Hg Pooled Management Limited resulted in the accelerated vesting of growth shares granted to employees which gave rise to a share based payment charge of £6,544,480.

Subsequent to the year end, on 10 April 2021 the Parent Company issued 86,368 growth shares to employees which were then cancelled and a bonus cash payment of £255,000 was offered instead.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

32. Events after the reporting date (continued)

Warrants

On 11 December 2020, the Parent Company agreed a Term C loan facility of £10m with CIBC bank, with an agreed drawdown date by 11 June 2021. The Company did not draw down on the loan by the agreed closing date and consequently forfeited its right to the loan facility. As a result of the forfeiture, an impairment charge of £127,030 will be recognised in the financial statements for the year ended 31 December 2021 in respect of certain warrants granted to CIBC as a loan arrangement fee.

Loans

On 24 December 2021 the Company agreed a new loan facility with its existing lender (Canadian Imperial Bank of Commerce), secured by a fixed and floating charge on the Company's assets, including the undertakings of the Group. This involved the replacement of the existing debt (term loans A & B of £5m each and the operating facility of £5m totalling £15m) with a new £38m term loan and £5m operating facility. The term loan is repayable in December 2026 and attracts an interest rate of 3.25% plus the Sterling Overnight Interbank Average (SONIA) rate per annum, while the operating facility is also repayable in December 2026, attracting an interest rate of 3.00% plus SONIA per annum. £15m of the new loan was immediately drawn down with a further £5m available immediately on demand. The additional £23m will be made available subject to the provision of certain documentation and legal confirmation.

Lease terminations and new leases

On 11 March 2021, Receipt Bank Australia Pty Limited terminated the lease agreement for its office, previously entered into on 1 February 2019 for a period of 5 years to 31 January 2024. The total paid in lease termination fees was AUD\$1,100,000 (£623,795), releasing future lease payments of £1,379,205 disclosed within note 30 as operating lease commitments due as at 31 December 2020.

On 15 February 2021, Receipt Bank Australia Pty Limited entered into a new short term lease agreement for its office until 31 May 2021 for monthly rent of AUD\$18,011 (£10,214) and paid a service retainer of AUD\$40,100 (£22,740), the lease expired on 31 May 2021 after which the lease was extended to 31 December 2021 for monthly rent of AUD\$15,439 (£8,755). The total lease commitments under the lease agreements from 15 February 2021 to 31 December 2021 is £102,141.

On 1 June 2021, Receipt Bank Inc (US) entered into a new lease agreement for its office until 30 November 2021 for monthly rent of \$7,989 (£5,853) and paid a security deposit of \$12,238 (£8,966). The total lease commitments under the lease agreement from 1 June 2021 to 30 November 2021 is £35,117.

On 1 July 2021, Dext Software Limited (UK) entered into a new lease agreement for its office until 30 June 2023 for monthly rent of £50,000 and paid a deposit of £140,000. The total lease commitments under the lease agreement from 1 July 2021 to 30 June 2023 is £1,200,000.

On 1 July 2021, Receipt Bank SA Pty Limited (SA) entered into a new lease agreement for its office until 30 June 2022 for monthly rent of SAR57,000 (£2,846) and paid a security deposit of SAR78,000 (£3,894). The total lease commitments under the lease agreement from 1 July 2021 to 30 June 2022 is £34,149.

DEXT SOFTWARE LIMITED (FORMERLY RECEIPT BANK LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

33. Controlling party

Pre 6 May 2021 the directors did not consider there to be an ultimate controlling party.

Since 6 May 2021, the immediate parent company is Dext Bidco Limited, a company registered in England and Wales. The ultimate parent company is Dext Topco Limited, a company registered in Jersey.

The ultimate controlling party is HG Capital via HG Pooled Management Limited by virtue of its shareholding in the ultimate parent undertaking.