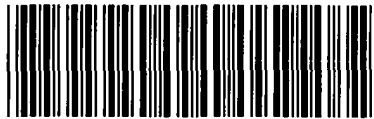


Registered number: 09593533

SOVA ASSESSMENT LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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SOVA ASSESSMENT LIMITED

COMPANY INFORMATION

Directors	A Bourne P N Davidson J R Tipper S Holness P S Knudson (resigned 5 January 2022) D H Naik (appointed 19 November 2021)
Registered number	09593533
Registered office	Riverside House 40-46 High Street Maidstone Kent ME14 1JH

SOVA ASSESSMENT LIMITED

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SOVA ASSESSMENT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors' responsibilities statement

The directors are responsible for preparing 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

Principal activity

The principal activity of the group in the year under review is that of delivering and developing digital psychometric assessment platforms.

Directors

The directors who served during the year were:

A Bourne
P N Davidson
J R Tipper
S Holness
P S Knudson (resigned 5 January 2022)
D H Naik (appointed 19 November 2021)

SOVA ASSESSMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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.

Auditor

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

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on **November 22, 2022** and signed on its behalf.

DocuSigned by:

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A Bourne
Director

SOVA ASSESSMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOVA ASSESSMENT LIMITED

Opinion

We have audited the financial statements of Sova Assessment Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2022 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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's or the 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.

SOVA ASSESSMENT LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOVA ASSESSMENT LIMITED
(CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 its environment obtained in the course of the audit, we have not identified material misstatements in 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Group strategic report.

SOVA ASSESSMENT LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOVA ASSESSMENT LIMITED
(CONTINUED)**

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group 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 an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

SOVA ASSESSMENT LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOVA ASSESSMENT LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Mark Anderson (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Riverside House
40 - 46 High Street
Maidstone
Kent

ME14 1JH

Date: 1st December 2022

SOVA ASSESSMENT LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover		3,891,612	2,497,334
Cost of sales		(859,154)	(705,432)
Gross profit		3,032,458	1,791,902
Administrative expenses		(5,951,033)	(3,659,529)
Exceptional administrative expenses		(131,957)	(314,526)
Other operating income		-	284,924
Operating loss	5	(3,050,532)	(1,897,229)
Interest receivable and similar income		-	7
Interest payable and similar expenses		(293,605)	(231,580)
Loss before tax		(3,344,137)	(2,128,802)
Tax on loss		10,402	350,000
Loss for the financial year		(3,333,735)	(1,778,802)
Other comprehensive income for the year			
Foreign exchange reserve movement		(12,388)	(5,111)
Other comprehensive income for the year		(12,388)	(5,111)
Total comprehensive income for the year		(3,346,123)	(1,783,913)
Profit for the year attributable to:			
Owners of the parent company		3,333,735	1,778,802
		3,333,735	1,778,802
Total comprehensive income attributable to:			

The notes on pages 14 to 29 form part of these financial statements.

SOVA ASSESSMENT LIMITED
REGISTERED NUMBER: 09593533


CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Intangible assets	9	553,632	-
Tangible assets	10	58,619	32,460
		<u>612,251</u>	<u>32,460</u>
Current assets			
Debtors: amounts falling due within one year	12	1,430,349	1,079,279
Cash at bank and in hand	13	3,352,065	1,595,233
		<u>4,782,414</u>	<u>2,674,512</u>
Creditors: amounts falling due within one year	14	(3,035,591)	(1,795,980)
Net current assets		<u>1,746,823</u>	<u>878,532</u>
Total assets less current liabilities		<u>2,359,074</u>	<u>910,992</u>
Creditors: amounts falling due after more than one year	15	(4,012,780)	(3,719,275)
Provisions for liabilities			
Net liabilities		<u>(1,653,706)</u>	<u>(2,808,283)</u>
Capital and reserves			
Called up share capital	16	221	214
Share premium account	17	7,295,739	2,795,046
Foreign exchange reserve	17	(8,347)	4,041
Profit and loss account	17	(8,941,319)	(5,607,584)
Equity attributable to owners of the parent Company		<u>(1,653,706)</u>	<u>(2,808,283)</u>
		<u>(1,653,706)</u>	<u>(2,808,283)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
November 22, 2022

A Bourne
Director

DocuSigned by:

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The notes on pages 14 to 29 form part of these financial statements.

SOVA ASSESSMENT LIMITED
REGISTERED NUMBER: 09593533

COMPANY BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	50,354	31,583
Investments		752,301	11,083
		<u>802,655</u>	<u>42,666</u>
Current assets			
Debtors: amounts falling due within one year	12	1,528,583	1,187,002
Cash at bank and in hand	13	2,833,076	1,484,124
		<u>4,361,659</u>	<u>2,671,126</u>
Creditors: amounts falling due within one year	14	(2,489,908)	(1,546,003)
Net current assets		<u>1,871,751</u>	<u>1,125,123</u>
Total assets less current liabilities		<u>2,674,406</u>	<u>1,167,789</u>
Creditors: amounts falling due after more than one year	15	(4,012,780)	(3,719,275)
Net liabilities		<u>(1,338,374)</u>	<u>(2,551,486)</u>
Capital and reserves			
Called up share capital	16	221	214
Share premium account	17	7,295,739	2,795,046
Profit and loss account brought forward		(5,346,746)	(3,515,402)
Loss for the year		(3,287,588)	(1,831,344)
Profit and loss account carried forward		(8,634,334)	(5,346,746)
		<u>(1,338,374)</u>	<u>(2,551,486)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on November 22, 2022

A Bourne
Director

DocuSigned by:
Alan Bourne
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The notes on pages 14 to 29 form part of these financial statements.

SOVA ASSESSMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 April 2021	214	2,795,046	4,041	(5,607,584)	(2,808,283)
Comprehensive income for the year					
Loss for the year	-	-	-	(3,333,735)	(3,333,735)
Foreign exchange	-	-	(12,388)	-	(12,388)
Total comprehensive income for the year	-	-	(12,388)	(3,333,735)	(3,346,123)
Shares issued during the year	7	4,500,693	-	-	4,500,700
At 31 March 2022	221	7,295,739	(8,347)	(8,941,319)	(1,653,706)

The notes on pages 14 to 29 form part of these financial statements.

SOVA ASSESSMENT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2020 (as previously stated)	196	310,831	9,152	(3,633,711)	(3,313,532)
Prior year adjustment	-	(10,831)	-	(195,071)	(205,902)
At 1 April 2020 (as restated)	<u>196</u>	<u>300,000</u>	<u>9,152</u>	<u>(3,828,782)</u>	<u>(3,519,434)</u>
Comprehensive income for the year					
Loss for the year	-	-	-	(1,778,802)	(1,778,802)
Foreign exchange	-	-	(5,111)	-	(5,111)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(5,111)</u>	<u>(1,778,802)</u>	<u>(1,783,913)</u>
Shares issued during the year	18	2,495,046	-	-	2,495,064
Total transactions with owners	<u>18</u>	<u>2,495,046</u>	<u>-</u>	<u>-</u>	<u>2,495,064</u>
At 31 March 2021	<u><u>214</u></u>	<u><u>2,795,046</u></u>	<u><u>4,041</u></u>	<u><u>(5,607,584)</u></u>	<u><u>(2,808,283)</u></u>

The notes on pages 14 to 29 form part of these financial statements.

SOVA ASSESSMENT LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2021 (as previously stated)	214	2,795,046	(5,480,705)	(2,685,445)
Prior year adjustment	-	-	133,959	133,959
At 1 April 2021 (as restated)	<u>214</u>	<u>2,795,046</u>	<u>(5,346,746)</u>	<u>(2,551,486)</u>
Comprehensive income for the year				
Loss for the year	-	-	(3,287,588)	(3,287,588)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(3,287,588)</u>	<u>(3,287,588)</u>
Contributions by and distributions to owners				
Shares issued during the year	7	4,500,693	-	4,500,700
At 31 March 2022	<u><u>221</u></u>	<u><u>7,295,739</u></u>	<u><u>(8,634,334)</u></u>	<u><u>(1,338,374)</u></u>

The notes on pages 14 to 29 form part of these financial statements.

SOVA ASSESSMENT LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020 (as previously stated)	196	300,000	(3,525,901)	(3,225,705)
Prior year adjustment	-	-	10,499	10,499
At 1 April 2020 (as restated)	<u>196</u>	<u>300,000</u>	<u>(3,515,402)</u>	<u>(3,215,206)</u>
Comprehensive income for the year				
Loss for the year	-	-	(1,831,344)	(1,831,344)
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(1,831,344)</u>	<u>(1,831,344)</u>
Contributions by and distributions to owners				
Shares issued during the year	18	2,495,046	-	2,495,064
At 31 March 2021	<u><u>214</u></u>	<u><u>2,795,046</u></u>	<u><u>(5,346,746)</u></u>	<u><u>(2,551,486)</u></u>

The notes on pages 14 to 29 form part of these financial statements.

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

1. General information

The principal activity of the group in the year under review is that of developing and delivering digital psychometric assessment platforms.

The parent company is incorporated and domiciled in the UK (company number 09593533).

The address of the group's registered office is:

Riverside House
40-46 High Street
Maidstone
Kent
ME14 1JH

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 judgment 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.

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 Balance sheet, 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.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102.

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.3 Going concern

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors have taken notice of the Financial Reporting Council guidance, which requires the reasons for this decision to be explained.

The directors have prepared and reviewed forecasts and projections for the group. The group has benefitted from an increase in new business and recurring contracts are seeing positive renewal rates. The proportion of subscription revenue continues to grow and there is a higher proportion of multi-year contracts bringing more predictability to forecast revenue. The directors believe that these increases will continue in the future and therefore have forecast increases in performance over the next 12 months. It is difficult to evaluate all the potential implications on the groups trade, customers, suppliers and the wider macro economic environment however should forecast revenue not be met, the business is well placed to reduce expenditure quickly to conserve cash.

Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As such they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is Sterling.

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 Consolidated statement of comprehensive income 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.

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in a straight line over the course of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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 Government grants

Government grants relate to amounts claimed as part of the UK government furogh scheme and similar Australian assistance schemes. These grants are recognised in the Consolidated statement of comprehensive income in the same period as related expenditure.

2.8 Interest income

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

2.9 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.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.11 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 Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.13 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.15 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.

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.

2.16 Development costs

Expenditure on research and development is written off in the year in which it is incurred.

2.17 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:

Computer equipment	-	33% on cost
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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.

2.18 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.19 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.20 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.

2.21 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.22 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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

The group may be required to make estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, definition seldom equal the related actual results. The principal areas where judgement was exercised are as follows:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors.

Intangible assets

Intangible assets are amortised over their useful lives taking into residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors.

Rebate

The group applies customer internal business arrangements to provide for rebates on a strategic growth perspective and for strategic families of products.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Impairment of investments

The company reviews its investments for impairment on an annual basis or whenever there are indicators of impairment.

4. Other operating income

	2022	2021
	£	£
Other operating income	-	120,955
Government grants received	-	163,969
	-	284,924
	-	284,924

Government grants received relates to monies claimed under the Coronavirus Job Retention Scheme.

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

5. Operating loss

The operating loss is stated after charging:

	2022 £	2021 £
Exchange differences	192,039	36,874
Depreciation and amortisation charge	42,453	14,844
	<u>192,039</u>	<u>36,874</u>

6. Auditor's remuneration

Fees payable to the Group's auditor and its associates in respect of:

Audit-related assurance services	17,000	13,500
Taxation compliance services	3,000	2,250
Other services relating to taxation	5,500	4,500
All other services	3,250	-
	<u>28,750</u>	<u>20,250</u>

7. Employees

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

	2022 No.	2021 No.
Employees	38	33
	<u>38</u>	<u>33</u>

8. Exceptional items

	2022 £	2021 £
Exceptional costs	131,957	314,526
	<u>131,957</u>	<u>314,526</u>

Exceptional costs relate to professional service fees incurred in securing Series A investment.

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

9. Intangible assets**Group and Company**

	Goodwill £
Cost	
Additions	573,077
At 31 March 2022	573,077
Amortisation	
Charge for the year on owned assets	19,445
At 31 March 2022	19,445
Net book value	
At 31 March 2022	553,632
At 31 March 2021	-

In the current year Sova Assessment Limited set up a wholly owned subsidiary in the United States, Sova Assessment Inc. On 11 March 2022 this subsidiary acquired a reseller agreement for a one-off \$250,000 sign up fee followed by a further one-off payment of \$220,000. In addition there is deferred consideration of \$275,000 based on the renewal agreement defined in the contract, which has been provided for on a contingent basis. The \$250,000 sign up fee will be amortised over three years while the following \$220,000 and \$275,000 will each be amortised over one year in line with the contract.

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

10. Tangible fixed assets**Group**

	Computer equipment £
Cost or valuation	
At 1 April 2021	67,492
Additions	49,167
At 31 March 2022	116,659
Depreciation	
At 1 April 2021	35,032
Charge for the year on owned assets	23,008
At 31 March 2022	58,040
Net book value	
At 31 March 2022	58,619
<i>At 31 March 2021</i>	32,460

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

10. Tangible fixed assets (continued)**Company**

	Computer equipment £
Cost or valuation	
At 1 April 2021	66,615
Additions	39,936
At 31 March 2022	106,551
Depreciation	
At 1 April 2021	35,032
Charge for the year on owned assets	21,165
At 31 March 2022	56,197
Net book value	
At 31 March 2022	50,354
At 31 March 2021	31,583

The net book value of land and buildings may be further analysed as follows:

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2021	11,083
Additions	741,219
At 31 March 2022	752,302

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Sova Assessment Limited (Ireland)	Suite 2241 26 Upper Pembrow Street Dublin	Ordinary	100%
Sova Assessment Pty Ltd	Collins Place Level 30, 35 Collins St Melbourne Victoria, 3000	Ordinary	100%
Sova Middle East FZ-LLC	Dubai Knowledge Park Block 9 PO Box 502221	Ordinary	100%
Sova Assessment Inc	874 Walker Road, Suite C, City of Dover, DE 19904	Ordinary	100%

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 March 2022 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) £
Sova Assessment Limited (Ireland)	(15,257)	(14,789)
Sova Assessment Pty Ltd	(151,433)	11,296
Sova Middle East FZ-LLC	(124,517)	(25,275)
Sova Assessment Inc	733,686	(12,373)

12. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	1,283,172	539,234	1,183,130	388,441
Amounts owed by group undertakings	1	-	225,773	279,658
Other debtors	14,910	395,155	-	382,086
Prepayments and accrued income	132,266	144,890	119,680	136,817
	<u>1,430,349</u>	<u>1,079,279</u>	<u>1,528,583</u>	<u>1,187,002</u>

13. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	3,352,065	1,595,233	2,833,076	1,484,124
	<u>3,352,065</u>	<u>1,595,233</u>	<u>2,833,076</u>	<u>1,484,124</u>

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14. Creditors: Amounts falling due within one year

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Trade creditors	238,270	359,297	220,036	358,245
Amounts owed to group undertakings	-	-	216,737	61,515
Corporation tax	227	225	-	-
Other taxation and social security	176,675	151,401	133,691	93,236
Other creditors	9,859	19,644	10,196	-
Accruals and deferred income	2,610,560	1,265,413	1,909,248	1,033,007
	<u>3,035,591</u>	<u>1,795,980</u>	<u>2,489,908</u>	<u>1,546,003</u>

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

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Bank loans	4,012,780	3,719,275	4,012,780	3,719,275
	<u>4,012,780</u>	<u>3,719,275</u>	<u>4,012,780</u>	<u>3,719,275</u>

Other loans include aggregate unsecured loans of £2,650,000 (2021: £2,650,000) advanced to the company by R Blair and J Tipper, who are both shareholders in Sova Assessment Limited.

These shareholder loans incurred interest during the year of £218,075 (2021: £203,044) and this is still outstanding at the balance sheet date. The total interest still outstanding on these loans was £660,750 (2021: £442,675).

Also included in other loans is an amount of £600,000 (2021: £600,000) from Octopus Investments Limited who are shareholders in Sova Assessment Limited. The loan accrued interest in the period of £75,430 (2021: £26,600). The total interest still outstanding on these loans was £102,030 (2021: £26,600).

16. Share capital

	2022 £	<i>2021 £</i>
Allotted, called up and fully paid		
43,041 (2021 - 43,041) Ordinary shares of £0.00455	195.84	195.84
25,265 (2021 - 13,658) A Ordinary shares of £0.00001 each	0.25	0.14
2,493 (2021 - 1,815) B Ordinary shares of £0.01000 each	24.93	18.15
	<u>221.02</u>	<u>214.13</u>

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

16. Share capital (continued)

During the year the company made the following share issues:

11,607 A ordinary shares with aggregate nominal value of £0.12 for total consideration of £4,500,022 (£387.70 each).

678 B ordinary shares with aggregate nominal value of £6.78 for total consideration of £678 (£1 each).

17. Reserves

Share premium account

Represents the aggregate of monies received for share issues over and above the share's nominal value.

Foreign exchange reserve

Represents the aggregate difference between opening and closing reserve balances held in currencies other than the functional currency where re-stated at the year end rate.

Profit and loss account

Represents the company's distributable reserves.

18. Share based payments

The group terminated its previous share option scheme and a new scheme was set up on 7 April 2020. Employees are granted share options in the company under the terms of the company's share scheme. The options are granted with a fixed exercise price and are exercisable on the date on which exit occurs. Employees are not entitled to dividends until the share options are exercised.

As at 31 March 2022 EMI share options are held by 14 employees over a total of 4,185 B Ordinary shares of £0.01 each.

No provision for the cost of the options has been made in respect of these options in the current year on the basis that the directors are of the opinion that the amounts involved are immaterial.

19. Pension commitments

The company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company by an independent provider. The pension cost charge represents contributions payable by the company to the fund and amounted to £75,897 (2021 - £35,276).

Contributions totalling £10,195 (2021 - £Nil).

SOVA ASSESSMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

20. Commitments under operating leases

At 31 March 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	<i>Group 2021 £</i>
Not later than 1 year	210,000	-
	<hr/> 210,000 <hr/>	<hr/> - <hr/>

21. Related party transactions

Other loans include aggregate unsecured loans of £2,650,000 (2021: £2,650,000) advanced to the company by R Blair and J Tipper, who are both shareholders in Sova Assessment Limited.

These shareholder loans incurred interest during the year of £218,075 (2021: £203,044) and this is still outstanding at the balance sheet date. The total interest still outstanding on these loans was £660,750 (2021: £442,675).

Also included in other loans is an amount of £600,000 (2021: £600,000) from Octopus Investments Limited who are shareholders in Sova Assessment Limited. The loan accrued interest in the period of £75,430 (2021: £26,600). The total interest still outstanding on these loans was £102,030 (2021: £26,600).

22. Controlling party

The directors do not consider that any one party has ultimate control of the company.