

Registered number
05915098

Ittransition Group Limited
Report and Financial Statements
31 December 2020



ltransition Group Limited

Registered number: 05915098

Directors' Report

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

Principal activities

The company's principal activity during the year continued to be that of software publishing & IT and management consultancy services.

Future developments

These form part of the Strategic Report.

Research and development

The company does not undertake any research and development activities.

Financial instrument risk

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Dividends

The directors did not recommend any interim or final dividends for the current year. Total distributions in the year ended 31 December 2019 were £616,103.

Events since the balance sheet date

The directors accept that the current, exceptional and ever changing, economic climate will present challenges to the company during 2021 and there remains uncertainty as to how this will affect the results of the company for the forthcoming financial year. Notwithstanding this, the company has a healthy level of financial and cash resources to help withstand the challenging period ahead.

As with any company facing such exceptional circumstances, the directors acknowledge that there can be no certainty as to the overall impact on the company's financial performance and position, although at the date of approval of these financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational

existence for the foreseeable future.

Directors

The following persons served as directors during the year:

Mr. Y. Chernikov
Mr. M. Ostarhov
Mrs. I. Hvardzeitsava

Political donations

There were no political donations whatsoever during the year.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Third party indemnity provisions

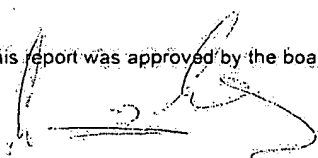
The Companies Act 2006 expressly prohibits a company (or any other member of its group) from entering into arrangements with directors or any other persons exempting the directors from or otherwise indemnifying them against any liability they may have for negligence, default, breach of duty or breach of trust in relation to the company.

However, the company may grant an indemnity in respect of certain types of liability that one or more directors may incur to third parties, so long as the indemnity satisfies the criteria for a "qualifying third party indemnity provision".

The company may also fund directors' legal costs incurred in breach of trust in relation to the company. Any loan made by the company to fund costs of legal proceedings must be subject to a right of repayment exercisable by the company if any director's defence proves unsuccessful.

Even though it hasn't done so yet, the company is able to purchase insurance to cover the directors' liability for negligence, default or breach of duty.

This report was approved by the board on 10 May 2021 and signed on its behalf.



Iryna Hvardzeitsava
Director

ltransition Group Limited
Statement of Directors' Responsibilities

The directors are responsible for preparing the report and financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Itransition Group Limited

Strategic Report

Company Background

Itransition Group Ltd is a trusted global software development company serving clients from over 30 countries. Itransition Group Ltd delivers a full spectrum of software consulting, development and testing services, effectively handling software projects of any scale and complexity.

Itransition Group Ltd is a subsidiary of Itransition Holding Ltd and part of the Itransition Group. The Group operates across Europe and the US from the delivery centres in the UK (London), the USA (Boston, Massachusetts and Denver, Colorado) and development offices in Belarus (Minsk), Poland (Warsaw), Latvia (Riga), the Russian Federation (St. Petersburg and Ryazan), and Ukraine (Kiev).

Our Business

Itransition Group Ltd is a global IT solutions provider that covers the full cycle of software development and testing process, starting from ideation and business consulting to implementation and customer support, to ensure end-to-end project delivery. The company's services, in particular, include:

IT Strategy & Consulting;
Application Development;
Product Engineering;
Systems Integration;
Quality Assurance & Testing;
Application Management;
Maintenance & Support; and
DevOps Practices.

Itransition Group Ltd helps medium-sized and large companies and startups to design, engineer and deliver software that supplies their ad-hoc needs and brings ideas to life.

Goals and Strategy

We are striving to double our revenue by 2025. To achieve this goal, we have already been applying the following practices:

- Continuous optimization of our activities and improved cash flow
- Developing new models for operations
- Deepening relations with our current customers
- Strengthening software vendor relations
- Intense internet marketing (advertising campaigns, content marketing, etc.)
- Joint marketing campaigns with partner vendors

Our expertise

Our customers can rely on our deep technical expertise and proven methodology as we work alongside them throughout the entire solution lifecycle to successfully implement digital ideas, maximize the value of software investment and address critical business needs.

Technology consulting

Itransition Group Ltd delivers tailored consulting services to enforce our customers' decision-making and costs optimization. We offer IT infrastructure audit, solution architecture, technology consulting, business process analysis and formalization, and application security consulting.

Software engineering

We build, customize, migrate and modernize software solutions for specific business needs – from managing data, processes or infrastructure to boosting customer engagement, and enabling information-based decision support, etc.

UX design

With the focus on user experience across digital channels, Itransition Group Ltd covers all UX process stages, from conceptualization to implementation. We build digital experiences from scratch or audit and redesign existing solutions. We apply our design thinking and technology background to help our customers deliver engaging experiences for their end clients, employees and partners.

Operations support

Ittransition Group Ltd offers all-round maintenance, enhancement and configuration services. We deploy stable solutions for application performance, security, identity and access management and 24/7 monitoring tools for distributed IT environments.

Quality assurance

Our QA engineers provide unit, integration, performance, compatibility, usability, and security testing as part of our software development projects, as well as independent QA consulting and testing services.

Quality Management and Information Security

We are continuously investing in applications, tools and infrastructure to manage all aspects of our global delivery process in order to manage quality and security risks, while providing control and visibility across all project lifecycle stages both internally and to our customers. We maintain processes and infrastructure to protect our clients' and their customers' confidential and sensitive information and allocate resources to ensure information security, cybersecurity and data privacy.

Corporate and Social Responsibility

We are committed to integrating positive social, environmental and ethical practices into our business operations and strategy. This commitment is key to our continual development as a business and drives value for our employees, customers, business partners, the community. We practice the principles established in our Code of Ethical Conduct by making positive contributions to the communities in which we operate and championing corporate social responsibility efforts.

Key Performance Indicators

Indicator	Yr 2020	Yr 2019	Diff. %
Revenue	£32,542,041	£28,212,478	15%
Revenue from New Customers	£3,357,000	£3,445,000	-3%
Operating Profit	£677,438	£642,650	5%
Return on Sales	2.08%	2.28%	-9%
Debtors' Collection Period (days)	26	28	-6%

The UK Market is a significant player in the Global Technology Ecosystem. The Tech sector in the UK has been a strong performer as it grew much faster than the overall economy. Ittransition Group Limited has demonstrated revenue growth of about £4m during the year 2020. A consistent increase in the company's revenue shows strong growth in business. Ittransition Group Ltd is a reliable partner and more and more companies trust us and our expertise. Despite the challenges of COVID-19, Ittransition Group Ltd continues to attract new customers. At the same time, the company managed to build on existing customers' relationships and does its best to unveil and satisfy their demand for digital transformation.

The Company also admits to a slight decrease in the average duration of accounts receivable by 2 days.

Although the revenue shows quite confident growth, operating profit increased not so much. In light of the COVID-19 restrictions the company had to make more efforts to reach a better result in comparison with the year 2019. As a result, Ittransition Group Ltd had to incur additional expenses to save and increase its market share.

Risks Relating to Ittransition Group Limited

Ittransition Group Ltd while operating in the IT field faces the following risks:

Legislative and tax risks

The risk of loss due to a change in law in a particular jurisdiction would have some negative impact on the company. IT companies operate in multiple jurisdictions and may become subject to a wide range of income and other taxes. The IT industry is also subject to various state and local environmental and health and safety laws & regulations, including those related to the discharge of materials into the air, water and ground, the generation, storage, handling, use, transportation and disposal of regulated materials, the remediation of contaminated sites, and the health and safety of their employees.

A violation of these laws and regulations or permit conditions can result in substantial fines, permit revocation and other damages.

The company's operations could also suffer as a result of political changes or instability in a country or a region. Instability affecting the company's operations could stem from a change in government, legislative bodies, other foreign policy makers, or military control.

Regulatory risk refers to the risk that the company is not compliant with existing laws or where changes in laws and regulations will materially impact the business and increase the costs of operation, reduce the attractiveness of investment and/or change the competitive landscape, where these costs will be borne by the company.

Intellectual property risk

Due to discrepancies in the intellectual property protection laws of various countries, it cannot be assumed that all countries provide for the same degree of protection to intellectual property. Operating in a country with weak or no intellectual property protection laws at all could lead to the leak of important know-how, trade secrets and/or other intellectual property of the company, thus decreasing our competitive edge over our competitors.

Risk of strong competition

The company is subjected to the risk that our competitors' prices of comparable products will be lower and/or their range of offered products will be wider. Therefore, it is necessary to carry out comprehensive planning and provide competitive prices as well as build a diverse product portfolio. With the growing demand in the IT industry, players are expanding their business and new market entrants can appear and get a significant market share if their brand is successfully positioned and widely known abroad.

Labour turnover risk

The IT field is a very fast-growing field and is strongly dependent on the availability of an educated and experienced workforce. A shortage of qualified and experienced professionals on the market may create competition for the employees, thus exposing IT companies to a risk that key employees may be headhunted by competitors on the local or foreign markets. Constant necessity to hire and train new employees can result in high costs for the company, affecting productivity and hindering growth.

Inadequate workload of employees

This risk is closely connected to inaccurate forecasts and fluctuations regarding demand for ICT services. If the demand for ICT services is lower than the company's expected/optimal level of demand, the employee workload would be surplus to requirements, thus potentially resulting in extra costs related to idle employees. In case the demand for the company's services exceeds our expected/optimal level, the number of employees hired and other resources available to the company may be insufficient to respond to the demand.

Operational risk

Operational risk is a risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Itransition Group Ltd bears the operational risk with regard to the provided IT services, as the inability to perform these services may lead to a reduction of the company's competitiveness on the market.

There is a risk that some clients are not satisfied with the quality of services rendered and may ask for a refund from the company. Additionally, the delivery of low-quality services or failure to deliver services in a timely manner can lead to clients choosing other service providers, thus reducing the income of the company. The company may also incur significant costs related to the replacement and/or repair of any client's IT systems if, as a result of the ICT service provider's actions, damage has been done to the client's software or equipment.

The ICT sector is also highly dependent on accessibility and availability of external resources, such as electricity supply, internet coverage and other factors.

Technology risk

There is a risk of IT hardware or software malfunctions, making the company unable to deliver services to clients in a timely manner, therefore causing losses for the company (i.e., financial and reputational damage to the company). Additionally, the company may incur additional expenses for replacing the damaged hardware or reprogramming the software.

Confidentiality risk

In order to ensure the proper installation of ICT solutions, the client more often than not will be required to entrust its confidential information to the ICT service provider as well as ensure access to its information systems. Consequently, the clients expect that the service provider will ensure complete confidentiality regarding client information. In case confidential information is leaked, the reputation of the ICT service provider will most likely be damaged.

Service quality risk

Itransition Group Ltd provides IT services, which means that in case of low service quality, clients may find us non-competitive in the market that would negatively affect the company. Thus, it can be concluded that Itransition Group Ltd as the service provider bears full service quality risk.

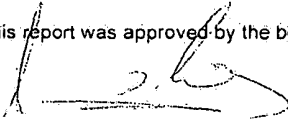
Debtor risk

Debtor risk is assumed when a client of the company does not remunerate the supplier for supplied goods or services. The company is subject to debtor risk related to its clients' purchases for which they have not paid yet. In a situation where the debtor fails to make timely payment for the goods and/or services purchased, the company's cash flow would be impaired, making it difficult to deploy resources effectively. It should be noted, however, that actual losses related to debtors occur only when the debtor ceases activity (i.e., the debtor becomes insolvent), thus, does not pay for the purchased goods or services at all.

Conclusion

During the year 2020, the spread of new strains of coronavirus and the disease created by that virus, COVID-19, has created a global pandemic, causing substantial public health and economic challenges around the world that continued to affect our employees, communities and business operations, as well as the global economy. The extent to which the coronavirus pandemic will further impact our business, operations and financial results will depend on numerous factors that are frequently changing or unknown and that we may not be able to accurately predict.

This report was approved by the board on 10 May 2021 and signed on its behalf:



Iryna Hvardzeitsava
Director

Itransition Group Limited
Independent auditor's report
to the member of Itransition Group Limited

Opinion

We have audited the financial statements of Itransition Group Limited (the 'company') for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and 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 the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

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

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

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Enquiry of management and those charged with governance into the specific rules and regulations pertaining to the entity. This has been furthered by both our understanding of the entity and of additional research, in particular into the international trading rules for the entity's key accounts.

Reviewing corporation tax records and enquiry with relevant persons to confirm filing and payment compliance.

Reviewing payroll records, calculations, and correspondence, and enquiry with relevant persons to confirm filing and payment compliance.

Reviewing VAT records and relevant HMRC correspondence, and carrying out reconciliations of VAT reports to supporting records.

Performing audit work to test financial statement disclosures to supporting documentation to assess compliance with applicable laws and regulations.

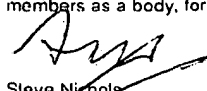
Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements 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 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.


Steve Nichols
(Senior Statutory Auditor)
for and on behalf of
Nichols & Co (Accountancy) Ltd
Statutory Auditor
10 May 2021

7 Mulberry Place
Pinnell Road
London
SE9 6AR

Transition Group Limited
Income Statement
for the year ended 31 December 2020

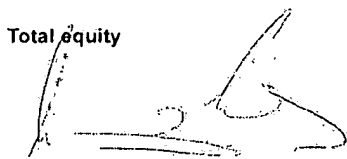
	Notes	2020 £	2019 £
Turnover	3	32,542,041	28,212,478
Cost of sales		(29,797,920)	(25,600,640)
Gross profit		<u>2,744,121</u>	<u>2,611,838</u>
Administrative expenses		(2,070,879)	(1,969,188)
Other operating income		4,196	-
Operating profit	4	<u>677,438</u>	<u>642,650</u>
Income from investments		-	127,888
Interest receivable		1,439	2,841
Profit on ordinary activities before taxation		<u>678,877</u>	<u>773,379</u>
Tax on profit on ordinary activities	7	(131,040)	(126,815)
Profit for the financial year		<u>547,837</u>	<u>646,564</u>

Itransition Group Limited
Statement of Comprehensive Income
for the year ended 31 December 2020

	Notes	2020 £	2019 £
Profit for the financial year		547,837	646,564
Other comprehensive income			
Total comprehensive income for the year		<u>547,837</u>	<u>646,564</u>

itransition Group Limited
Statement of Financial Position
as at 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Intangible assets	8	7,106	11,843
Tangible assets	9	<u>8,159</u>	<u>10,879</u>
		15,265	22,722
Current assets			
Debtors	11	4,532,840	4,938,273
Cash at bank and in hand		<u>4,560,832</u>	<u>1,334,947</u>
		9,093,672	6,273,220
Creditors: amounts falling due within one year	12	<u>(8,238,963)</u>	<u>(5,973,805)</u>
Net current assets		854,709	299,415
Net assets		<u>869,974</u>	<u>322,137</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	869,874	322,037
Total equity		<u>869,974</u>	<u>322,137</u>



Iryna Hvardzeitsava
 Director

Approved by the board on 10 May 2021

Ittransition Group Limited
Statement of Changes in Equity
for the year ended 31 December 2020

	Share capital	Share premium	Other reserves	Profit and loss account	Total
	£	£	£	£	£
At 1 January 2019	100	-	-	291,576	291,676
Profit for the financial year				646,564	646,564
Dividends				(616,103)	(616,103)
At 31 December 2019	100	-	-	322,037	322,137
At 1 January 2020	100	-	-	322,037	322,137
Profit for the financial year				547,837	547,837
At 31 December 2020	100	-	-	869,874	869,974

ltransition Group Limited
Statement of Cash Flows
for the year ended 31 December 2020

	Notes	2020	2019
		£	£
Operating activities			
Profit for the financial year		547,837	646,564
Adjustments for:			
Income from investments		-	(127,888)
Interest receivable		(1,439)	(2,841)
Tax on profit on ordinary activities		131,040	126,815
Depreciation		2,720	3,627
Amortisation		4,737	2,369
Decrease/(increase) in debtors		405,433	(1,451,055)
Increase in creditors		2,260,933	1,370,789
		<u>3,351,261</u>	<u>568,380</u>
Dividends received		-	127,888
Interest received		1,439	2,841
Corporation tax paid		(126,815)	(97,576)
Cash generated by operating activities		<u>3,225,885</u>	<u>601,533</u>
Investing activities			
Payments to acquire intangible fixed assets		-	(14,211)
Payments to acquire tangible fixed assets		-	(4,012)
Proceeds from sale of investments		-	13,591
Cash used in investing activities		<u>-</u>	<u>(4,632)</u>
Financing activities			
Equity dividends paid		-	(616,103)
Cash used in financing activities		<u>-</u>	<u>(616,103)</u>
Net cash generated/(used)			
Cash generated by operating activities		3,225,885	601,533
Cash used in investing activities		-	(4,632)
Cash used in financing activities		-	(616,103)
Net cash generated/(used)		<u>3,225,885</u>	<u>(19,202)</u>
Cash and cash equivalents at 1 January		<u>1,334,947</u>	<u>1,354,149</u>
Cash and cash equivalents at 31 December		<u>4,560,832</u>	<u>1,334,947</u>
Cash and cash equivalents comprise:			
Cash at bank		<u>4,560,832</u>	<u>1,334,947</u>

Ittransition Group Limited
Notes to the Accounts
for the year ended 31 December 2020

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Going concern

The company meets its day-to-day working capital requirements through maintaining a healthy level of liquidity and the directors are satisfied that the company is well placed to ensure that it can continue to meet its liabilities as they fall due.

However, the directors accept that the current, exceptional and ever changing, economic climate will present challenges to the company during 2021 and there remains uncertainty as to how this will affect the results of the company for the forthcoming financial year. Notwithstanding this, the company has a healthy level of financial and cash resources to help withstand the challenging period ahead.

As with any company facing such exceptional circumstances, the directors acknowledge that there can be no certainty as to the overall impact on the company's financial performance and position, although at the date of approval of these financial statements the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery, etc	25% on reducing balance basis
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Investments

Investments in subsidiaries, associates and joint ventures are measured at cost less any accumulated impairment losses. Listed investments are measured at fair value. Unlisted investments are measured at fair value unless the value cannot be measured reliably, in which case they are measured at cost less any accumulated impairment losses. Changes in fair value are included in the profit and loss account.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Provisions

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

2 Critical accounting estimates and judgements

It is the directors' opinion that there is no requirement to disclose critical accounting estimates and judgements as there were none.

3 Analysis of turnover

	2020	2019
	£	£
Services rendered	<u>32,542,041</u>	<u>28,212,478</u>
By geographical market:		
UK	21,768,198	17,613,525
Europe	2,939,464	2,829,846

North America	6,369,849	7,030,829
Rest of world	1,464,530	738,278
	<u>32,542,041</u>	<u>28,212,478</u>

4 Operating profit 2020 2019
£ £

This is stated after charging:

Depreciation of owned fixed assets	2,720	3,627
Amortisation	4,737	2,368
Operating lease rentals - land and buildings	101,944	88,772
Foreign exchange differences	20,590	33,070
Auditors' remuneration for audit services	12,000	-
	<u>122,991</u>	<u>127,837</u>

5 Directors' emoluments 2020 2019
£ £

Emoluments	84,529	103,881
Company contributions to defined contribution pension plans	1,074	807
	<u>85,603</u>	<u>104,688</u>

6 Staff costs 2020 2019
£ £

Wages and salaries	536,573	619,516
Social security costs	57,037	63,230
Other pension costs	5,633	8,021
	<u>599,243</u>	<u>690,767</u>

Average number of employees during the year

	Number	Number
Administration	6	8
Development	5	5
	<u>11</u>	<u>13</u>

7 Taxation 2020 2019
£ £

Analysis of charge in period

Current tax:		
UK corporation tax on profits of the period	131,040	126,815
	<u>131,040</u>	<u>126,815</u>
Tax on profit on ordinary activities	131,040	126,815
	<u>131,040</u>	<u>126,815</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

2020 2019

	£	£
Profit on ordinary activities before tax	<u>678,877</u>	<u>773,379</u>
Standard rate of corporation tax in the UK	19%	19%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	128,987	146,942
Effects of:		
Income excluded for tax purposes		(24,299)
Expenses not deductible for tax purposes	2,053	6,493
Capital allowances for period in excess of depreciation		(2,321)
Current tax charge for period	<u>131,040</u>	<u>126,815</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8 Intangible fixed assets	£
Software Development:	
Cost	
At 1 January 2020	14,211
At 31 December 2020	<u>14,211</u>
Amortisation	
At 1 January 2020	2,368
Provided during the year	4,737
At 31 December 2020	<u>7,105</u>
Carrying amount	
At 31 December 2020	<u>7,106</u>
At 31 December 2019	<u>11,843</u>

Software development is being written off in equal annual instalments over its estimated economic life of 3 years.

9 Tangible fixed assets	Plant and machinery
	<i>At cost</i>
	£
Cost or valuation	
At 1 January 2020	18,004
At 31 December 2020	<u>18,004</u>
Depreciation	
At 1 January 2020	7,125
Charge for the year	2,720
At 31 December 2020	<u>9,845</u>

Carrying amount	
At 31 December 2020	8,159
At 31 December 2019	<u>10,879</u>

10 Investments			
	Investments in subsidiary undertakings	Other investments	Total
	£	£	£
Cost			
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>
		2020	2019
		£	£
Dividends and other distributions from associates included in income. These represent dividends declared on 20 August 2019 prior to the sale of the subsidiary company, Itransition B.V., on 29 August 2019.		<u>-</u>	<u>127,888</u>

11 Debtors		2020	2019
		£	£
Trade debtors		2,005,705	2,691,380
Other debtors		72,931	42,336
Prepayments and accrued income		2,425,636	2,177,903
Commercial loans		28,568	26,654
		<u>4,532,840</u>	<u>4,938,273</u>

Other debtors include a bank security deposit of £21,134. A fixed charge was registered at Companies House on 11 November 2020 in favour of Lloyds Bank Plc with regard to a deposit agreement and to indemnify the Bank and its employees and agents against all losses incurred to secure the Company's own liabilities in an invitation to tender in the United Arab Emirates. The charge was satisfied on 3 February 2021 without any financial consequences.

12 Creditors: amounts falling due within one year		2020	2019
		£	£
Trade creditors		7,153,465	3,299,468
Corporation tax		131,040	126,815
Other taxes and social security costs		910,529	666,043
Other creditors		1,131	1,340
Accruals and deferred income		42,798	1,880,139
		<u>8,238,963</u>	<u>5,973,805</u>

13 Share capital	Nominal value	2020 Number	2020 £	2019 £
Alotted, called up and fully paid:				
Ordinary shares	£1 each	100	<u>100</u>	<u>100</u>

14 Profit and loss account	2020	2019
	£	£
At 1 January	322,037	291,576
Profit for the financial year	547,837	646,564
Dividends	-	(616,103)
At 31 December	<u>869,874</u>	<u>322,037</u>

15 Dividends	2020	2019
	£	£
Dividends on ordinary shares (note 14)	<u>-</u>	<u>616,103</u>

16 Events after the reporting date

The World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020. The pandemic, and the measures to control its human impact, have resulted in disruptions to economic activity and business operations worldwide.

As a consequence of the level of restrictions and advisories from the UK government, many companies were closed between March and June 2020. This had an immediate financial impact on the company and, notwithstanding that the company is now operational, there could be further financial implications in the future depending on factors such as the continued duration and spread of the outbreak and the effects on the financial markets and economy overall. The outcome of all these factors is highly uncertain.

The company has undertaken an assessment of its business plans, as part of its business continuity and contingency planning, and the directors believe it is well placed financially and operationally to withstand the uncertainties ahead. At the date of approval of the financial statements, the company is unable to determine a reliable estimate of the financial impact of COVID-19 on its profitability, liquidity and financial position. However, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements.

17 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	Land and buildings	Land and buildings	Other	Other
	2020	2019	2020	2019
	£	£	£	£
Falling due:				
within one year	102,164	102,164	-	-
within two to five years	147,266	249,430	-	-
	<u>249,430</u>	<u>351,594</u>	<u>-</u>	<u>-</u>

18 Contingent liabilities

As far as the directors are aware, there are no contingent liabilities that require disclosure.

19 Related party transactions

The company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with wholly owned group companies on the grounds that the consolidated financial statements are prepared by the ultimate parent company.

20 Controlling party

The immediate controlling party is the parent company, *ltransition Holding Ltd, incorporated in Guernsey and whose registered office address is at 4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey, GY1 2JA. The ultimate controlling party is Sergey Gvardeitsev.*

21 Presentation currency

The financial statements are presented in Sterling.

22 Legal form of entity and country of incorporation

ltransition Group Limited is a private company limited by shares and incorporated in England.

23 Principal place of business

The address of the company's principal place of business and registered office is at:

3rd Floor
5-8 Dysart Street
London
EC2A 2BX