

AbacusNext International Limited

Report and Financial Statements

Year Ended

31 December 2019

Company Number SC166375



COMPANIES HOUSE

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AbacusNext International Limited

Company Information

Directors	Marco Ferrari Scott Johnson
Company secretary	Brodies Secretarial Services Limited
Registered number	SC166375
Registered office	15 Atholl Crescent Edinburgh Scotland EH3 8HA
Independent auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB
Solicitors	Brodies LLP Solicitors 15 Atholl Crescent Edinburgh EH3 8HA

AbacusNext International Limited

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AbacusNext International Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,317,011 (2018 - £274,218).

Dividends paid out during the year amounted to £nil (2018 - £6).

Directors

The directors who served during the year were:

Marco Ferrari
Jerome Fodor (resigned 7 May 2019)
Alessandra Maria Victoria Lezama (resigned 5 April 2019)
John Scotson (resigned 9 May 2019)
Scott Johnson (appointed 9 July 2019)

Going concern

The directors have carried out an assessment over the going concern of the company. This included obtaining a letter of support from the ultimate parent company, Abacus Data Systems Inc, and assessing the ability of the ultimate parent company to provide the committed support by reviewing the financial performance and future financial performance of the Abacus Data Systems Inc group. This review was carried out for a period of 12 months from the date of approval of these financial statements.

The review considered the potential impact of COVID-19 on Abacus Data Systems Inc to be able to provide support. The activities of the Abacus Data Systems Inc group are to provide technology based solutions to the accounting, legal and business professions which are based on a subscription model. Therefore, there is not expected to be a significant impact on its activities or financial position in the period covering 12 months from date of approval of these financial statements.

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'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's auditor is aware of that information.

Post balance sheet events

The outbreak of the COVID-19 pandemic in early 2020 has affected business and economic activity around the world. The company considers this outbreak to be a non-adjusting post balance sheet event as of 31 December 2019. Details of the directors' consideration of the potential impact on the company is detailed in note 2.2.

AbacusNext International Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Small companies

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

5 March 2021

and signed on its behalf.



Marco Ferrari
Director

AbacusNext International Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2019

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

AbacusNext International Limited

Independent Auditor's Report to the Members of AbacusNext International Limited

Opinion

We have audited the financial statements of AbacusNext International Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

AbacusNext International Limited

Independent Auditor's Report to the Members of AbacusNext International Limited (continued)

Other information

The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 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 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, 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; 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 strategic report.

AbacusNext International Limited

Independent Auditor's Report to the Members of AbacusNext International Limited (continued)

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.

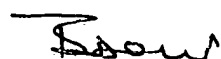
Auditor's responsibilities for the audit of the financial statements

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 these financial statements.

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.

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 that 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.



Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Edinburgh
United Kingdom

9 MARCH 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

AbacusNext International Limited

Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	3,390,042	3,292,891
Cost of sales		(2,087,010)	(3,361,608)
Gross profit/(loss)		1,303,032	(68,717)
Administrative expenses		(1,296,301)	(1,132,075)
Other operating income	5	942,024	1,157,181
Operating profit/(loss)	6	948,755	(43,611)
Interest receivable and similar income	10	79,786	160,731
Profit before tax		1,028,541	117,120
Tax on profit	11	288,470	157,098
Profit for the financial year		1,317,011	274,218
Total comprehensive income for the year		1,317,011	274,218

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 10 to 23 form part of these financial statements.

AbacusNext International Limited

Registered number: SC166375

Balance Sheet As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	245,054	5,340
Current assets			
Debtors: amounts falling due within one year	15	2,045,860	2,788,810
Cash at bank and in hand	16	621,653	214,681
		<u>2,667,513</u>	<u>3,003,491</u>
Creditors: amounts falling due within one year	17	(983,168)	(2,435,599)
Net current assets		<u>1,684,345</u>	<u>567,892</u>
Total assets less current liabilities		<u>1,929,399</u>	<u>573,232</u>
Provisions for liabilities			
Deferred tax	18	(39,156)	-
		<u>(39,156)</u>	<u>-</u>
Net assets		<u><u>1,890,243</u></u>	<u><u>573,232</u></u>
Capital and reserves			
Called up share capital	19	23,284	23,284
Share premium account	20	399,044	399,044
Profit and loss account	20	1,467,915	150,904
		<u><u>1,890,243</u></u>	<u><u>573,232</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 March 2021



Marco Ferrari
Director

The notes on pages 10 to 23 form part of these financial statements.

AbacusNext International Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	23,284	399,044	150,904	573,232
Comprehensive income for the year				
Profit for the year	-	-	1,317,011	1,317,011
Total comprehensive income for the year	-	-	1,317,011	1,317,011
Total transactions with owners	-	-	-	-
At 31 December 2019	23,284	399,044	1,467,915	1,890,243

Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	23,284	399,044	(123,308)	299,020
Comprehensive income for the year				
Profit for the year	-	-	274,218	274,218
Total comprehensive income for the year	-	-	274,218	274,218
Dividends: Equity capital	-	-	(6)	(6)
Total transactions with owners	-	-	(6)	(6)
At 31 December 2018	23,284	399,044	150,904	573,232

The notes on pages 10 to 23 form part of these financial statements.

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

AbacusNext International Limited is a private company, limited by shares, incorporated in Scotland, United Kingdom. The registered office and company number can be found on the company information page. The principal activity of the company relates to the provision of computer software and cloud computing solutions.

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 Section 1A of 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 Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

At the balance sheet date the company had net current assets of £1,684,345 (2018 - £567,892) and net assets of £1,890,243 (2018 - £537,232). This included obtaining a letter of support from the ultimate parent company, Abacus Data Systems Inc, and assessing the ability of the ultimate parent company to provide the committed support by reviewing the financial performance and future financial performance of the Abacus Data Systems Inc group. This review was carried out for a period of 12 months from the date of approval of these financial statements.

The review considered the potential impact of COVID-19 on Abacus Data Systems Inc to be able to provide support. The activities of the Abacus Data Systems Inc group are to provide technology based solutions to the accounting, legal and business professions which are based on a subscription model. Therefore, there is not expected to be a significant impact on its activities or financial position in the period covering 12 months from date of approval of these financial statements.

Therefore, the directors are satisfied that it remains appropriate to apply the going concern assumption to the financial statements.

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Revenue

Revenue represents amounts receivable for the provision of software technology, net of VAT. There are various streams of revenue included within the sales for the year that are recognised in the following ways:

On premise software

Revenue is recognised at the point of sale when the risk and reward of the transaction has been transferred.

Software subscription

Revenue is recognised over the period of subscription of the software.

Hosted software

Revenue is recognised evenly over the period that the service is provided.

Consulting and training

Revenue is recognised evenly over the period that the service is provided.

Renewals and maintenance

Revenue is recognised evenly over the period that the service is provided.

Publisher licence and royalties

Publisher licence income is recognised in the period that that access is provided. Royalties received in relation to on premise software are recognised in full at the point of sale. Royalties received in relation to hosted software are recognised over the period that the hosted software is provided.

Revenue is recognised net of VAT and any applicable rebates or discounts.

2.4 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.

2.5 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.

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

IT equipment	-	33% straight line
Fixtures and fittings	-	25% reducing balance

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 the statement of comprehensive income.

2.6 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.

2.7 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.

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.8 Financial instruments

The company 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.

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 statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

2.9 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.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.11 Operating leases: the company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.12 Other operating income

Other operating income represents management fees charged to group companies. These are recognised as the services are provided and the amounts are receivable.

2.13 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company 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 company in independently administered funds.

2.14 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.15 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project when certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.16 Foreign currency translation

Foreign currency translations 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 translation 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 the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.17 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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

In preparing these financial statements, the directors have had to make the following judgements:

Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Tangible fixed assets (note 14)

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 a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

4. Turnover

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

	2019 £	2018 £
United Kingdom	1,699,343	1,089,746
Rest of the world	1,302,439	1,749,905
USA	388,260	453,240
	<u>3,390,042</u>	<u>3,292,891</u>

5. Other operating income

	2019 £	2018 £
Management fees	<u>942,024</u>	<u>1,157,181</u>

6. Operating profit/(loss)

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	13,779	37,866
Exchange loss/(gain)	37,856	(18,117)
Other operating lease rentals	85,280	84,840
Defined contribution pension cost	<u>46,832</u>	<u>66,139</u>

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	14,750	25,069
Fees payable to the company's auditor for taxation compliance services	4,700	5,750
	<u>19,450</u>	<u>30,819</u>

8. Employees

The average monthly number of employees, including directors, during the year was 35 (2018 - 42).

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	91,026	294,308
Company contributions to defined contribution pension schemes	1,562	7,873
	<u>92,588</u>	<u>302,181</u>

The highest paid director received remuneration of £80,835 (2018 - £182,921).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,562 (2018 - £4,749).

10. Interest receivable

	2019 £	2018 £
Interest receivable from group companies	78,965	160,493
Other interest receivable	821	238
	<u>79,786</u>	<u>160,731</u>

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	45,659	-
Research and development tax credit	(374,777)	(151,662)
Total current tax	<u>(329,118)</u>	<u>(151,662)</u>
Deferred tax		
Origination and reversal of timing differences	39,652	(4,445)
Changes to tax rates	938	(953)
Over provided	58	(38)
Total deferred tax	<u>40,648</u>	<u>(5,436)</u>
Taxation on loss on ordinary activities	<u>(288,470)</u>	<u>(157,098)</u>

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	1,028,541	117,120
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	195,423	22,253
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	203	1,531
Research and development tax credit	(374,777)	(151,662)
Adjustments to tax charge in respect of previous periods - deferred tax	938	(38)
Adjust closing deferred tax to average rate of 19.00%	(4,607)	-
Fixed asset differences	25	34
Other permanent differences	-	95
Additional deduction for R&D expenditure	-	(224,312)
Adjustment to brought forward values	-	(55)
Group relief	(112,102)	-
Deferred tax not recognised	-	195,056
Other differences	6,427	-
Total tax charge for the year	(288,470)	(157,098)

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

The company has a potential deferred tax asset of £Nil (2018 - £493,697) relating to timing differences and accumulated losses. In line with accounting standards, this amount is unrecognised due to uncertainty over the timing of future taxable profits.

12. Dividends

	2019 £	2018 £
Dividends declared	-	6

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

13. Intangible assets

	Goodwill £
Cost	
At 1 January 2019	1,571,901
At 31 December 2019	<u>1,571,901</u>
Amortisation	
At 1 January 2019	1,571,901
At 31 December 2019	<u>1,571,901</u>
Net book value	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

14. Tangible fixed assets

	IT equipment £	Fixtures and fittings £	Total £
Cost			
At 1 January 2019	204,342	20,801	225,143
Additions	184,065	69,428	253,493
Disposals	(181,786)	(10,685)	(192,471)
At 31 December 2019	206,621	79,544	286,165
Depreciation			
At 1 January 2019	201,744	18,059	219,803
Charge for the year	11,501	2,278	13,779
Disposals	(181,786)	(10,685)	(192,471)
At 31 December 2019	31,459	9,652	41,111
Net book value			
At 31 December 2019	175,162	69,892	245,054
At 31 December 2018	2,598	2,742	5,340

15. Debtors

	2019 £	2018 £
Trade debtors	184,861	1,320,641
Amounts owed by group undertakings	1,405,943	1,345,382
Accrued income	367,953	61,941
Other debtors and prepayments	87,103	59,354
Deferred taxation (note 18)	-	1,492
	<u>2,045,860</u>	<u>2,788,810</u>

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>621,653</u>	<u>214,681</u>

17. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	65,738	93,590
Deferred income	838,286	1,929,943
Other taxation and social security	71,463	262,528
Other creditors	-	58,547
Accruals	7,681	90,991
	<u>983,168</u>	<u>2,435,599</u>

18. Deferred taxation

	2019 £	2018 £
At beginning of year	1,492	(3,944)
Charged to profit or loss	(40,648)	5,436
At end of year	<u>(39,156)</u>	<u>1,492</u>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(41,340)	(422)
Short term timing differences	2,184	1,914
	<u>(39,156)</u>	<u>1,492</u>

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
22,814 ordinary class A shares of £1 each	22,814	22,814
470 ordinary class B shares of £1 each	470	470
	<u>23,284</u>	<u>23,284</u>

The two classes of shares shall rank pari passu in all respects save that the holders of the B ordinary shares shall be entitled to receive notice of, to attend and be heard at, but not vote at, general meetings of the company. The holders of A ordinary shares can vote at general meetings of the company.

20. Reserves

The company's capital and reserves are as follows:

Share premium account

The share premium account represents the excess of the issue price over of the par value on shares issued.

Called up share capital

Represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents the cumulative net profits or losses in the statement of comprehensive income, less distributions.

21. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £46,832 (2018 - £66,139). Contributions totalling £Nil (2018 - £10,176) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than 1 year	<u>35,350</u>	<u>42,420</u>

AbacusNext International Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

23. Related party transactions

The company has taken advantage of the exemption available in section 33.1 of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any other wholly owned subsidiary undertaking of the group.

24. Post balance sheet events

The outbreak of the COVID-19 pandemic in early 2020 has affected business and economic activity around the world. The company considers this outbreak to be a non-adjusting post balance sheet event as of 31 December 2019. Details of the directors consideration of the potential impact on the company is detailed in note 2.2.

25. Controlling party

The immediate parent of the company is AbacusNext UK Limited, a private limited company incorporated in the United Kingdom with a registered office of Suite 1, 3rd Floor 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB. The ultimate parent is Abacus Data Systems, Inc, incorporated in the United States and with a registered office of 4850 Eastgate Mall, San Diego, CA 92121, United States. The company is included within the consolidated financial statements of Abacus Data Systems, Inc.