

## **The Open Group Limited**

Strategic report, Director's report and  
financial statements

Registered number 02134862

31 December 2021

WEDNESDAY



\*AC0CC1MZ\*

A22

29/03/2023

#82

COMPANIES HOUSE

## Contents

Strategic report	1
Director's report	3
Statement of director's responsibilities in respect of the strategic report, the director's report and the financial statements	4
Independent Auditor's report to the members of The Open Group Limited	5
Profit and loss account and other comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Cash flow statement	12
Notes	13

## Strategic report

The director presents his strategic report for the year ended 31 December 2021.

### Principal activities

The Open Group Limited ("the Company") is a wholly-owned subsidiary of The Open Group, L.L.C. (the parent and collectively "the Group").

The Open Group is a vendor- and technology-neutral consortium, whose vision of Boundaryless Information Flow™ will enable access to integrated information within and between enterprises based on open standards and global interoperability.

The Company's revenues from third parties during the year ended 31 December 2021 were derived from professional certification programs (Open CA, Open CDS and Open CIS) and research projects funded by the European Commission (EC).

In addition, the Company earned revenues by supplying services to the parent, mainly in respect of staff salaries and related costs, third party services, travel and marketing. These revenues are calculated by charging costs of the Company, with an appropriate mark-up, to the parent under a transfer pricing agreement. Charges for the supply of such services and the mark-up are payable by the parent on demand. During 2021, the rate of mark-up on services supplied to the parent was maintained at 4.0%, which the director feels is an appropriate percentage based on Company and parent profitability.

### Business review

#### (a) Review of the development and performance of the business in 2021

2021 was a year of solid progress for the Group. Turnover and profit were both in excess of the operating plan targets.

During 2021, turnover amounted to \$4,560,000 (2020: \$13,887,000), a decrease of 67%, following a review and subsequent changes to the allocation of revenues and costs within The Open Group. A profit for the financial year of \$642,000 (2020: profit of \$220,000) was achieved.

Revenues derived from the supply of services to the parent were \$3,611,000 (2020: \$12,589,000).

The balance sheet was further strengthened in 2021. Shareholder's funds increased by \$833,000 to \$5,657,000.

In addition, the Company significantly contributed to the following key achievements of the Group in 2021:

- The number of TOGAF® 9 certified individuals passed 115,000 in the fourth quarter, an increase of 10,000 during 2021
- The number of customer membership agreements rose from 806 to 873 during 2021, an increase of 8%
- The OSDU™ Forum, launched in 2018, gained 47 net new Silver members in 2021

#### (b) Principal risks and uncertainties facing the company

The principal risks and uncertainties for the Group as a whole are set out below. The Company continues to be directly and indirectly impacted by these risks, since it provides services to other members of the Group and to external customers of the Group. Therefore, in addition to these broader risks, a risk to the Company's individual operations is the operating structures and arrangements determined by the Group.

- It is impossible to predict whether or not we are approaching market saturation for TOGAF® 9 certification, which is now a significant part of overall Group revenues
- Large fluctuations in the exchange rates between the US dollar and the GB pound sterling can have a significant impact on our bottom line, regardless of the use of best practices for hedging the risk
- The impact of the withdrawal of the United Kingdom from the European Union in 2021 ("Brexit") on the Company's revenues derived from EC-funded projects remains unclear at this time, although it has not been significant to date
- The COVID-19 pandemic has not significantly affected our business to date; our staff mainly work from home, we have spent less on travel and invested in collaboration software tools that allow us to work remotely and yet productively with colleagues, customers and suppliers. The "reskilling emergency" highlighted in

2020 by the World Economic Forum has highlighted the increasing need for relevant people certification programs such as those offered by The Open Group, including the demand for Data Scientists, part of our Open Professions program

**(c) Key performance indicators (KPIs) in 2021**

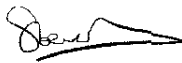
Company KPIs:

- EC project revenues decreased by 35% to \$685,000. This was due to two projects ending in early 2021
- Current certifications under the Open Professions certification program rose from 5,500 in December 2020 to 7,400 in December 2021

Group KPIs, supported by the activities of the Company:

- Revenues of the Group increased from \$17,583,000 in 2020 to \$17,886,000 in 2021
- The Open Subsurface Data Universe™ Forum, launched in 2018, gained 47 net new Silver members in 2021
- The number of customer membership agreements rose from 806 to 873 during 2021
- The number of individuals achieving TOGAF® 9 certification increased from 105,000 to 115,000
- The number of individuals achieving ArchiMate® certification increased from 9,200 to 10,500

By order of the board



S Nunn  
Director  
30 March 2023

Apex Plaza  
Forbury Road  
Reading  
Berkshire  
RG1 1AX

## Director's report

The director presents his annual report for the year ended 31 December 2021.

### Director

The director below held office during the year to 31 December 2021 and up to the date of this report:

Steven Nunn

### Director's and Officers' Liabilities

In accordance with section 236 of the Companies Act 2006, the Company maintains qualifying third party indemnity provision in the form of insurance for the director and officers of the Company, indemnifying them against certain liabilities incurred by them whilst acting on behalf of the Company. The insurance applied throughout the financial year ended 31 December 2021 and through to the date of this report.

### Dividends

The director is not recommending the payment of a dividend (2020: \$nil).

### Company locations

The Company operates through an office in the UK.

### Disclosure of information to the auditor

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Political contributions

No political contributions were made during the year (2020: \$nil).

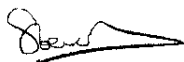
### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

### Strategic report

The reporting requirements on principal activities, business review, principal risks and uncertainties and KPIs are dealt with in the strategic report.

By order of the board



S Nunn  
Director  
30 March 2023

Apex Plaza  
Forbury Road  
Reading  
Berkshire  
RG1 1AX

## **Statement of director's responsibilities in respect of the strategic report, the director's report and the financial statements**

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the director must not approve the financial statements unless he is 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 director is 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## **Independent Auditor's report to the members of The Open Group Limited**

### **Opinion**

We have audited the financial statements of The Open Group Limited ("the Company") for the year ended 31 December 2021 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity, cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## **Independent Auditor's report to the members of The Open Group Limited (cont.)**

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the director and other management and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board meeting minutes.
- Considering remuneration incentive schemes and performance targets for the director and other management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the majority of revenue is generated from the recognition of a fixed cost plus mark up on expenses incurred on behalf of other entities in the group.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to certain unexpected account combinations.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

#### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the director and other management (as required by auditing standards), and discussed with the director and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, GDPR compliance and laws relating to fraud, corruption and bribery. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.



## **Independent Auditor's report to the members of The Open Group Limited (cont.)**

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

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. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's report to the members of The Open Group Limited (cont.)**

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Neil Hughes (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
2 Forbury Place  
33 Forbury Road  
Reading  
RG1 3AD  
30 March 2023

**Profit and loss account and other comprehensive income**  
**for the year ended 31 December 2021**

	<i>Note</i>	<b>2021</b> <b>\$000</b>	<b>2020</b> <b>\$000</b>
<b>Turnover</b>	<b>2</b>	<b>4,560</b>	<b>13,887</b>
Cost of sales		<b>(2,158)</b>	<b>(7,269)</b>
<b>Gross profit</b>		<b>2,402</b>	<b>6,618</b>
Other operating expenses	<b>3</b>	<b>(2,073)</b>	<b>(6,138)</b>
<b>Operating profit</b>		<b>329</b>	<b>480</b>
Net interest and similar charges	<b>4</b>	<b>211</b>	<b>(20)</b>
<b>Profit before taxation</b>	<b>5-7</b>	<b>540</b>	<b>460</b>
Tax on profit	<b>8</b>	<b>102</b>	<b>(240)</b>
<b>Profit after taxation</b>		<b>642</b>	<b>220</b>
<b>Other comprehensive income</b>			
Exchange differences arising on translation to presentation currency		<b>191</b>	<b>-</b>
Income tax on other comprehensive income	<b>8</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>833</b>	<b>220</b>

All amounts derive from continuing operations.

The accompanying notes form part of the financial statements.

**Balance sheet**  
**at 31 December 2021**

	Note	2021	2020
		\$000	\$000
<b>Fixed assets</b>			
Tangible assets	9	56	144
<b>Current assets</b>			
Debtors (including \$nil (2020: \$120,000) falling due after more than one year)	10	1,001	901
Cash at bank and in hand		6,557	10,067
		<u>7,558</u>	<u>10,968</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,957)</u>	<u>(6,067)</u>
<b>Net current assets</b>		<u>5,601</u>	<u>4,901</u>
<b>Total assets less current liabilities</b>		<u>5,657</u>	<u>5,045</u>
<b>Creditors: amounts falling due after more than one year</b>	12	-	(221)
<b>Net assets</b>		<u>5,657</u>	<u>4,824</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account		5,657	4,824
<b>Shareholder's funds</b>		<u>5,657</u>	<u>4,824</u>

The accompanying notes form part of the financial statements.

These financial statements were approved by the director on 30 March 2023 by:



**S Nunn**  
Director  
Registration number 02134862

Registered office:  
Apex Plaza  
Forbury Road  
Reading RG1 1AX

**Statement of changes in equity**  
*for the year ended 31 December 2021*

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Balance at 1 January 2021</b>	-	4,824	4,824
<b>Total comprehensive income for the year</b>			
Profit for the financial year	-	642	642
Other comprehensive income	-	191	191
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2021</b>	-	5,657	5,657
	<hr/>	<hr/>	<hr/>
<b>Balance at 1 January 2020</b>	-	4,604	4,604
<b>Total comprehensive income for the year</b>			
Profit for the financial year	-	220	220
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2020</b>	-	4,824	4,824
	<hr/>	<hr/>	<hr/>

The accompanying notes form part of the financial statements.

**Cash flow statement**  
**for the year ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	<b>642</b>	220
<i>Adjustments for:</i>		
Depreciation	<b>32</b>	62
Foreign exchange (gains) / losses	<b>(197)</b>	28
Interest receivable and similar income	<b>(14)</b>	(8)
Loss on sale of tangible fixed assets	<b>99</b>	6
Taxation	<b>(102)</b>	239
Decrease in trade and other debtors	<b>532</b>	50
(Decrease) / increase in trade and other creditors	<b>(4,670)</b>	1,323
Tax paid	<b>-</b>	(132)
	<hr/>	<hr/>
<b>Net cash (used) / generated by operating activities</b>	<b>(3,678)</b>	1,788
<b>Cash flows from investing activities</b>		
Interest received	<b>14</b>	8
Acquisition of tangible fixed assets	<b>(43)</b>	(137)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(29)</b>	(129)
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents	<b>(3,707)</b>	1,659
Cash and cash equivalents at 1 January	<b>10,067</b>	8,551
Effect of exchange rate fluctuations on cash held	<b>197</b>	(143)
	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	<b>6,557</b>	10,067

The accompanying notes form part of the financial statements.

## Notes

### *(forming part of the financial statements)*

#### **1 Accounting policies**

The Open Group Limited ("the Company") is a company limited by shares and incorporated in the U.K., domiciled and registered in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The presentation currency of these financial statements is US dollars. All amounts in the financial statements have been rounded to the nearest \$1,000, except where otherwise stated.

The Company's ultimate parent undertaking, The Open Group, L.L.C., includes the Company in its consolidated financial statements. Its consolidated financial statements are not available to the public. The Company is not therefore considered a qualifying entity (for the purposes of this FRS) and is unable to apply the disclosure exemptions available under FRS 102.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### ***Measurement convention***

The financial statements are prepared under the historical cost basis, except that derivative financial instruments are stated at fair value.

#### ***Going concern***

The financial statements have been prepared on a going concern basis which the director considers to be appropriate for the following reasons.

The Company's business activities are set out in the strategic report. The Company has been profitable and expects to continue to be profitable. The Company has substantial net assets and cash. The Company has entered into a transfer pricing arrangement with its parent, The Open Group, L.L.C., which allows the Company to recharge certain costs plus a mark-up. This arrangement is expected to continue for the foreseeable future. The director has performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the Company will have sufficient funds to meet its liabilities as they fall due during the period of at least 12 months from the date of approval of these financial statements ("the going concern assessment period"). That assessment is dependent on The Open Group, L.L.C. continuing to trade, providing a source of revenue for the Company and meeting its obligations to the Company during the going concern assessment period.

The Company's sole director is also the Chief Executive Officer and President of The Open Group, L.L.C.. Management of The Open Group, L.L.C. assessed the funding position of the Group for the same going concern assessment period, and concluded that the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Open Group, L.L.C.'s Platinum members have committed to their membership fees for the years ending 31 December 2022 and 2023. In addition, the Group works closely with its Platinum members and The Open Group, L.L.C.'s management believes that Platinum members will continue to support the Group beyond that date.

The director is confident that The Open Group, L.L.C. will meet its obligations to the Company, providing the Company with the cash flow necessary for it to pay its expenses. Consequently, the director is confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due during the going concern assessment period and therefore has prepared the financial statements on a going concern basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. The Company assesses at each reporting date whether tangible fixed assets are impaired. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of tangible fixed assets. The estimated useful lives are as follows:

Leasehold improvements	- 3 to 5 years (or remaining life of lease if shorter)
Office equipment	- 3 years
Computer equipment and software	- 2 years
Furniture and fittings	- 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### **Foreign currencies**

Prior to 1 January 2021, the Company managed the majority of the activities of The Open Group, L.L.C. in the USA and in the UK. Costs (whether incurred in the USA or the UK) in respect of the activities of The Open Group, L.L.C. group were incurred by the Company and recharged (with a suitable mark-up) to The Open Group, L.L.C. The majority of the Company's costs were incurred in US dollars and, in the opinion of management, the Company's functional currency was the US dollar. With effect from 1 January 2021, the activities of the Company changed such that it now acts as the entity managing The Open Group, L.L.C.'s activities in the UK; but it no longer manages The Open Group, L.L.C.'s activities in the USA. From 1 January 2021, costs of UK activities are incurred by the Company and recharged to The Open Group, L.L.C. (as previously) but costs incurred in the USA are now managed and paid for directly by The Open Group, L.L.C. From 1 January 2021, the majority of the Company's costs are incurred in pounds sterling, and in the opinion of management, the Company's functional currency changed to the pound sterling from that date.

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Management has selected a presentation currency of the US dollar, retaining consistency with historic practice and aligning with the functional currency of the Company's parent. To translate from the Company's functional to its presentation currency, assets and liabilities are translated at the closing rate at the balance sheet date and items of income and expense at the exchange rate on the date of the transaction. All resulting exchange differences are recognised in other comprehensive income.

#### **EC partner funds**

The Company periodically receives cash from the European Commission (EC) in respect of EC-funded projects for which the Company is the co-ordinator. Such cash and the associated liability to other project partners are netted so that neither asset nor liability is presented in the Company's financial statements.

#### **Leases**

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### **Trade and other debtors/creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.



## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### ***Derivative financial instruments***

The derivative financial instruments held at 31 December 2021 and at 31 December 2020 do not qualify for hedge accounting and consequently any gain / loss on the fair value of these contracts is immediately expensed to the profit or loss account.

#### ***Research and development***

All of the Company's research and development costs are expensed as incurred.

#### ***Employee benefits***

The Company makes contributions to two (2020: two) defined contribution pension plans. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### ***Taxation***

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

*Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.*

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowance have been met to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Classification of financial instruments issued by the Company*

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### *Legal accruals*

One of the objects of the Company is to actively defend its intellectual property and trademarks. An accrual is made based on advice from third party legal representatives where the Company is effectively committed to expenditure based on a management decision.

#### *Bonus accrual*

An accrual is made during each year of the qualifying bonus period of the long-term incentive plan (see note 6), with the aggregate accrual at each year end representing the amount earned to date.

#### *Turnover*

Revenues recognised in respect of services performed on behalf of others within the Group are recognised as performed.

Membership fees are recognized as revenue on a straight-line basis over the membership period. Unearned amounts are reflected as deferred revenue in the balance sheet.

Certification revenues comprise fees paid for certification of products, services and people, annual fees for accredited certification partners, annual royalties for certified products and software licences and associated annual support fees. Certification fees are recognised on receipt. All annual fees are recognized on a straight-line basis over the period of service with the unearned amounts reflected as deferred revenues. Licence fees are recognized on delivery.

Revenues for Collaboration Services comprise annual fees of participation in supported consortia activities - these revenues are recognised on a straight line basis during the period of delivery with the balance being shown in deferred revenues; consulting services which are billed in accordance with the contract billing schedules and recognized based on delivery of those services; operation of certification programs for third parties with revenues being recognised on receipt; royalty fees for software licences which are paid quarterly in arrears and are recognised on receipt; funds received from government grants for technology-based projects which are recognized on a time and materials basis. Franchise fees derived from membership activities in the franchise operations are recognised quarterly in arrears. Amounts charged to fellow subsidiaries for management services are recognised when the services are performed.

Turnover is stated exclusive of VAT and settlement discounts.

## Notes (continued)

### 2 Turnover

Turnover does not include any amounts for the sale of goods. Turnover from customers by location of customer for the year was as follows:

	2021 \$000	2020 \$000
Turnover from parent North America	3,611	12,589
Turnover from third party customers		
Europe	685	1,073
North America	154	212
Rest of the world	110	13
	<u>4,560</u>	<u>13,887</u>

### 3 Other operating expenses

	2021 \$000	2020 \$000
Distribution expenses	465	1,188
Administration expenses	1,608	4,950
	<u>2,073</u>	<u>6,138</u>

### 4 Net interest and similar charges

	2021 \$000	2020 \$000
Net interest receivable on financial assets	14	8
Net foreign exchange gains / (losses)	197	(71)
Other gains	-	43
	<u>211</u>	<u>(20)</u>

### 5 Auditor's remuneration

Auditor's remuneration in respect of the audit of these financial statements and the financial statements of The Open Group, L.L.C. is \$84,125 (2020: \$75,640).

## Notes (continued)

### 6 Staff numbers and costs

Staff numbers and costs (including director's emoluments):

	2021 \$000	2020 \$000
Wages and salaries	2,291	8,013
Social security costs	157	429
Pension costs	234	257
	<u>2,682</u>	<u>8,699</u>

Average monthly number of persons employed:

	2021 Number	2020 Number
Technical	9	25
Marketing, operations and publications	16	26
Administration	5	6
	<u>30</u>	<u>57</u>

#### *Deferred compensation arrangements - long-term incentive plan*

The Company operates a long-term incentive plan for eligible employees. Upon eligibility the Company will provide a percentage of the annual compensation, as defined, of the employee to be paid as a bonus at the end of the qualifying bonus period determined by management. The final amount of the bonus is dependent on Group performance during the qualifying bonus period. The on-target percentage entitlement is currently between 15% and 50% of annual salary based upon grade or seniority.

### 7 Remuneration of director

	2021 \$000	2020 \$000
Director's emoluments	340	335
Amounts receivable under long-term incentive schemes	149	145
Contributions to pension scheme	25	24
	<u>514</u>	<u>504</u>

Retirement benefits are accruing for one (2020: one) director under a money purchase pension scheme in respect of qualifying services. Remuneration of the highest-paid director was \$514,000 (2020: \$504,000). The amounts receivable under long term incentive schemes relate to the director's entitlement under the long-term incentive plan described in note 6, which will be paid at the end of the qualifying bonus period.

## Notes (continued)

### 8 Taxation

Analysis of charge in period:

	2021 \$000	2020 \$000
<i>UK corporation tax</i>		
Current tax on income for the period	11	100
(Over) / under provision in respect of prior periods	(233)	140
	<u>(222)</u>	<u>240</u>
<i>Deferred tax</i>		
Timing differences	120	-
Tax on income included in profit and loss account	<u>(102)</u>	<u>240</u>

	2021 \$000 Current tax	2021 \$000 Deferred tax	2021 \$000 Total tax	2020 \$000 Current tax	2020 \$000 Deferred tax	2020 \$000 Total tax
Recognised in profit and loss account	(222)	120	(102)	240	-	240
Recognised in other comprehensive income	-	-	-	-	-	-
Total tax on income	<u>(222)</u>	<u>120</u>	<u>(102)</u>	<u>240</u>	<u>-</u>	<u>240</u>

## Notes (continued)

### Reconciliation of effective tax rate

	2021 \$000	2020 \$000
Profit for the year	642	220
Total tax on income	(102)	240
Profit excluding taxation	540	460
Tax using the UK corporation tax rate of 19% (2020: 19%)	103	87
Non-deductible expenses	28	5
Other	-	8
Under provision in respect of prior periods	(233)	140
Total tax on income included in profit and loss account	(102)	240

### 9 Tangible fixed assets

	Furniture, fittings and office equipment \$000	Computer equipment and software \$000	Total \$000
<b>Cost</b>			
At beginning of year	41	476	517
Additions	-	43	43
Transfers	-	(194)	(194)
Disposals	(19)	(8)	(27)
At end of year	22	317	339
<b>Accumulated depreciation</b>			
At beginning of year	34	339	373
Transfers	-	(95)	(95)
Charge for year	5	27	32
Disposals	(19)	(8)	(27)
At end of year	20	263	283
<b>Net book value</b>			
At 31 December 2021	2	54	56
At 31 December 2020	7	137	144

## Notes (continued)

### 10 Debtors

Amounts falling due within one year:

	2021 \$000	2020 \$000
Prepayments	120	731
Other taxes and social security costs	79	-
Amounts owed by group undertakings	532	-
Corporation tax	270	50
	<u>1,001</u>	<u>781</u>

Amounts falling due after more than one year:

	2021 \$000	2020 \$000
Deferred tax asset	-	120
	<u>-</u>	<u>120</u>

The deferred tax asset stems from short-term timing differences between the financial years when long-term incentive costs are incurred and the periods when they are deductible tax expenses.

### 11 Creditors: amounts falling due within one year

	2021 \$000	2020 \$000
Deferred income	732	559
Trade creditors	63	189
Amounts owed to group undertakings	-	2,326
Other taxes and social security costs	16	-
Accruals	1,146	2,993
	<u>1,957</u>	<u>6,067</u>

With respect to amounts owed to group undertakings, the related parties allow for net settlement with net payments which are repayable on demand and do not accrue interest.

### 12 Creditors: amounts falling due after more than one year

	2021 \$000	2020 \$000
Accruals	-	221
	<u>-</u>	<u>221</u>

## Notes (continued)

### 13 Called-up share capital

	2021	2020
	£	£
<i>Allotted, called up, and fully paid</i>		
21 ordinary shares of £1 each	21	21

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 14 Financial instruments

	2021	2020
	\$000	\$000
<i>Financial assets that are debt instruments measured at amortised cost</i>		
Other debtors	532	-
<i>Financial liabilities measured at amortised cost</i>		
Trade creditors	63	189
Other creditors	-	2,863

The Company enters into a variety of foreign currency forward contracts in the normal course of business to hedge the exposure of future costs denominated in sterling. The contracts entered into during 2021 and unsettled at the balance sheet date do not qualify as cash flow hedges and any gain / loss on the fair value of these contracts is immediately expensed to the profit and loss account.

The cumulative fair value adjustment in respect of unsettled forward foreign exchange contracts held at the balance sheet date is calculated with reference to the bank providing the contract and is a cumulative loss of \$35,000 (2020: cumulative gain of \$42,000). The expected future cash flows in respect of these contracts are \$3,880,000 (2020: \$12,287,000). These cash flows will occur within the following 12 months and are expected to affect profit or loss within the next 12 months.

### 15 Operating lease commitments

At 31 December, the future minimum lease payments under non-cancellable leases were payable as follows:

	2021	2020
	\$000	\$000
Less than one year	61	61
Between one and five years	87	147
	148	208

During the year \$133,000 was recognised as an expense in the profit and loss account in respect of operating leases for property (2020: \$142,000).



## Notes (continued)

### 16 Pensions

The Company makes contributions to a number of defined contribution pension schemes. The total expense relating to these plans in the current year was \$234,000 (2020: \$257,000).

### 17 Ultimate parent company

The Company is controlled by its parent company, The Open Group, L.L.C., based at Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA. The only group in which the results of the Company are consolidated is that headed by The Open Group, L.L.C. The accounts of the parent company are not publicly available.

### 18 Related party transactions

Total compensation of key management personnel (including the director, who is paid by The Open Group, L.L.C.) in the year amounted to \$1,426,000 (2020: \$2,810,000).

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding as at 31 December, were as follows:

	Sales to related party \$000	Purchases from related party \$000	Amounts owed from related party \$000	Amounts owed to related party \$000
<i>The Open Group, L.L.C.</i>				
<b>2021</b>	<b>3,611</b>	-	<b>532</b>	-
2020	12,589	-	-	2,553
<i>Other entities with significant influence over the company</i>				
<b>2021</b>	<b>180</b>	-	-	-
2020	180	-	-	-
<i>Entities controlled by other related parties</i>				
<b>2021</b>	-	-	-	-
2020	-	3	-	-