

Company Registration No. 02149438 (England and Wales)

Solicitors Own Software Limited

**Financial statements
for the year ended 30 June 2022**

Pages for filing with the Registrar

Solicitors Own Software Limited

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Solicitors Own Software Limited

**Statement of financial position
As at 30 June 2022**

			30 June 2022	30 June 2021
	Notes	£	£	£
Fixed assets				
Intangible assets	5		309,753	130,459
Tangible assets	6		44,154	32,772
			<u>353,907</u>	<u>163,231</u>
Current assets				
Debtors	7	2,721,847	2,666,120	
Cash at bank and in hand		2,668,285	835,026	
		<u>5,390,132</u>	<u>3,501,146</u>	
Creditors: amounts falling due within one year	8	(1,204,433)	(862,853)	
Net current assets			<u>4,185,699</u>	<u>2,638,293</u>
Total assets less current liabilities			<u>4,539,606</u>	<u>2,801,524</u>
Provisions for liabilities			<u>(76,630)</u>	<u>(4,861)</u>
Net assets			<u><u>4,462,976</u></u>	<u><u>2,796,663</u></u>
Capital and reserves				
Called up share capital	9		14,383	14,383
Share premium account			58,955	58,955
Capital redemption reserve			8,700	8,700
Profit and loss reserves			<u>4,380,938</u>	<u>2,714,625</u>
Total equity			<u><u>4,462,976</u></u>	<u><u>2,796,663</u></u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

Solicitors Own Software Limited

Statement of financial position (continued)

As at 30 June 2022

The financial statements were approved by the board of directors and authorised for issue on 9 March 2023 and are signed on its behalf by:

David Boland

Director

Company Registration No. 02149438

Solicitors Own Software Limited

Notes to the financial statements For the year ended 30 June 2022

1 Accounting policies

Company information

Solicitors Own Software Limited is a private company limited by shares incorporated in England and Wales. The registered office is Orion Gate, 1st Floor, Guildford Road, Woking, GU22 7NJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised in the profit and loss account as follows:

Non subscription sales

1. Software income (including but not limited to data conversions, training and provision of perpetual licenses) is recognised at each contractual stage of completion at the amount specified in the contract.
2. Support and maintenance income is recognised in the period in which the support services are provided.

Subscription sales

1. Software income for new subscription sales is recognised over the minimum subscription period, beginning when the software has been installed and is available for use by the customer. Where invoiced amounts include income for support, this element is deferred and recognised as revenue in the period to which the income relates.
2. Support income for subscription deals is recognised in the period in which the support services are provided.

Other sales

1. Income for additional perpetual license sales is recognised when the licenses are provided.
2. Income for software upgrades is recognised when the upgrade is installed and is available for use by the customer.
3. Income for additional training is recognised when the training is provided.
4. Income for the provision of legal cashing services is recognized in the period that the service was provided.
5. Income for commissions is recognised in the period in which the commission was earned.

Solicitors Own Software Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

1 Accounting policies (continued)

1.3 Cost of sales

Cost of sales expenditure relates to third party costs incurred in the installation and maintenance of software. Incidental costs including salaries and travel are included within administrative expenses.

1.4 Intangible fixed assets other than goodwill

In the research phase of an internally generated software project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred.

Intangible assets are recognised from the development phase of a project if and only if 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.

The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives of 4 years. In line with the group policy, from the point of capitalisation there is a 4 month period of no amortisation to allow time for the capitalised item to be fully ready for use.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% straight line
Computer equipment	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1 Accounting policies (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' 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.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. 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.

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. 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 creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as 'creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Bad debt provision

The company makes an estimate of bad debts and provides for these. These are re-assessed annually and amended where necessary to reflect current estimates. Changes to these estimates could result in changes to profit or loss for the period and to the net value of the debtors.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Total	62	64
	<hr/>	<hr/>

4 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	365,833	321,416
Adjustments in respect of prior periods	7,019	-
	<hr/>	<hr/>
Total current tax	372,852	321,416
	<hr/>	<hr/>

Solicitors Own Software Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

4 Taxation

	2022	2021
	£	£ (continued)
Deferred tax		
Origination and reversal of timing differences	71,769	7,206
	<u>71,769</u>	<u>7,206</u>
 Total tax charge	 444,621	 328,622
	<u>444,621</u>	<u>328,622</u>

5 Intangible fixed assets

	Other
	£
Cost	
At 1 July 2021	130,459
Additions	223,572
	<u>354,031</u>
At 30 June 2022	<u>354,031</u>
 Amortisation and impairment	
At 1 July 2021	-
Amortisation charged for the year	44,278
	<u>44,278</u>
At 30 June 2022	<u>44,278</u>
 Carrying amount	
At 30 June 2022	309,753
	<u>309,753</u>
At 30 June 2021	<u>130,459</u>
	<u>130,459</u>

Solicitors Own Software Limited

Notes to the financial statements (continued)
For the year ended 30 June 2022

6 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 July 2021	1,080,183
Additions	33,139
Disposals	(471,819)
	<hr/>
At 30 June 2022	641,503
	<hr/>
Depreciation and impairment	
At 1 July 2021	1,047,411
Depreciation charged in the year	21,757
Eliminated in respect of disposals	(471,819)
	<hr/>
At 30 June 2022	597,349
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Carrying amount	
At 30 June 2022	44,154
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At 30 June 2021	32,772
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7 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	160,472	169,110
Amounts due from group undertakings	2,439,681	2,439,681
Other debtors	121,694	57,329
	<hr/>	<hr/>
	2,721,847	2,666,120
	<hr/> <hr/>	<hr/> <hr/>

8 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	151,978	60,968
Corporation tax	346,375	321,416
Other taxation and social security	398,671	310,262
Other creditors	307,409	170,207
	<hr/>	<hr/>
	1,204,433	862,853
	<hr/> <hr/>	<hr/> <hr/>

Solicitors Own Software Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

9 Called up share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	14,383	14,383	14,383	14,383
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Ordinary share holders have the right to vote at the AGM of the company, right to receive dividend declared for ordinary shareholders and right to a return on capital upon winding up.

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Neil Davies.

The auditor was Saffery Champness LLP.

Solicitors Own Software Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2022	2021
	£	£
Within one year	143,373	245,595
Between two and five years	84,601	616,071
In over five years	-	78,750
	<u>227,974</u>	<u>940,416</u>

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2022	2021
	£	£
Within one year	45,650	45,650
Between two and five years	33,685	79,335
	<u>79,335</u>	<u>124,985</u>

12 Guarantees

On 8 June 2021, the company created a fixed and floating charge against all the assets of the company in favour of the ultimate parent company, ATI Global Limited's debt facility providers.

13 Related party transactions

At the year end Widcombe Limited, the intermediate parent company, owed Solicitors Own Software Limited £2,439,681 (2021: £2,439,681).

During the year the company made sales of £215,591 (2021: £43,308) to Infotrack Limited, a company connected to Solicitors Own Software Limited by common ownership by ATI Global Limited. At the year end £30,761 (2021: £15,467) was outstanding.

Solicitors Own Software Limited

Notes to the financial statements (continued)

For the year ended 30 June 2022

14 Control

Widcombe Limited is the intermediate parent of Solicitors Own Software Limited, which in turn is controlled by Practice Evolve UK Ltd.

The ultimate parent undertaking is ATI Global Limited, which prepares group financial statements. The registered office of ATI Global Limited is Level 14, 135 King Street, Sydney NSW 2000.

The smallest group to consolidate the company financial statements is Legal Software Holdings Pty Ltd and the largest group to consolidate the company financial statements is ATI Global Limited. Copies of the Legal Software Holdings Pty Ltd and ATI Global Limited financial statements are publicly available and can be obtained from the Australian Securities & Investments Commission (ASIC), at asic.gov.au or from the ATI Global Ltd registered office Level 8, 135 King Street, Sydney, 2000, NSW, Australia.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.