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**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	K Bolseth M Reck (appointed 12 February 2020)
<b>Company secretary</b>	Oakwood Corporate Secretary Limited
<b>Registered number</b>	05244419
<b>Registered office</b>	3rd Floor 1 Ashley Road Altrincham Cheshire WA14 2DT
<b>Independent auditor</b>	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 25 Moorgate London EC2R 6AY

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**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Introduction

The directors present the Strategic Report and financial statements for the year ended 31 December 2019.

#### Principal activity and business review

The principal activity of the Group during the year was that of software consultancy, support and supply. The results for the year and financial position of the UK-headed Group are as shown in the annexed financial statements. The Group made a loss after taxation of £5,110,181 (2018: loss £1,647,979). The Group has net liabilities of £15,868,709 (2018: £10,758,528).

The Group continues to create new sales opportunities arising from both new and existing customers. Through acquisitions the company continues to create significant new sales opportunities in Europe, South America, and other parts of the world. Although the Group is affected by movements in foreign exchange rates, the risk and financial effect is deemed to be insignificant and immaterial to the worldwide group to warrant currency hedging.

On 2nd December 2019, the Company acquired all outstanding shares of Clearswift Holdings Limited for a purchase price of approximately 60 million GBP. Clearswift is based in the United Kingdom and is a provider of software that allows for deep content inspection capability which allows sensitive data to be securely transmitted via email, or other web-based methods.

#### Principal business risks

The Group is exposed to several business risks due to the competitive nature of the development and sale of software solutions for end customers.

#### Competitive environment

The competitive environment remains relatively unchanged in the past year. The Group is a provider of systems management, business intelligence, document management and security software tools for IBM Power Systems, Linux, Unix and Windows servers and other systems. The Company's products are designed to minimize human operator involvement, improve security protection, and enhance visibility to key business information. In addition, the Group is the clear leader in IBM i-Series Software across IT operations management, security, and business intelligence. We do not anticipate that this will change given the current position of this platform and the corresponding lack of new investment in new software companies on this platform. Modifications to the methodology for change fees have increased customer satisfaction and likely increased the Group's market share. The Group is winning more competitive deals on this platform and displacing our competitors while continuing to grow its hybrid platform business.

#### Threat of new entrants

The barriers to entering the software industry are high for competitors. Software solutions can take years to develop and be tested. Customers are often unwilling to take the risk of switching software because of operating and reputational risk if new software does not operate as good as existing software solutions. In addition, the familiarity with existing software programs by customers make them less likely to switch to alternative software solutions. The capital requirements are fairly low for competitors as the primary asset utilized to develop software is human software developers. However, competition for appropriately trained software developers is high making it difficult for software companies to find software developer talent.

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Principal business risks (continued)

##### Threat of substitutes

The threat of substitute software is relatively low due to the unique nature of the software solutions offered by the Group. There are few viable alternative software solutions for the solutions and platforms served by us. The buyer's cost of switching is tied to the time and effort to implement and train employees on new software solutions which may have limited incremental benefit compared to existing software solutions.

##### Effect of Brexit

The effect of Brexit is not expected to have a material effect on the sales or operations of the Group. The Group has sales in several EU and non-EU countries and is able to successfully navigate the regulatory and tax requirements in each jurisdiction in which it has a commercial presence.

#### Financial key performance indicators

The key indicators that we review, focus on revenue and administrative expenses. Revenue has increased by £6.7 million from the prior year, which shows 32.5% growth. Administrative expenses have increased by £6.3 million from prior year, which shows an 55% higher cost base.

In addition to revenue and administrative expenses, we review modified EBITDA (earnings before interest, taxes, depreciation, amortisation and exclude intercompany cost of sales charges to entities not within the UK group), to evaluate profitability of the Group. The modified EBITDA for 2019 was a positive £9 million which was a decrease of £2.6 million or approximately 24% from the prior year. The greatest driver for the fall in EBITDA is the cost associated with the acquisition of the Clearswift Group in the year with non-operating costs increasing from £0.4m in 2018 to £1.6m in 2019.

#### Going concern

At the year end, the Group has net liabilities of £15,868,709 (2018: £10,758,582) and net current liabilities of £93,399,879 (2018: £16,265,735). The directors have carefully reviewed the prospects of the Group, including an assessment of the potential impact of the COVID-19 pandemic. Despite the operational disruptions, actions were taken to try to mitigate any immediate concerns with COVID-19. Given the Group have positive operating cashflows, the directors believe that the current performance along with the future forecasts will generate sufficient income to cover all operational working capital as they fall due. Should the Group require financial support to meet its obligations as they fall due for payment, Help Systems International Group Limited have received a letter of support from HS MidCo Inc, their ultimate parent company. HelpSystems LLC, a parent company within the Group, has agreed that the intercompany loan of £72.5m (note 14) as at the year end and a further loan issued for £33m post year end (note 23), will not be recalled for at least a period of 12 month from the report date. The directors have assessed the ability of HS Midco and HelpSytems LLC to provide this support, and have concluded that they believe that HS Midco and HelpSystems LLC, will be able to provide financial support as required.

The directors therefore consider it appropriate that the financial statements are prepared on a going concern basis.

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**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

Matthew Reck

Matthew Reck: Dec 16, 2020 11:41 CST

**M Reck**  
Director

Date: 18/12/2020

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### Results and dividends

The loss for the year, after taxation, amounted to £5,141,898 (2018: loss £1,647,979).

The directors have not recommended a dividend for the year ended 31 December 2019 (2018: £Nil).

#### Directors

The directors who served during the year were:

C Heim (resigned 17 July 2019)  
D Mayleben (resigned 12 February 2020)  
K Bolseth (appointed 17 July 2019)

#### Future developments

The Company continues to pursue and develop its operations through the following initiatives:

- Improving efficiencies and controls through systems improvement (improving CRM),
- Pursuing strategic acquisitions that support and enhance our current product offerings,
- Focusing on employee recruitment and retention, especially in the sales and support departments.

#### Financial risk management objectives and policies

The directors' financial risk management objective is to minimise the risks to which the Group is exposed in use of financial instruments without impeding the trading position of the Group.

The Group's primary financial instruments are trade debtors and trade creditors. The material risks to which the Group is exposed, as a result, are credit risk and exchange rate risk.

#### Credit risk

The Group is exposed to credit risk due to the volume of amounts receivable carried in connection with its trading activities. There is potential for customers to find themselves in a situation where they are unable or unwilling to pay for goods supplied. In the first instance, the directors monitor the effectiveness of cash collection procedures in place and take action to improve these if necessary.

#### Exchange rate risk

The Group is exposed to exchange rate risk due to its operation in overseas markets.

#### Liquidity risk

The Group monitors cash to ensure that sufficient funds are available for operations and planned expansions. Treasury management is conducted by the US based finance team, using tools such as intra-group lending, dividend payments and transfer pricing to ensure the most efficient and cost-effective use of capital.

#### Commercial risk

The Group competes in a competitive market subject to changing customer needs due to the nature of business services provided and the speed of change of products. The Group actively manages such demands to ensure the product offerings meet customer demands.

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Matters covered in the strategic report

Where necessary, disclosures relating to principal activities have been made in the Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

#### Post Statement of Financial Position events

##### COVID-19 pandemic

On 11 March 2020, COVID-19 was declared a global pandemic by the World Health Organisation. On 23 March 2020, the UK went into lockdown and some restrictions remain in place at the date of signing these financial statements. During this time, the Company had continued to trade and respond rapidly to the pandemic and government requirements.

COVID-19 is considered to be a non-adjusting post balance sheet event. Accordingly, the assessment of carrying values in the balance sheet as at 31 December 2019 has not been adjusted to reflect any consequences of the virus on expected cash flows subsequent to that date.

Details of the going concern assessment is included under note 2.4.

##### Acquisition

On 24 June 2020, Help Systems International Limited acquired 100% share capital of Boldon James Limited for a consideration of £33m which was purchased by way of a loan from HelpSystems LLC, a parent entity. The loan is repayable on demand and interest is charged at LIBOR +0.475% annually.

##### Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

Matthew Reck

Matthew Reck (Dec 18, 2020 11:41 CST)

**M Reck**  
Director

Date: 18/12/2020



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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

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

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

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

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELP/SYSTEMS INTERNATIONAL GROUP  
LIMITED**

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**Opinion**

We have audited the financial statements of Help/systems International Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Statement of Financial Position, Consolidated and Parent Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent 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 Group's or the Parent 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.

**Emphasis of matter - going concern**

We draw attention to note 2.4 of the financial statements, which describes the parental support provided to the Company. Our opinion is not modified in respect of this matter.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELP/SYSTEMS INTERNATIONAL GROUP LIMITED (CONTINUED)

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### Other information

The other information comprises the information included in the Annual Report and financial statements, 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.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

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

### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HELP/SYSTEMS INTERNATIONAL GROUP LIMITED (CONTINUED)

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### 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](http://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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Nexia Smith & Williamson*

Nicholas Jacques (Senior Statutory Auditor)

for and on behalf of

**Nexia Smith & Williamson**

Chartered Accountants  
Statutory Auditor

25 Moorgate  
London  
EC2R 6AY

Date: 18/12/2020

HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	27,153,372	20,494,016
Cost of sales		(13,043,055)	(10,490,800)
<b>Gross profit</b>		<b>14,110,317</b>	<b>10,003,216</b>
Administrative expenses		(18,032,719)	(11,439,793)
<b>Operating loss</b>	5	<b>(3,922,402)</b>	<b>(1,436,577)</b>
Interest receivable and similar income		2,020	2,354
Interest payable and expenses		(415,886)	(1,688)
<b>Loss before taxation</b>		<b>(4,336,268)</b>	<b>(1,435,911)</b>
Tax on loss	8	(805,630)	(212,068)
<b>Loss for the financial year</b>		<b>(5,141,898)</b>	<b>(1,647,979)</b>
Exchange gains on translation of subsidiaries		31,717	(13,884)
<b>Other comprehensive income for the year</b>		<b>31,717</b>	<b>(13,884)</b>
<b>Total comprehensive income for the year</b>		<b>(5,110,181)</b>	<b>(1,661,863)</b>
<b>Loss for the year attributable to:</b>			
Owners of the Parent Company		(5,141,898)	(1,647,979)
		<b>(5,141,898)</b>	<b>(1,647,979)</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the Consolidated Statement of Comprehensive Income.

The notes on pages 19 to 40 form part of these financial statements.

**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**  
**REGISTERED NUMBER:05244419**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	9	82,561,738	5,733,927
Tangible assets	10	857,814	303,332
		<u>83,419,552</u>	<u>6,037,259</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	30,514,051	10,881,806
Cash at bank and in hand	13	6,776,806	1,324,452
		<u>37,290,857</u>	<u>12,206,258</u>
Creditors: amounts falling due within one year	14	(130,690,736)	(28,471,993)
<b>Net current liabilities</b>		<u>(93,399,879)</u>	<u>(16,265,735)</u>
<b>Total assets less current liabilities</b>		<u>(9,980,327)</u>	<u>(10,228,476)</u>
<b>Provisions for liabilities</b>			
Deferred taxation	15	(5,888,382)	(530,052)
		<u>(5,888,382)</u>	<u>(530,052)</u>
<b>Net liabilities</b>		<u><u>(15,868,709)</u></u>	<u><u>(10,758,528)</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	162	162
Share premium account	17	119,990	119,990
Other reserves	17	956,808	925,091
Profit and loss account	17	(16,945,669)	(11,803,771)
<b>Equity attributable to owners of the Parent Company</b>		<u>(15,868,709)</u>	<u>(10,758,528)</u>
<b>Shareholders' deficit</b>		<u><u>(15,868,709)</u></u>	<u><u>(10,758,528)</u></u>

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HELP/SYSTEMS INTERNATIONAL GROUP LIMITED  
REGISTERED NUMBER:05244419

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2019

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

Matthew Reck

Matthew Reck : Dec 18, 2020 11:41 CST:

**M Reck**  
Director

Date: 18/12/2020

The notes on pages 19 to 40 form part of these financial statements.

**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**  
**REGISTERED NUMBER:05244419**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Investments	11	60,345,732	317,316
		<u>60,345,732</u>	<u>317,316</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	12,689,459	6,437
		<u>12,689,459</u>	<u>6,437</u>
Creditors: amounts falling due within one year	14	(74,319,509)	(200,323)
<b>Net current liabilities</b>		<u>(61,630,050)</u>	<u>(193,886)</u>
<b>Total assets less current liabilities</b>		<u>(1,284,318)</u>	<u>123,430</u>
<b>Net (liabilities)/assets</b>		<u>(1,284,318)</u>	<u>123,430</u>
<b>Capital and reserves</b>			
Called up share capital	16	162	162
Share premium account	17	119,990	119,990
Profit and loss account carried forward		(1,404,470)	3,278
		<u>(1,284,318)</u>	<u>123,430</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The Company made a loss for the year of £1,407,748 (2018: £Nil).

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

Matthew Reck

Matthew Reck (Dec 15, 2020 11:41 CST)

**M Reck**  
Director

Date: 18/12/2020

The notes on pages 19 to 40 form part of these financial statements.



HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	<b>162</b>	<b>119,990</b>	<b>938,975</b>	<b>(10,155,792)</b>	<b>(9,096,665)</b>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(1,647,979)	(1,647,979)
Foreign currency translation differences	-	-	(13,884)	-	(13,884)
<b>At 1 January 2019</b>	<b>162</b>	<b>119,990</b>	<b>925,091</b>	<b>(11,803,771)</b>	<b>(10,758,528)</b>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(5,141,898)	(5,141,898)
Foreign currency translation differences	-	-	31,717	-	31,717
<b>At 31 December 2019</b>	<b>162</b>	<b>119,990</b>	<b>956,808</b>	<b>(16,945,669)</b>	<b>(15,868,709)</b>

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HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019

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	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2018	162	119,990	3,278	123,430
At 1 January 2019	162	119,990	3,278	123,430
Comprehensive income for the year				
Loss for the year	-	-	(1,407,748)	(1,407,748)
At 31 December 2019	162	119,990	(1,404,470)	(1,284,318)

HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(5,141,898)	(1,647,979)
<b>Adjustments for:</b>		
Amortisation of intangible assets	2,934,945	3,088,405
Depreciation of tangible assets	66,552	45,992
Interest paid	415,886	1,688
Interest received	(2,020)	(2,354)
Taxation charge	805,630	212,068
Increase in debtors	(1,380,577)	(1,613,335)
(Increase)/decrease in amounts owed by groups	(14,403,830)	1,791,527
Increase in creditors	19,761,832	1,591,298
Decrease in amounts owed to groups	(1,081,424)	(2,247,067)
Corporation tax paid	(349,297)	(282,267)
Foreign exchange	(285,066)	(59,126)
<b>Net cash generated from operating activities</b>	<b>1,340,733</b>	<b>878,850</b>
<b>Cash flows from investing activities</b>		
Addition of subsidiary - cash paid	-	(681,731)
Purchase of tangible fixed assets	(345,084)	(178,045)
Interest received	2,020	2,354
Cash inherited from acquisition	4,870,571	-
<b>Net cash from investing activities</b>	<b>4,527,507</b>	<b>(857,422)</b>

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HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019

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	2019 £	2018 £
<b>Cash flows from financing activities</b>		
Interest paid	(415,886)	(1,688)
<b>Net cash used in financing activities</b>	<u>(415,886)</u>	<u>(1,688)</u>
<b>Net increase in cash and cash equivalents</b>	<b>5,452,354</b>	<b>19,740</b>
Cash and cash equivalents at beginning of year	<b>1,324,452</b>	<b>1,304,712</b>
<b>Cash and cash equivalents at the end of year</b>	<u><b>6,776,806</b></u>	<u><b>1,324,452</b></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>6,776,806</b>	<b>1,324,452</b>
	<u><b>6,776,806</b></u>	<u><b>1,324,452</b></u>

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**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**

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**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	At 1 January 2019 £	Cash flows £	Acquisition of Clearswift Group £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	1,324,452	600,262	4,870,600	(18,508)	6,776,806
Debt due within 1 year	15,284,316	-	-	71,466,071	86,750,387
	<u>16,608,768</u>	<u>600,262</u>	<u>4,870,600</u>	<u>71,447,563</u>	<u>93,527,193</u>

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. General information

Help/Systems International Group Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 05244419). The registered office address is 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Company and the Parent Company would be identical;

No Statement of Cash Flows has been presented for the Parent Company;

Disclosures in respect of the Parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and

No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Company as a whole.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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## 2. Accounting policies (continued)

### 2.3 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The cost of a business combination is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group in exchange for control and the costs directly attributable to the business combination. The consideration transferred includes the estimate of any asset or liability resulting from a contingent consideration arrangement where the transfer of further consideration is probable and can be measured reliably. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date. Contingent liabilities are only recognised where the fair value can be measured reliably.

### 2.4 Going concern

At the year end, the Group has net liabilities of £15,868,709 (2018: £10,758,582) and net current liabilities of £93,399,879 (2018: £16,265,735). The directors have carefully reviewed the prospects of the Group, including an assessment of the potential impact of the COVID-19 pandemic. Despite the operational disruptions, actions were taken to try to mitigate any immediate concerns with COVID-19. Given the Group have positive operating cashflows, the directors believe that the current performance along with the future forecasts will generate sufficient income to cover all operational working capital as they fall due. In addition, the Group has received a letter of support from HS MidCo Inc, its ultimate parent company which has agreed to provide adequate financial support to the Parent and its subsidiaries to allow the companies to continue trading and to meet their liabilities as they fall due for at least the next 12 months from the date of approval of the financial statements. HelpSystems LLC, an affiliate within the Group, has agreed that the intercompany loan of £72.5m (note 14) as at the year end and a further loan issued for £33m post year end (note 23), will not be recalled for at least a period of 12 month from the report date. The directors have assessed the ability of HS Midco and HelpSystems LLC to provide this support, and have concluded that they believe that HS Midco and HelpSystems LLC, will be able to provide financial support as required.

The directors therefore consider it appropriate that the financial statements are prepared on a going concern basis.

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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## 2. Accounting policies (continued)

### 2.5 Revenue

The Group enters into transactions with customers that may include a combination of software licenses, maintenance and support and training services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### **Sale of goods**

Revenue from the sale of software and perpetual licensing, is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **Rendering of services**

Revenue from a contract to provide maintenance, term licenses, support and training services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

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

### 2.6 Deferred revenue

Deferred revenue consists of fees for undelivered services, including maintenance, support and training fees, and also includes deferred enterprise license revenue. Deferred revenue is recognised as it is earned, which for maintenance and support services is on a straight-line basis over the underlying maintenance arrangement and for term licenses is on a straight-line basis over the term of the underlying license.

### 2.7 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.



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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.8 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

###### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

The estimated useful lives range as follows:

Customer lists	-	12	years on a straight-line basis
Development	-	5	years on a straight-line basis
Goodwill	-	5	years on a straight-line basis
Trademarks	-	5	years on a straight-line basis

##### 2.9 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.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.9 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 method.

Depreciation is provided on the following basis:

Leasehold property	- over the life of the lease up to 7 years
Fixtures and fittings	- 3 - 7 years
Computer equipment	- 3 - 5 years

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 Consolidated Statement of Comprehensive Income.

##### 2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.11 Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Group's cash management.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.12 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

##### 2.13 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 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. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

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.

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the statement of financial position 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 Statement of Financial Position.

##### 2.15 Pensions

###### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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 reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

The preparation of these financial statements requires estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and expectation of future events believed to be reasonable.

The directors consider that the following estimates and judgements are likely to have the most significant effect on the amounts recognised in the financial statements:

##### **Intangible assets**

Intangible fixed assets include goodwill arising on business combinations and the fair value of customer lists, developments and trademarks recognised on acquisition. Determining whether an impairment has occurred typically requires various estimates and assumptions, including what cash flows are directly attributable to the potentially impaired asset, the useful life over which the cash flows will occur and their amount.

Estimates of future cash flows and the selection of appropriate rates of amortisation relating to particular assets or groups of assets involve the exercise of a significant amount of judgement.

In determining the appropriateness of the carrying value of goodwill, an annual impairment review is carried out. The asset is impaired if the carrying value of the asset exceeds its recoverable amount. When assessing the recoverable amount of the asset, which is the higher of the asset's fair value less costs to sell and the value in use, estimation is required. The fair value less costs to sell requires the directors to consider the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date

##### **Recognition of deferred tax assets**

Management reviews the recognition of deferred tax assets relating to losses incurred by any Group member on an ongoing basis. No asset is recognised if there is uncertainty over the generation of future profits against which the asset may be recovered, and assets are only recognised up to the point that sufficient taxable profits are expected to be generated against which to offset the asset.

##### **Provision for irrecoverable receivables**

The Group estimates the recoverable value of trade and other debtors on an ongoing basis. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. Management provides in full for all balances considered irrecoverable.

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**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**4. Turnover**

The whole of the turnover is attributable to the Group's principal activity.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	18,305,536	5,171,591
Rest of Europe	3,655,774	7,213,389
Rest of the world	5,192,062	8,109,036
	<u>27,153,372</u>	<u>20,494,016</u>

**5. Operating loss**

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	66,552	45,275
Amortisation of intangible fixed assets, including goodwill	2,934,945	3,088,405
Exchange differences	(560,029)	(30,691)
Other operating lease rentals	587,454	413,674
Research and development	3,321,028	1,642,609
	<u>3,321,028</u>	<u>1,642,609</u>

**6. Auditor's remuneration**

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	90,000	29,750
	<u>90,000</u>	<u>29,750</u>

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

Taxation compliance services	14,783	10,400
Accounting services	7,500	7,500
Tax advisory	120,245	-
All other services	5,389	-
	<u>147,917</u>	<u>17,900</u>

**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**7. Employees**

Staff costs were as follows:

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Wages and salaries	<b>10,156,279</b>	6,784,175	-	-
Social security costs	<b>1,554,320</b>	948,758	-	-
Cost of defined contribution scheme	<b>253,308</b>	190,114	-	-
	<b><u>11,963,907</u></b>	<u>7,923,047</u>	<u>-</u>	<u>-</u>

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

	<b>2019 No.</b>	<i>2018 No.</i>
Employees	<b><u>192</u></b>	<u>123</u>

The Company has no employees other than the directors, who did not receive any remuneration (2018: Nil).

**8. Taxation**

	<b>2019 £</b>	<i>2018 £</i>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>1,045,500</b>	227,803
	<b><u>1,045,500</u></b>	<u>227,803</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	-	57,054
<b>Total current tax</b>	<b><u>1,045,500</u></b>	<u>284,857</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(239,870)</b>	(72,789)
<b>Total deferred tax</b>	<b><u>(239,870)</u></b>	<u>(72,789)</u>
<b>Taxation on profit on ordinary activities</b>	<b><u>805,630</u></b>	<u>212,068</u>



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**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**8. Taxation (continued)**

**Factors affecting tax charge for the year**

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

	2019 £	2018 £
Loss on ordinary activities before tax	<b>(4,336,268)</b>	<b>(1,435,911)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>(823,891)</b>	<b>(272,823)</b>
<b>Effects of:</b>		
Expenses not allowable for taxation	<b>797,572</b>	<b>392,183</b>
Capital allowances for year in excess of depreciation	<b>(3,606)</b>	<b>3,656</b>
Other adjustments	<b>(44,475)</b>	<b>25,581</b>
Higher rate taxes on overseas earnings	<b>(49,885)</b>	<b>(12,583)</b>
Adjustments to tax charge in respect of prior periods - current tax	<b>2,599</b>	<b>(18,698)</b>
Adjustments to tax charge in respect of prior periods - deferred tax	<b>17,662</b>	<b>75,228</b>
Deferred tax not recognised	<b>94,591</b>	<b>-</b>
Adjustments to brought forward values	<b>(43,891)</b>	<b>-</b>
Difference in tax rates - closing deferred tax	<b>13,012</b>	<b>19,524</b>
R&D expenditure credits	<b>(723)</b>	<b>-</b>
Patent box additional deduction	<b>(26,134)</b>	<b>-</b>
Foreign tax on income for the year	<b>313,620</b>	<b>-</b>
Foreign tax on income in respect of prior periods	<b>559,179</b>	<b>-</b>
<b>Total tax charge for the year</b>	<b>805,630</b>	<b>212,068</b>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Intangible assets

Group

	Customer lists £	Development £	Trademarks £	Goodwill £	Total £
<b>Cost</b>					
At 1 January 2019	2,855,166	3,696,249	279,739	15,487,781	22,318,935
On acquisition of subsidiary	8,600,000	2,900,000	26,000,000	42,456,496	79,956,496
Foreign exchange movement	(91,102)	(101,483)	(9,619)	(246,437)	(448,641)
At 31 December 2019	11,364,064	6,494,766	26,270,120	57,697,840	101,826,790
<b>Amortisation</b>					
At 1 January 2019	747,516	2,515,298	181,531	13,140,663	16,585,008
Charge for the year	299,692	778,477	271,752	1,585,024	2,934,945
Foreign exchange movement	(23,898)	(69,455)	(6,190)	(155,358)	(254,901)
At 31 December 2019	1,023,310	3,224,320	447,093	14,570,329	19,265,052
<b>Net book value</b>					
At 31 December 2019	10,340,754	3,270,446	25,823,027	43,127,511	82,561,738
At 31 December 2018	2,107,650	1,180,951	98,208	2,347,118	5,733,927

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**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**10. Tangible fixed assets**

**Group**

	Leasehold property £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 January 2019	119,847	218,424	338,271
Additions	319,676	25,408	345,084
Acquisition of subsidiary	5,198	320,258	325,456
Exchange adjustments	(49,563)	(68)	(49,631)
At 31 December 2019	<u>395,158</u>	<u>564,022</u>	<u>959,180</u>
<b>Depreciation</b>			
At 1 January 2019	14,530	20,409	34,939
Charge for the year	21,724	44,828	66,552
Exchange adjustments	(95)	(30)	(125)
At 31 December 2019	<u>36,159</u>	<u>65,207</u>	<u>101,366</u>
<b>Net book value</b>			
At 31 December 2019	<u>358,999</u>	<u>498,815</u>	<u>857,814</u>
At 31 December 2018	<u>105,317</u>	<u>198,015</u>	<u>303,332</u>

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**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**11. Fixed asset investments**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2019	<b>317,316</b>
Additions	<b>60,028,416</b>
At 31 December 2019	<b>60,345,732</b>

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**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Help/Systems International Limited	3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT	Ordinary	100%
CCSS Deutschland GmbH*	Hinter Hoben 14953129 Bonn, Germany	Ordinary	100%
Help/Systems International S.A.S.	24 Rue Lous Blanc, 75010 Paris, France	Ordinary	100%
Help/Systems International Pty Limited	Part Level 1, W. 38 Gilby Road, Mount Waverly, Victoria 3149, Australia	Ordinary	100%
Help/Systems International GmbH	8058 Balsberg, Zurich Airport, Zurich, Switzerland	Ordinary	100%
Tango 04 Computing Group, S.L.*	Avenida Meridiana 358, Planta 12 Barcelona, Spain	Ordinary	100%
Barcelona/04 Computing Group Chile Limitada***	Guardia Vieja 255 - Santiago de Chile	Ordinary	100%
Tango 04 Computing Group Brasil-Software e Servicos de Informatica LTDA***	Rua Turiassu N 591 Conjunto 55 Bairro Perdizes CEP 05005- 001 São Paulo	Ordinary	100%
Barcelona/04 Computing Group S.R.L***	Avda. Federico Lacroze 2252, Piso 6 "A" Ciudad Autónoma de Buenos Aires, Argentina	Ordinary	100%
Tango/04 Computing Group, Inc.***	6455 City West Parkway, Eden Prairie, MN 55344 USA	Ordinary	100%
Clearswift Holding Limited	3rd Floor 1 Ashley Road, Altrincham, Cheshire, WA14 2DT	Ordinary	100%
Clearswift Technologies Holdings Limited *****	3rd Floor 1 Ashley Road, Altrincham, Cheshire, WA14 2DT	Ordinary	100%
Clearswift Limited *****	3rd Floor 1 Ashley Road, Altrincham, Cheshire, WA14 2DT	Ordinary	100%
Clearswift Australia *****		Ordinary	100%
Clearswift Japan *****		Ordinary	100%
Clearswift Corporation *****		Ordinary	100%
Clearswift Germany *****		Ordinary	100%
Clearswift Spain *****		Ordinary	100%

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**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**Subsidiary undertakings (continued)**

- \* Held indirectly through Help/Systems International Limited
- \*\*\* Held indirectly through Tango 04 Computing Group, S.L.
- \*\*\*\* Held indirectly through Help/Systems International Pty Limited
- \*\*\*\*\* Held indirectly through Clearswift Holding Limited

Details of companies acquired during the year are disclosed in Note 18.

As at the 31 December 2019, Halcyon Software Limited and Halcyon Software Holdings Limited are in the process of liquidation and were formally struck off subsequent to the year end.

**12. Debtors**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Trade debtors	11,546,385	8,147,240	-	-
Amounts owed by group undertakings	16,450,081	2,046,252	12,689,459	6,437
Other debtors	404,006	122,277	-	-
Prepayments and accrued income	2,113,579	566,037	-	-
	<u>30,514,051</u>	<u>10,881,806</u>	<u>12,689,459</u>	<u>6,437</u>

**13. Cash and cash equivalents**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>
Cash at bank and in hand	6,776,806	1,324,452
	<u>6,776,806</u>	<u>1,324,452</u>

HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	259,716	83,284	-	-
Amounts owed to group undertakings	86,750,387	15,284,316	74,319,509	200,323
Corporation tax	278,782	262,315	-	-
Other taxes and social security	2,830,913	218,781	-	-
Other creditors	2,812	3,031	-	-
Accruals and deferred income	40,568,126	12,620,266	-	-
	<b>130,690,736</b>	<b>28,471,993</b>	<b>74,319,509</b>	<b>200,323</b>

15. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	530,052	602,841
Charged to profit or loss	(239,870)	(72,789)
Arising on business combinations	5,598,200	-
<b>At end of year</b>	<b>5,888,382</b>	<b>530,052</b>

	Group 2019 £	Group 2018 £
Accelerated capital allowances	(602,109)	(3,785)
Tax losses carried forward	(183,807)	(45,410)
Other short-term timing differences	(50,124)	3,490
Deferred tax timing differences on fair value of intangible assets	6,724,422	575,757
	<b>5,888,382</b>	<b>530,052</b>

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HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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16. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
162 Ordinary shares of £1.00 each	<b>162</b>	<b>162</b>

Ordinary shares have attached to them full voting, dividend, and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

17. Reserves

**Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Other reserves**

Comprises translation differences arising from the translation of financial statements of the Group foreign investments into Sterling.

**Profit and loss account**

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.



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**HELP/SYSTEMS INTERNATIONAL GROUP LIMITED**

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**18. Business combinations**

On 2 December 2019, Help/Systems International Group Limited acquired 100% share capital of Clearswift Holdings Limited and its subsidiaries for consideration of £60,028,457. The acquisition has been accounted for under the acquisition method in accordance with FRS 102 section 19.

**Recognised amounts of identifiable assets acquired and liabilities assumed**

	Book value £	Fair value adjustment £	Fair value £
Tangible assets	310,900	-	310,900
Intangible assets	-	37,500,000	37,500,000
	<u>310,900</u>	<u>37,500,000</u>	<u>37,810,900</u>
Debtors	5,749,100	(1,040,000)	4,709,100
Cash at bank and in hand	4,870,600	-	4,870,600
	<u>10,930,600</u>	<u>36,460,000</u>	<u>47,390,600</u>
<b>Total assets</b>	<b>10,930,600</b>	<b>36,460,000</b>	<b>47,390,600</b>
Creditors due within one year	(23,443,639)	-	(23,443,639)
Deferred tax on differences between fair value and tax bases	-	(6,375,000)	(6,375,000)
	<u>(12,513,039)</u>	<u>30,085,000</u>	<u>17,571,961</u>
<b>Total identifiable net assets/(liabilities)</b>	<b>(12,513,039)</b>	<b>30,085,000</b>	<b>17,571,961</b>
Goodwill			<u>42,456,496</u>
<b>Total purchase consideration</b>			<u><u>60,028,457</u></u>
<b>Consideration</b>			
			£
Cash by way of intercompany loan			60,028,457
<b>Total purchase consideration</b>			<u><u>60,028,457</u></u>

Intangible assets represent customer lists and relationships have been separately identified from goodwill on the basis they form part of the core operation value of Clearswift Limited. Both intangible fixed assets and goodwill are accounted for in accordance with the accounting policy described in note 2.9, including the applicable useful lives amortisation methods.

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 19. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £253,308 (2018: £190,114). Contributions totalling £228,898 (2018: £35,215) were payable to the fund at the reporting date.

#### 20. Related party transactions

As a wholly owned subsidiary undertaking of the Group headed by Help/Systems Holdings Inc, the Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

Key management personnel are remunerated by other group companies, and as such no charge is included in this Company for costs relating to them.

#### 21. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2019 £</b>	<i>Group 2018 £</i>
Not later than 1 year	<b>260,048</b>	303,805
Later than 1 year and not later than 5 years	<b>2,411,662</b>	521,001
	<b><u>2,671,710</u></b>	<u>824,806</u>

#### 22. Subsidiaries claiming audit exemption

The following companies which are included within the consolidated accounts have claimed the audit exemption available under Sections 477 and 479A of the Companies Act 2006, and their individual company accounts have not been audited:

Company Name	Reg. number	Country of incorporation
Help/Systems International Limited	04172068	England and Wales
Clearswift Holding Limited	07708980	England and Wales
Clearswift Technologies Limited	03498084	England and Wales
Clearswift Limited	03367495	England and Wales

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## HELP/SYSTEMS INTERNATIONAL GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 23. Post balance sheet events

##### COVID-19 pandemic

On 11 March 2020, COVID-19 was declared a global pandemic by the World Health Organisation. On 23 March 2020, the UK went into lockdown and some restrictions remain in place at the date of signing these financial statements. During this time, the Company had continued to trade and respond rapidly to the pandemic and government requirements.

COVID-19 is considered to be a non-adjusting post balance sheet event. Accordingly, the assessment of carrying values in the balance sheet as at 31 December 2019 has not been adjusted to reflect any consequences of the virus on expected cash flows subsequent to that date.

Details of the going concern assessment is included under note 2.4.

##### Acquisition

On 24 June 2020, Help Systems International Limited acquired 100% share capital of Boldon James Limited for a consideration of £33m which was purchased by way of a loan from HelpSystems LLC, a parent entity. The loan is repayable on demand and interest is charged at LIBOR +0.475% annually.

#### 24. Controlling party

The immediate parent company is Help/Systems Holdings Inc, a company incorporated in the United States of America. Help/Systems International Group Limited is the smallest undertaking in which group accounts including this group are drawn up.

HS MidCo, Inc. is the largest undertaking in which group accounts including this group are drawn up.

The ultimate parent company is HS MidCo, Inc. a company incorporated in the United States of America.

The ultimate controlling party is considered to be a group of investor funds led by TA Associates Management LP, a company incorporated in the United States of America.