TECHNOLOGY ONE UK LIMITED

COMPANY NUMBER 05234413

technologyone

Transforming business, making life simple

Financial Statements as at 30 September 2021
Together with the Strategic Report, the Directors' Report
and the Auditors' Report

TECHNOLOGY ONE UK LIMITED
30 SEPTEMBER 2021

Directors
Mr Edward Chung
Mr Paul Jobbins
Mr Stephen Kennedy

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STRATEGIC REPORT

The directors present their Strategic Report for the year ended 30 September 2021.

Business review

The profit before tax for the year amounted to £212,000 (2020: £3,012,000). The large movement year on year is due to a transfer pricing true up from 2017 in 2020. The directors do not recommend the payment of any dividends (2020: nil).

At 30 September 2021 the Company had net assets of £580,000 (2020: £513,000) and had net current liabilities of £6,248,000 (2020: £130,000).

Key performance indicators

The Company's management consider the key performance indicator for the Company to be growth of SaaS revenue. This is monitored on a regular basis, with the Company achieving a 19% increase in the current year. The directors regard SaaS revenue as a superior revenue stream as it is recurring, contracted and predictable.

Another key non-financial performance indicator for the Company is customer retention and no concerns were noted in the current period. The directors recognise that customer retention is essential as a SaaS company in order to maintain a strong revenue and cash pipeline over the medium to long term.

Principle risks and uncertainties

COVID-19
Having considered the impacts of the COVID-19 pandemic, the Board has taken into account the nature of the Company's activities which consist of marketing, sales, implementation and support of fully integrated enterprise business software solutions. The directors have determined that based on recent trading the pandemic has not had a significant impact on the Company's business.

The directors will continue to monitor the situation constantly and take actions as necessary. The TechnologyOne Group is in a strong financial and will continue to provide financial support over the liabilities of the Company. As a consequence, the Company does not envisage a material change in its ability to operate as a going concern for a period to 30 September 2023.

Brexit
Management will continue to monitor the Brexit environment to identify any potential impacts on Technology One UK Limited. It is noted that Technology One UK does not trade with the EU and is therefore minimally impacted by the changes implemented post-Brexit in relation to supply chains and the flow of goods and services. A right-to-work assessment has also been performed on the UK workforce and no material impacts have been noted.

Credit and cash flow risks
The Company's policies are aimed at minimising credit risk. The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Acquisition of Scientia

On 15 September 2021 the Company acquired Scientia Resource Management Limited (Scientia), a United Kingdom company servicing the higher education sector.

This acquisition forms part of our strategic focus to deliver the deepest functionality for Higher Education and it will accelerate our growth and competitive position in the UK as well as have significant benefits in the Australian Higher Education market.

Scientia's market leading product Syllabus Plus provides mission critical advanced academic timetabling and resource scheduling for over 150 leading universities across the United Kingdom, and Australia.

The acquisition further expands our Global SaaS ERP solution for Higher Education. The integration of the Scientia's advanced academic timetabling and resource scheduling capabilities, combined with our market leading Student Management, HR & Payroll, Enterprise Asset Management and Finance capabilities, will provide smarter decision-making for customers, eliminating underutilisation of space and resources that is paramount for Higher Education across the globe in a post-COVID world.

STRATEGIC REPORT (CONTINUED)

This is our first international acquisition and demonstrates our deep commitment to both Higher Education and the UK market. The unique IP and market-leading functionality of Syllabus Plus supports our vision of delivering enterprise software that is incredibly easy to use and that substantially enhances our customers' experience in the Higher Education sector. We are excited about the opportunities this will bring to both our UK and Australian customers in the coming years.

The financial statements were approved by the Board of directors on 08 September 2022 and were signed on its behalf by:

Edward Chung

Paul Jobbins

Brisbane, Australia
Dated: 08 September 2022

DIRECTORS' REPORT

The board of directors of Technology One UK Limited has pleasure in submitting their report and audited financial statements in respect of the twelve-month period ended 30 September 2021.

Results and dividends

Refer to the Business review in the Strategic Report for review on results and dividends.

Principal activity

The principal activity of Technology One UK Limited is the marketing, sales, implementation and support of fully integrated enterprise business software solutions.

Dividends

The directors have not declared any dividends during the year ended 30 September 2021 (2020: nil).
The directors do not recommend a final dividend (2020: nil).

Directors

The directors who served the Company during the year, and up to the date of this report, were Mr Edward Chung, Mr Paul Jobbins and Mr Stephen Kennedy.

The directors who were members of the board at the time of approving the director's report are listed above. The directors confirm that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Events after the reporting date

An interest only loan agreement was signed post 30 September 2021 for an initial amount of £6,117,000 plus further advances. The nature of the loan is non-current as it is not repayable until 2031. The existence of this loan does not impact the Company's ability to pay its debts when they are due. There have been no other significant events post the Statement of Financial Position date to affect the Company. The current conflict in the Ukraine has no impact on the Company.

Corporate governance

The Company benefits from the corporate governance arrangements established by its parent company Technology One Limited, an entity listed on the Australian Securities Exchange (ASX), full details of which can be found in Technology One Limited's own Annual Report, together with more detailed corporate governance disclosures.

The board has overall responsibility for the Company's system of internal control and for reviewing the effectiveness of these systems. It is responsible for ensuring the Company meets its obligations to its shareholders and meets from time to time to facilitate this.

Future developments

The directors intend to continue to grow the business of the Company in line with Technology One Limited's stated ambition for the UK business.

Going concern

The directors have prepared the financial statements on the going concern basis as they believe that the Company can continue to meet its liabilities as and when they fall due. The Company has the continuing financial support of its parent company, Technology One Limited until 30 September 2023.

The directors have made detailed enquiries, including confirmation of the strong liquidity position announced by Technology One Limited and review of the latest financial results released on 24 May 2022. After making these detailed enquiries, the directors are confident that Technology One Limited has sufficient resources to enable it to provide financial support.

DIRECTORS' REPORT (CONTINUED)

Going concern (continued)

The Company operates within the software service industry as part of the Technology One group. The directors believe support will continue to be forthcoming from its parent company until 30 September 2023, confirmed by a parent support letter, and so the financial statements have been prepared on a going concern basis.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors was approved by the members at the Annual General Meeting.

The financial statements were approved by the Board of Directors' on 08 September 2022 and were signed on its behalf by:

Edward Chung

Paul Jobbins

Brisbane, Australia
Dated: 08 September 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report, and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice; 'UK GAAP'), including Financial Reporting Standard 101: 'Reduced Disclosure Framework' ("FRS 101").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECHNOLOGY ONE UK LIMITED

Opinion

We have audited the financial statements of Technology One UK Limited (the "Company") for the year ended 30 September 2021 which comprise of the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Change in Equity and related notes 1 to 22, 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 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 30 September 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF TECHNOLOGY ONE UK LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (Companies Act 2006, FRS 101 'Reduced Disclosure Framework', Bribery Act 2010, those laws and regulations relating to health and safety and employee matters and relevant tax compliance regulations in the jurisdictions in which the Company operates, including the United Kingdom).

- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of the following documentation: all minutes of board meetings held during the year; the company's code of conduct setting out the key principles and requirements for all staff in relation to compliance with laws and regulations; and any relevant correspondence with local tax authorities.
- We assessed that revenue was a judgemental area of the audit which might be more susceptible to fraud. We obtained an understanding of the controls over the process for the recognition of revenue and tested in particular the existence of the revenue recorded in the financial statements and any manual adjustments to the revenue.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company established to address risks identified by the company or that otherwise seek to prevent, deter or detect fraud. We gained an understanding of the entity level controls and policies that the company applies.
- Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business, enquiries of management and the directors and review of legal correspondence.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst + Young LLP

Neil Warnock (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 8 September 2022

INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 £'000	2020 £'000
Revenue from contracts with customers	2	7,440	10,344
Cost of sales		(614)	(579)
Gross Profit		6,826	9,765
Administration expense		(6,465)	(6,529)
Other expenses		(149)	(224)
Profit before income tax	3	212	3,012
Income tax expense	5	(145)	(150)
Profit for the year	17	67	2,862

All amounts relate to continuing operations.

The accompanying notes form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

There is no other comprehensive income or expense during the year ended 30 September 2021 and 30 September 2020 other than the profit attributable to the members of the company of £67,000 (2020: £2,862,000).

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2021

	Note	2021	2020
ASSETS		£'000	£'000
Non-current assets			
Investments	14	10,199	-
Property, plant and equipment	8	59	143
Right-of-use assets	13	45	165
Trade and other receivables	6	61	63
Contract assets	7	72	-
Contract acquisition costs	9	450	303
Total non-current assets		10,886	674
Current assets			
Cash and cash equivalents		2,635	1,578
Trade and other receivables	6	1,602	1,844
Contract assets	7	314	223
Contract acquisition costs	9	191	140
Current tax assets		132	-
Total current assets		4,874	3,785
LIABILITIES			
Current liabilities			
Trade and other payables	10	1,410	1,035
Deferred revenue	11	2,882	2,610
Lease liability	13	30	120
Current tax liabilities		-	122
Deferred tax liability	5	10	28
Amounts due to related parties	12	6,790	-
Total current liabilities		11,122	3,915
Net current liabilities		6,248	130
Total assets less current liabilities		4,638	544
Non-current liabilities			
Lease liability	13	-	31
Contingent consideration	15	4,058	-
Total non-current liabilities		4,058	31
Net assets		580	513
EQUITY			
Contributed equity	16	-	-
Retained earnings	17	580	513
Total equity		580	513

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 08 September 2022 by;

Edward Chung

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Contributed equity	Retained earnings (Accumulated losses)	Total equity (deficit)
	£'000	£'000	£'000
At 1 October 2019 as previously reported	-	(2,344)	(2,344)
Effect of adoption new accounting standard		(5)	(5)
At 1 October 2019 (adjusted)	-	(2,349)	(2,349)
Profit for the period	-	2,862	2,862
Other comprehensive income	-	-	-
Total comprehensive profit for the year	-	2,862	2,862
At 30 September 2020	-	513	513
At 1 October 2020	-	513	513
Profit for the period	-	67	67
Other comprehensive income	-	-	-
Total comprehensive profit for the year	-	67	67
At 30 September 2021	-	580	580

Contributed equity

Contributed equity is the total par value of called up and fully paid shares.

Retained earnings (Accumulated losses)

Includes all current period profits and losses.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies

a) Basis of preparation

The financial statements of Technology One UK Limited ("the Company") were authorised for issue in accordance with a resolution of the Directors' on 08 September 2022. The Statement of Financial Position was signed on the board's behalf by Mr Edward Chung. The Company is a private company, limited by shares -incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the historical cost convention and applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. The principal accounting policies adopted by the Company are set out further in this note.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share based Payment*, because the share based payment arrangement concerns the instruments of another group entity;
b) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
c) the requirements of paragraphs 91 to 99 of IFRS 13 Fair *Value Measurement*;
d) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
   i. paragraph 79(a)(iv) of IAS 1;
   ii. paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
   iii. paragraph 118(e) of IAS 38 *Intangible Assets*;
e) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*;
f) the requirements of IAS 7 *Statement of Cash Flows*;
g) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
h) the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures*;
i) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
j) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*.

The directors have prepared the financial statements on a going concern basis. At 30 September 2021, the Company had net assets of £580,000 (2020: £513,000) and a net current liability position of £6,248,000 (2020: £130,000). Under current liabilities is an intercompany balance of £6,790,000 with its parent company, Technology One Limited. An interest only loan agreement was signed post 30 September 2021 for an initial amount of £6,117,000 plus further advances. The nature of the loan is non-current as it is not repayable until 2031. The existence of this loan does not impact the Company's ability to pay its debts when they are due. The parent company has also issued a letter of support to the Company stating that it will continue to provide funding, as necessary to 30 September 2023, in order for the Company to meet all of its operational and capital requirements as they fall due. Please see further details in note 19. The directors therefore consider that the going concern basis of accounting remains appropriate

Technology One UK Limited is exempt from the requirement to prepare consolidated Financial Statements. Section 401 of the Companies Act 2006 exempts, subject to certain conditions, an intermediate UK parent from the requirement to prepare consolidated financial statements where its parent is not established under the law of an EEA state, as long as the company and all of its subsidiary undertakings are be included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year, by a parent undertaking (refer to note 21).

A number of new and amended accounting standards became mandatory for the first time in the current financial year. The adoption of these new and amended standards had no impact on the financial position or performance of the Company, or the disclosures included in this Financial Report.

1.SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements as the Company has no interest rate derivatives.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no material impact to the financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." These had no material impact on the financial statements of the Company, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. These amendments had no material impact on the financial statements of the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Company did not receive any Covid-19 related rent concessions and therefore the amendment had no material impact on the financial statements of the Company.

1.SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Revenue recognition

The Company has the following key revenue categories:

1. SaaS Fees
2. Annual Licence fees
3. Consulting Services
4. Initial Licence Fees

The accounting policies for each of these categories has been set out below:

Revenue categories

1. SaaS Fees

Revenue from term SaaS contracts are recognised on a daily basis over the term of the contract. Included within this category is revenue from contracts for annual SaaS licences as well as Platform services associated with initial licence fees. The Company considers that SaaS licence contracts represent a right to access the Company's licenced intellectual property and as such the performance obligation is fulfilled over the contract term.

Payment terms in respect of SaaS Fees are typically annual within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables.

Unsatisfied performance obligations in respect of SaaS Fees received or receivable are recognised as Deferred revenue in the statement of financial position. Refer to note 11 for details of Deferred revenue.

Costs incurred in obtaining the customer contract are expensed, unless they are incremental to obtaining the contract and the Company expects to recover those costs. Costs that meet the criteria for capitalisation will be amortised over the life of the contract that they relate to. The Company has identified certain commission costs as meeting the criteria of directly related contract costs. These costs are capitalised in the month in which they are incurred and amortised over an average contract term of 5 years. The movement in the year and the closing balance of this asset is disclosed within note 9 as 'contract acquisition costs'. This balance is presented as 'contract acquisition costs' in the statement of financial position. The current year amortisation of contract acquisition assets is recognised within the Administration Expense line on the Income Statement.

2. Annual licence fees

Annual Licence Fees are recognised on a daily basis over the term of the contract. The Company considers that the performance obligation in respect of these services is satisfied over time.

Payment terms in respect of Annual Licence Fees are typically annual within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables until paid.

Unsatisfied performance obligations in respect of Annual Licence fees are disclosed as Deferred revenue in the statement of financial position. Refer to note 11 for details of Deferred revenue.

3. Consulting Services

Consulting services includes services for licenced software and project services revenue.

Revenue from these services is recognised as services are rendered, typically in accordance with the achievement of contract milestones and/or hours expended.

4. Initial licence fees

Initial Licence Fees includes both perpetual licence fees and subscription term licences and are recognised on provision of the software. The Company considers that such contracts represent a right to use the Company's licenced intellectual property and as such the performance obligation is fulfilled at the point in time at which the customer receives the licence key.

Payment terms in respect of Initial Licence Fees are typically within 14 to 30 days of invoice. Invoiced amounts are reflected in trade receivables.

Perpetual licence fees are typically invoiced upfront on signing the contract but subscription term licences are billed annually throughout the subscription period.

The Company considers the effects of variable consideration, reviews the contracts to identify if a significant financing component exists and considers the standalone pricing of the initial licence fees when allocating the transaction price of the contract to the performance obligation.

1.SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) *Revenue recognition (continued)*

Associated contract balances
Under IFRS 15, the timing of revenue recognition, customer invoicing and cash collections results in the recognition of trade receivables, contract asset and Deferred revenue (contract liability) on the Company's statement of financial position. At 30 September 2021, the statement of financial position shows a net current liabilities balance of £6.2m (30 September 2020: £0.1m). As Deferred revenue represents payments received or receivable in advance from customers for SaaS Fees and Annual Licence Fees which will be recognised in future periods, and not a future cash outflow, this balance does not impact the Company's ability to meet its short-term obligations as and when they fall due.

c) Fixed assets
Fixed assets are measured at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful economic lives of the assets as follows:

	Life	Method
Office furniture and equipment	3-11 years	Straight line
Make good asset	5 years	Straight line

d) Financial assets and liabilities
Financial instruments recognised in the statement of financial position include; cash and cash equivalents, trade receivables, contract assets and trade payables.

(i) Classification
The Company classifies its financial assets and financial liabilities into the following measurement categories;
- those to be measured at amortised cost (using the effective interest method) and;
- those to be measured at fair value with changes through the profit or loss (FVPL).

Classification into these categories is based on an assessment of the Company's business model for managing its financial instruments and the contractual terms of the cash flows.

(ii) Measurement
Amortised cost
Under this method the financial instrument is measured at the amount recognized at initial recognition minus principal repayments. Further adjustments to the carrying value of the financial instrument will arise if there is a modification to the contractual cash flows creating a gain/loss in the measurement or if there is no longer a reasonable expectation of recovery of a financial asset resulting in a write off.

FVPL
The financial instrument is measured at fair value. Changes in fair value are recognized in profit and loss as they arise.

(iii) Impairment
The Company recognises impairment losses on its financial assets using an expected credit losses (ECL) model in line with IFRS 9. The ECL model essentially aims to calculate the assets credit risk. It involves consideration of scenarios that would lead to default, calculating the shortfall between what is contractually due and what would be received under each scenario and then multiplying the shortfall/loss by the probability of the default situation occurring.

The Company has elected to apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and contract assets. The Company has also made use of the practical expedient available for calculating expected losses for short term receivables. This practical expedient involves using a "provision matrix" to calculate the loss allowance. This matrix is based on historical default rates over the expected life of the trade receivables and it is adjusted for forward-looking estimates.

A 6-month historical default rate is applied to the trade receivables balance to calculate the expected credit loss. This appears as a provision against the trade receivables balance. Movements in this provision are recognised as an expense in the income statement to the extent that the related revenue has been recognised in the income statement. If a receivable balance is identified as being unrecoverable it is written off against the allowance for expected credit losses

1.SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Receivables

Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method, less expected loss provision. Trade receivables are generally due for settlement within 14 to 30 days.

The Company uses the simplified approach to measuring expected credit losses. The amount of the expected credit loss is recognised in the income statement within corporate expenses.

f) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

g) Leased assets

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company's lease portfolio consists of property leases. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions.

Lease contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

<u>Lease liability</u>

The lease liability is initially measured at the present value of outstanding lease payments (including those to be made under reasonably certain extension options). The payments used in this calculation include the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments above are discounted using the interest rate implicit in the lease if that rate is readily determinable. This is not the case for the Company's current leases. When the interest rate implicit in the lease is not readily determinable IFRS 16 requires the use of the incremental borrowing rate to calculate the present value of the lease payments. This rate is the rate of interest that a lessee would have to pay to borrow the funds necessary to purchase the right of use asset, over a similar term and with a similar security, in similar economic environment.

The most appropriate rate to use as a starting point in determining the incremental borrowing rate would be the interest rate incurred on existing borrowings. However, the Company does not have any existing borrowings. In the absence of this the Company uses the swap curve with a corresponding rating as the starting point in determining the incremental borrowing rate. In line with the accounting standard the Company adjusts the swap curve rate for the term of the leases, the value of the leases and the creditworthiness of the Company.

Once the lease liability has been recognised on the balance sheet the periodic lease repayments are allocated between an interest and a principal element. The interest is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

1.SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Leased assets (continued)
Right-of-use asset

The right-of-use asset is initially calculated as being equal to the lease liability and then adjusted for the following:

- Lease payments made on or before the commencement date less any incentives received
- Any initial direct costs, and
- An estimate of restoration costs.

This right-of-use asset is then depreciated on a straight-line basis over the calculated lease term.

Right-of-use assets are also subject to impairment testing under AASB 136 Impairment of assets.

h) Cash and cash equivalents
Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

i) Investments
All investments are initially recognised at cost, being the fair value of the consideration. Subsequently investments are carried at cost less any impairment losses.

j) Payables
Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity. Payables to related parties are carried at the principal amount.

k) Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

l) Value added tax
Revenues, expenses and assets are recognised net of the amount of value added tax (VAT), except where the amount of VAT incurred is not recoverable from the applicable taxing authority. In these circumstances, the VAT is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxing authority is included as a current asset or liability in the Statement of Financial Position.

m) Foreign currency
Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into Sterling at the average rate for the month in which the transaction occurs. Exchange gains and losses are recognised in the Statement of Comprehensive Income.

n) Pensions and other post-employment benefits
Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

o) Critical accounting estimates and judgements
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. *Revenue contracts*
Initial licence fee contracts entered into by the Company require judgement in the identification and separation of the contract components related to software licence fees, annual licence fees and platform services. The Company assesses each customer contract individually and revenue is assigned to each component based upon the stand alone fair value of the component relevant to the total contract value.

1.SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Critical accounting estimates and judgements (continued)

ii. *Tangible fixed assets and depreciation*
The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property plant and equipment and note 1 (c) for the useful economic lives for each class of assets.

iii. *Deferred tax assets*
Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in the future. Significant judgement and estimates are required in evaluating the ability to recover a deferred tax asset. Consideration is given to projected future taxable income, tax-planning strategies and the results of recent operations.

iv. *COVID-19*
Management have considered the potential impact of COVID-19 in performing the Company's impairment assessments and in establishing the expected credit loss on financial assets. No adjustments were made to the Company's assets as a result of these additional assessments. At a time when many businesses have struggled during the pandemic, TechnologyOne has continued to perform strongly. There has been no impact to the Company's balance sheet.

v. *Fair value*
Contingent consideration is classified as a Level 3 liability, given that it cannot be fair valued using observable market inputs. A release of the contingent consideration that does not represent a payment is recognised within the other income line of the income statement.

2. SALES REVENUE

Sales revenue, which is stated net of value added tax, is attributable to one continuing activity, the sale of, and provision of support for, software.

	2021	2020
	£'000	£'000
Revenue from contracts with customers		
SaaS fees*	3,944	3,310
Annual licence fees*	99	258
Consulting services*	2,991	2,768
Initial licence fees**	1	13
Marketing support fees from Technology One Limited	405	3,995
Total revenue from contracts with customers	7,440	10,344

*Recognised over time / as services are rendered
**Recognised at a point in time

3. PROFIT BEFORE INCOME TAX

This is stated after charging:

	2021	2020
	£'000	£'000
Auditors' remuneration - audit services	14	13
Depreciation of owned fixed assets	114	117
Building operating lease rentals	-	6
	128	136

Auditors' remuneration is in respect of the audit of the financial statements provided to the company.

4. SALARIES AND WAGES

i) Director's remuneration

The directors of the Company are also directors of the parent company and fellow subsidiaries. The directors received total remuneration for the year of £1,594,756 (2020: £1,348,314), all of which was paid by the parent company. The directors do not believe that it is practical to apportion this amount between their services as directors of the Company and their services as directors of the parent company's and fellow subsidiary companies.

The directors of the Company, as employees of the Technology One Limited group, are subject to the following option arrangements provided by Technology One Limited.

The group provides benefits to certain employees in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares. The cost of share based payment transactions with employees are measured by reference to fair value of the equity instruments at the date at which they are granted. The cost of share-based payments is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period). No expense is recognised for awards that do not ultimately vest.

ii) Staff costs

	2021	2020
	£'000	£'000
Wages and salaries	4,492	4,789
Social security costs	606	589
Other post-retirement benefit costs	160	164
	5,258	5,542

The number of average employees during the year was made up as follows:

	2021	2020
	No.	No.
Sales	15	14
Consulting	21	21
Research and development	20	18
Administration	4	2
	60	55

5. INCOME TAX EXPENSE

	2021	2020
	£'000	£'000
(a)Tax expense on profit from ordinary activities:	145	150
The tax expense is made up as follows:		
Current tax:		
UK corporation tax - current year	49	122
UK corporation tax - prior year	114	-
Total current tax expense	163	122
Deferred tax:		
Amount expensed in the year	(18)	28
Tax expense on profit on ordinary activities (note 5(b))	145	150

b) Factors affecting current tax charge:
The tax assessed on the profit from ordinary activities for the period differs from the standard rate of corporation tax in the UK of 19% for year ended 30 September 2021 (2020: 19%). The differences are reconciled below:

	2021	2020
	£'000	£'000
Profit from ordinary activities before tax	212	3,012
Profit from ordinary activities multiplied by the applicable standard rate	40	572
Prior period adjustment	114	-
Utilisation of tax losses	-	(465)
Other	(9)	43
Tax expense on profit from ordinary activities	145	150

c) Deferred tax
The deferred tax included in the Statement of Financial Position is as follows:

	2021	2020
	£'000	£'000
Deferred tax liability	(12)	-
Deferred tax asset	2	(28)
Net deferred tax liability	(10)	(28)
Accelerated capital allowances	(10)	(28)
At the end of period	(10)	(28)
Movement in the period		
At start of period	(28)	-
Deferred tax charged in the Statement of Comprehensive income for the period	18	(28)
At the end of period	(10)	(28)

d) Tax rate changes
Deferred taxes at the Statement of Financial Position date have been measured using the current tax rates and reflected in these financial statements. As part of Finance Act 2021(substantially enacted on 24 May 2021), the corporate tax rate increased to 25% from 1 April 2023. The change in tax rate from 19% to 25% does not materially impact the deferred tax balances.

6. TRADE AND OTHER RECEIVABLES

	2021	2020
	£'000	£'000
Trade debtors - gross	1,507	2,189
Provision for expected credit loss	(22)	(750)
Trade debtors - net	1,485	1,439
Prepayments	117	36
Amounts due from related parties	-	369
Current trade and other receivables	1,602	1,844
Non-current		
Prepayments	61	63
Non-current trade and other receivables	61	63

Movements in the expected credit loss allowance:

	2021	2020
	£'000	£'000
Opening balance - 1 October	(750)	(229)
Increase in expected credit loss allowance recognised in profit and loss during the year	(22)	(750)
Unused amounts reversed	750	229
Closing balance - 30 September	(22)	(750)

The Company's normal trade credit term ranges from 15 to 45 days (2020: 15 to 45 days). Other credit terms are assessed and approved on a case-by-case basis.

The Company has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

There are debtors to the value of £995,000 (2020: £776,000) included in Trade Debtors that are considered past due.

Amounts due from related parties do not bear interest and are repayable on demand.

7. CONTRACT ASSETS

	2021	2020
	£'000	£'000
Contract assets	387	224
Provision for expected credit loss	(1)	(1)
	386	223

Provision for expected credit loss

Movements in the provision are as follows:

	2021	2020
	£'000	£'000
Opening balance - 1 October	(1)	(1)
Increase in expected credit loss allowance recognised in profit and loss during the year	(1)	(1)
Unused amounts reversed	1	1
Closing balance - 30 September	(1)	(1)

Contract assets as at 30 September 2021 is made up of £314,000 (2020: £223,000) held in current assets and £72,000 (2020: nil) held in non-current assets in the statement of financial position. The current year portion of the balance will be amortised over the next 12 months.

8. PROPERTY, PLANT AND EQUIPMENT

	Office furniture & equipment	Make good asset	Total
2021	**£'000**	**£'000**	**£'000**
Cost			
At 1 October 2020	590	34	624
Additions	30	-	30
At 30 September 2021	**620**	**34**	**654**
Accumulated depreciation			
At 1 October 2020	(455)	(26)	(481)
Depreciation charge	(107)	(7)	(114)
At 30 September 2021	**(562)**	**(33)**	**(595)**
Net book value	**58**	**1**	**59**

	Office furniture & equipment	Make good asset	Total
2020	**£'000**	**£'000**	**£'000**
Cost			
At 1 October 2019	560	34	594
Additions	32	-	32
Disposals	(2)	-	(2)
At 30 September 2020	**590**	**34**	**624**
Accumulated depreciation			
At 1 October 2019	(339)	(20)	(359)
Other Adjustment	-	(5)	(5)
Depreciation charge	(116)	(1)	(117)
At 30 September 2020	**(455)**	**(26)**	**(481)**
Net book value	**135**	**8**	**143**

9. CONTRACT ACQUISITION COSTS

	Contract acquisition costs	Total
	£'000	£'000
2021		
At 1 October 2020	443	443
Additions	348	348
Amortisation	(150)	(150)
At 30 September 2021	**641**	**641**
2020		
At 1 October 2020	329	329
Additions	222	222
Amortisation	(108)	(108)
At 30 September 2021	**443**	**443**

Contract acquisition costs as at 30 September 2021 is made up of £191,000 (2020: £140,000) held in current assets and £450,000 (2020: £303,000) held in non-current assets in the statement of financial position. The current year portion of the balance will be amortised over the next 12 months.

10. TRADE AND OTHER PAYABLES

	2021	2020
	£'000	£'000
Trade creditors	**126**	22
Other creditors - employee bonus	**202**	152
Accruals	**617**	334
Other taxes and social security costs	**465**	527
	1,410	1,035

Trade creditors are non-interest bearing and are normally settled on 40 days terms. Other creditors are non-interest bearing.

11. DEFERRED REVENUE

	2021	2020
	£'000	£'000
Carrying amount at 1 October	2,610	3,382
Carrying amount at 30 September	2,882	2,610
Revenue recognised from the opening balance	**2,548**	**3,382**

Deferred revenue represents payments received or receivable in advance from customers for SaaS Fees and Annual Licence Fees which will be recognised as revenue in future periods, generally over the next 12 months. These amounts are a contract liability under IFRS 15. These amounts do not result in a future cash outflow. The operating costs to deliver the services are not significant.

12. AMOUNTS DUE TO RELATED PARTIES

	2021	2020
	£'000	£'000
Amounts due to related parties	6,790	-
	6,790	-

At 30 September 2021 the balance was unsecured and interest free. An interest only agreement was signed post 30 September 2021 for an initial amount of £6,117,000 plus further advances. The balance of that loan at 30 September 2021 was £6,790,000. The nature of the loan is non-current as it is not repayable until 2031. The existence of this loan does not impact the Company's ability to pay its debts when they are due.

The parent company has also issued a letter of support to the Company stating that it will continue to provide funding, as necessary to 30 September 2023, in order for the Company to meet all of its operational and capital requirements as they fall due. Please see further details in note 19.

13. LEASES

Right-of-use assets	**2021**	**2020**
	Property	**Property**
	£'000	**£'000**
Year ended 30 September		
Opening net book amount	165	285
Depreciation charge	(120)	(120)
Closing net book amount	**45**	**165**
At 30 September		
Cost	285	285
Accumulated depreciation	(240)	(120)
Net book amount	**45**	**165**

Lease liability

	2021	**2020**
	£'000	**£'000**
1 October		
Opening liability	151	268
Payments	(123)	(122)
Interest expense	2	5
Closing liability	**30**	**151**
Current	30	120
Non-Current	-	31
Closing Liability	**30**	**151**

The following are amounts recognised in profit or loss under IFRS 16:

	2021	2020
	£'000	£'000
Amortisation on right-of-use assets	120	120
Interest expense on lease liabilities	2	5
Expense related to short-term leases	-	8
Total amount recognised in profit or loss	**122**	**133**

Cashflow from leases

	2021	**2020**
	£'000	£'000
Total cash outflow as a lessee	123	130
	123	**130**

14. INVESTMENTS

	2021
	Investment in Subsidiary
	£'000
Year ended 30 September	
Opening net book amount	-
Additions	**10,199**
Impairment	-
Closing net book amount	**10,199**
At 30 September	
Cost	10,199
Accumulated impairment	-
Net book amount	**10,199**

On 15 September 2021, the Company acquired 100% equity holding in Scientia Resource Management Limited (Scientia), a company incorporated in England that provides advanced academic timetabling and resource scheduling for over 150 leading universities across the United Kingdom and Australia. Registered office is at Fourth Floor Abbots House, Abbey Street, Reading, Berkshire, England, RG1 3BD.

15. CONTINGENT CONSIDERATION

	2021	2020
	£'000	**£'000**
Contingent Consideration		
Contingent Consideration current	-	-
Contingent Consideration non-current	4,058	-
Closing net book amount	4,058	-

Refer to note 18 - Business Combinations for details of the acquisition.

16. SHARE CAPITAL

	2021	2020
	£	**£**
Authorised, allotted, called up and fully paid		
2 (2020: 2) ordinary shares of £1 each	2	2

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS/(DEFICIT)

	2021	2020
	£'000	**£'000**
Opening shareholders' fund/(deficit)	513	(2,344)
Restatement adjustment IFRS 16	-	(5)
Profit for the year	67	2,862
Closing shareholders' funds	580	513

18. Business Combinations

On 15 September 2021, Technology One UK Limited acquired 100% of the issued shares and voting rights in Scientia Resource Management Limited (Scientia). The Scientia acquisition forms part of the strategic focus to deliver further functionality for Higher Education software solution and it will accelerate the growth and competitive position in the UK as well as have significant benefits in the Australian Higher Education market. Scientia's product, Syllabus Plus, provides advanced academic timetabling and resource scheduling for over 150 leading universities across the United Kingdom and Australia.

The total purchase consideration is £10.2m made up of the initial cash payment of £6.1m plus the value of the second earn out £4.1m.

The initial cash payment of £6.1m on 25 August 2021 included payments to extinguish the list of liabilities of Scientia at the time of acquisition as well as payments to shareholders.

The sales and purchase agreement outlined earn out clauses including:

- The first earn out clause of £2.1m is consideration for the acquisition and is earned through future performance hurdles on net profit before tax (NPBT) and annual recurring revenue (ARR) as of 31 December 2021. Scientia has not achieved the first earn out.
- The second earn out clause of £4.1m is consideration for the acquisition and is earned through future performance hurdles on NPBT and ARR as of 31 December 2022. The company has considered the future contingent payment to be a level 3 financial liability. The fair value of the earn out considering the time value discount is £4.1m.

Further payments to the major shareholder may be due subject to the achievement of certain future NPBT and ARR targets between 31 December 2022 and 31 December 2024. These payments would be accrued if deemed to be earned and probable. As of 30 September 2021, there has been no provision recorded.

19. SUPPORT OF CONTROLLING ENTITY

The operations of Technology One UK Limited rely on the continued product and financial support of Technology One Limited, the parent entity of Technology One UK Limited. The directors of Technology One Limited have resolved to provide financial and product support until 30 September 2023 should this cause Technology One UK Limited not to be able to continue as a going concern and meet its debts as and when they fall due.

The directors have made detailed enquiries, including confirmation of the strong liquidity position announced by Technology One Limited and review of the latest financial results released on 24 May 2022. After making these detailed enquiries, the directors are confident that Technology One Limited has sufficient resources to enable it to provide financial support.

20. RELATED PARTIES

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed in note 4. The Company has taken advantage of the exemptions provided by FRS 101 regarding disclosure of transactions entered into between two or more members of the TechnologyOne group. Copies of these group financial statements are available from www.TechnologyOneCorp.com.

The Company is a wholly owned subsidiary of Technology One Limited, a company domiciled in Australia and listed on the Australian Securities Exchange, the consolidated financial statements of which are publicly available.

21. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Technology One Limited, a company registered in Australia, which owns 100% of the issued share capital. Copies of these group financial statements are available from www.TechnologyOneCorp.com.

22. EVENTS AFTER THE REPORTING DATE

An interest only loan agreement was signed post 30 September 2021 for an initial amount of £6,117,000 plus further advances. The nature of the loan is non-current as it is not repayable until 2031. The existence of this loan does not impact the Company's ability to pay its debts when they are due. There have been no other significant events post the Statement of Financial Position date to affect the Company. The current conflict in the Ukraine has no impact on the Company.