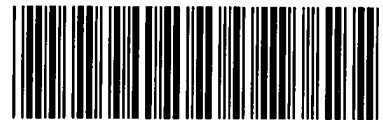


Company Registration No. 06670788 (England and Wales)

LEMONGRASS CONSULTING LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2019

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LEMONGRASS CONSULTING LIMITED

COMPANY INFORMATION

Directors	M J Provenzano M D Rosenbloom
Secretary	M J Provenzano
Company number	06670788
Registered office	20-22 Queen Victoria Street Reading RG1 1TG
Auditor	RSM UK Audit LLP Chartered Accountants Davidson House Forbury Square Reading Berkshire RG1 3EU

LEMONGRASS CONSULTING LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

The directors present the strategic report for the period ended 31 December 2019.

Fair review of the business

Lemongrass Consulting Limited is a limited liability company incorporated in England and Wales and is domiciled in England with 8 overseas subsidiaries. The registered office is 20-22 Queen Victoria Street, Reading, RG1 1TG. The company is a wholly owned subsidiary of Lemongrass Holdings, Inc, a US company.

The group considers revenue and gross profit as key indicators of performance. Revenue for the period was £32,691,337 (2018: £16,855,220). The accounts had previously been prepared as at 31 August but the accounting date has been changed to 31 December for the 2019 financial period resulting in a 16 month reporting period. The revenue increase is impacted by the extended period. However, the material improvement has been as a result of the continued successful growth of the company in the traditional EMEA market but also in new territories across AsiaPac and the United States.

Gross profit was £5,306,433 (2018: £2,613,726). The increase in gross profit has been achieved at a time of rapid growth and economies of scale as well as the increased use of lower cost geography delivery centres.

The average headcount for the period to 31 December 2019 was 155 (2018: 84). The ending permanent employee headcount was 191 as at 31 December 2019.

The parent company, Lemongrass Holdings Inc, secured a \$10m Series C Financing Round led by Blue Lagoon Capital in December 2019 resulting in an infusion of experienced board members and leadership team to bring renewed commitment to the strategic vision and accelerate sales, marketing and execution of the aggressive product roadmap.

The balance sheet reflects the planned growth and development stage of the business. Trade debtors have shown a 50% increase as the customer base continues to grow.

Principal risks and uncertainties

Foreign exchange

The group has investments outside the UK and buys and sells services denominated in currencies other than sterling. As a result, the value of the group's non sterling revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates in general and in the US Dollar in particular.

Credit risk

Trade receivables are monitored and regularly reviewed by leadership which has successfully reduced the inherent risk in this area.

Liquidity risk

Liquidity is seen as a key risk of the business as it is essential to maintain operating cashflows and invest in the growth of the business. The group monitors availability of funds using cash flow forecasts.

Generally, where risks have been perceived controls have been established to mitigate those risks.

Research and development

Product development and innovation are considered key strategies to the group's competitive position within the market place and accordingly the group continues to invest significantly in new products and technologies with a spend of £1,308,322 in 2019 (2018: £836,726).

LEMONGRASS CONSULTING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

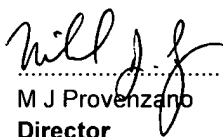
Future developments

The management aim to maintain and implement further initiatives to grow the company with the intention of increasing sales, revenue and gross margin.

The directors continue to assess the impact of the UK's decision to leave the EU to ensure that the group remains as competitive in both the domestic UK market and the wider global markets.

The directors have fully evaluated the effect of the Covid-19 pandemic on the business and there have been no significant business impacts to date.

On behalf of the board


M J Provenzano
Director

Date: 13th December 2021

LEMONGRASS CONSULTING LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2019

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

Principal activities

The principal activity of the company and group continued to be that of experts in implementing, migrating, operating, innovating & automating SAP Business Suite and SAP Business One environments on the AWS cloud.

The company has changed its reporting date to 31 December to align with the rest of the group. As a result, these financial statements are presented for the 16 month period from 1 September 2018 to 31 December 2019, and as such are not entirely comparable with the comparative financial statements.

Results and dividends

The results for the period are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

W E Beek	(Resigned 31 March 2020)
J Booma	(Resigned 1 August 2020)
J Siegel	(Resigned 15 June 2020)
M J Provenzano	(Appointed 31 March 2020)
M D Rosenbloom	(Appointed 31 March 2020)

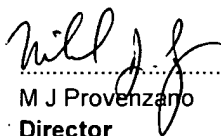
Auditor

RSM UK Audit LLP were appointed as auditor to the group and are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


M J Provenzano
Director

Date: 13th December 2021

LEMONGRASS CONSULTING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and 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 LEMONGRASS CONSULTING LIMITED

Opinion

We have audited the financial statements of Lemongrass Consulting Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Other matter - prior period financial statements not audited

The company was exempt from audit in the period ended 31 August 2018 and consequently the corresponding figures are unaudited.

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.

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. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEMONGRASS CONSULTING LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the 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 strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 4, 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 and 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.

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: <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.

Mayulee Pinkerton

Mayulee Pinkerton CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Davidson House
Forbury Square
Reading
Berkshire, RG1 3EU
14 November 2021

LEMONGRASS CONSULTING LIMITED

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

		Period ended 31 December 2019 £	Year ended 31 August 2018 £
	Notes		
Turnover	3	32,691,337	16,855,220
Cost of sales		(27,384,904)	(14,241,494)
Gross profit		5,306,433	2,613,726
Administrative expenses		(10,878,941)	(4,289,043)
Exceptional item	4	-	(229,429)
Operating loss	7	(5,572,508)	(1,904,746)
Interest receivable and similar income	9	2,220	-
Interest payable and similar expenses	10	(7,566)	(25,233)
Loss before taxation		(5,577,854)	(1,929,979)
Tax on loss	11	341,986	-
Loss for the financial period		(5,235,868)	(1,929,979)
Other comprehensive income			
Currency translation differences		(29,993)	-
Total comprehensive income for the period		(5,265,861)	(1,929,979)

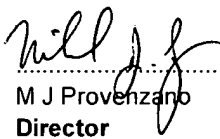
Loss for the financial period is all attributable to the owners of the parent company.

Total comprehensive income for the period is all attributable to the owners of the parent company.

LEMONGRASS CONSULTING LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	As at 31 December 2019		As at 31 August 2018	
		£	£	£	£
Fixed assets					
Intangible assets	12		185,727		-
Tangible assets	13		-		64,152
			<u>185,727</u>		<u>64,152</u>
Current assets					
Stocks	16	-		465,905	
Debtors	17	10,799,794		4,544,753	
Cash at bank and in hand		2,719,616		464,056	
		<u>13,519,410</u>		<u>5,474,714</u>	
Creditors: amounts falling due within one year	18	(20,376,447)		(6,944,315)	
Net current liabilities			<u>(6,857,037)</u>		<u>(1,469,601)</u>
Total assets less current liabilities			<u>(6,671,310)</u>		<u>(1,405,449)</u>
Capital and reserves					
Called up share capital	20		1,295		1,295
Share premium account	21		154,470		154,470
Profit and loss reserves	21		(6,827,075)		(1,561,214)
Total equity			<u>(6,671,310)</u>		<u>(1,405,449)</u>

The financial statements were approved by the board of directors and authorised for issue on 13th December 2021 and are signed on its behalf by:

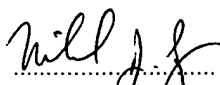

 M J Provenzano
 Director

LEMONGRASS CONSULTING LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	As at 31 December 2019		As at 31 August 2018	
		£	£	£	£
Fixed assets					
Intangible assets	12		185,727		-
Tangible assets	13		-		64,152
Investments	14		178,360		655
			<u>364,087</u>		<u>64,807</u>
Current assets					
Stocks	16		-		465,905
Debtors	17	10,958,843		4,928,928	
Cash at bank and in hand		425,312		464,056	
			<u>11,384,155</u>		<u>5,858,889</u>
Creditors: amounts falling due within one year	18	(18,827,183)		(7,328,677)	
Net current liabilities			<u>(7,443,028)</u>		<u>(1,469,788)</u>
Total assets less current liabilities			<u>(7,078,941)</u>		<u>(1,404,981)</u>
Capital and reserves					
Called up share capital	20		1,295		1,295
Share premium account	21		154,470		154,470
Profit and loss reserves	21		(7,234,706)		(1,560,746)
Total equity			<u>(7,078,941)</u>		<u>(1,404,981)</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £5,673,960 (2018 - £1,929,942 loss).

The financial statements were approved by the board of directors and authorised for issue on 13th December 2021 and are signed on its behalf by:



 M J Provenzano
 Director

LEMONGRASS CONSULTING LIMITED

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

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 September 2017	1,295	154,500	368,765	524,560
Period ended 31 August 2018:				
Loss and total comprehensive income for the period	-	-	(1,929,979)	(1,929,979)
Other movements	-	(30)	-	(30)
Balance at 31 August 2018	1,295	154,470	(1,561,214)	(1,405,449)
Period ended 31 December 2019:				
Loss for the period	-	-	(5,235,868)	(5,235,868)
Other comprehensive income:				
Currency translation differences	-	-	(29,993)	(29,993)
Total comprehensive income for the period	-	-	(5,265,861)	(5,265,861)
Balance at 31 December 2019	1,295	154,470	(6,827,075)	(6,671,310)

LEMONGRASS CONSULTING LIMITED

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

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 September 2017	1,295	154,500	369,196	524,991
Period ended 31 August 2018:				
Loss and total comprehensive income for the period	-	-	(1,929,942)	(1,929,942)
Other movements	-	(30)	-	(30)
Balance at 31 August 2018	1,295	154,470	(1,560,746)	(1,404,981)
Period ended 31 December 2019:				
Loss and total comprehensive income for the period	-	-	(5,673,960)	(5,673,960)
Balance at 31 December 2019	1,295	154,470	(7,234,706)	(7,078,941)

LEMONGRASS CONSULTING LIMITED

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

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	22	2,590,687		441,296	
Interest paid		(7,566)		(25,233)	
Income taxes refunded/(paid)		82,847		(123,031)	
Net cash inflow from operating activities		2,665,968		293,032	
Investing activities					
Purchase of intangible assets		(266,051)		-	
Purchase of tangible fixed assets		(114,405)		(99,305)	
Interest received		2,220		-	
Net cash used in investing activities		(378,236)		(99,305)	
Net increase in cash and cash equivalents		2,287,732		193,727	
Cash and cash equivalents at beginning of period		464,056		270,329	
Effect of foreign exchange rates		(32,172)		-	
Cash and cash equivalents at end of period		2,719,616		464,056	

LEMONGRASS CONSULTING LIMITED

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

1 Accounting policies

Company information

Lemongrass Consulting Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 20-22 Queen Victoria Street, Reading, RG1 1TG.

The group consists of Lemongrass Consulting Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Lemongrass Consulting Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Going concern

The financial statements have been prepared on a going concern basis as the parent company has provided written confirmation of its willingness to provide continued financial support to the company for the foreseeable future. The foreseeable future is considered to be a period of 12 months from the approval of these financial statements. In making this consideration directors have considered the ability of the parent company to provide this support for a period of 12 months of approving these financial statements. Given the financial position of the parent company and the cash and resources available to the worldwide Lemongrass Group, the directors have considered that this support can be provided. As such they have prepared these financial statements on a going concern basis.

Reporting period

The company has changed its reporting date to 31 December to align with the rest of the group. As a result, these financial statements are presented for the 16 month period from 1 September 2018 to 31 December 2019, and as such are not entirely comparable with the comparative financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Software	33% straight line
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Tangible fixed assets

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

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

Plant and equipment	50% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and amounts due from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

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

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Exceptional items

Exceptional items are items which management consider are material to the understanding of the results and the financial position of the company and have therefore been presented separately in the financial statements.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Recoverability of intercompany balance (company only)

Estimates are made relating to the recoverability of intercompany debtor balances to reflect unrecoverable amounts due to known defaults and defaults incurred but not reported at the year end. The directors consider the solvency and future trading forecasts of subsidiaries to determine whether the group company balances are impaired. The directors have assessed that no provision against intercompany balances outstanding at the reporting date is required.

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Services revenue	32,691,337	16,855,220
	2019 £	2018 £
Other revenue		
Interest income	2,220	-
	2019 £	2018 £
Turnover analysed by geographical market		
United Kingdom	6,270,537	5,950,716
Europe	9,630,395	8,739,167
USA and Canada	7,939,511	966,221
Rest of the World	8,850,894	1,199,116
	32,691,337	16,855,220

4 Exceptional item

	2019 £	2018 £
Expenditure		
Exceptional items	-	229,429

During the year ended 31 August 2018, the group paid £229,429 of legal fees and back pay in relation to the purchase of Ocean 9 Inc. by the ultimate controlling party Lemongrass Holdings Inc.

5 Employees

The average monthly number of persons (including directors) employed during the period was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Sales	16	6	8	5
Delivery	101	73	34	42
Administration	13	5	11	5
Products	25	-	13	-
Total	155	84	66	52

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

5 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	13,731,270	7,227,632	7,841,513	7,227,632
Social security costs	1,398,033	770,489	1,134,709	770,489
Pension costs	326,012	99,389	79,111	99,389
	<u>15,455,315</u>	<u>8,097,510</u>	<u>9,055,333</u>	<u>8,097,510</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	243,597	140,004
Company pension contributions to defined contribution schemes	13,344	10,016
	<u>256,941</u>	<u>150,020</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	243,597	140,004
Company pension contributions to defined contribution schemes	13,344	18,179
	<u>256,941</u>	<u>158,183</u>

7 Operating loss

	2019 £	2018 £
Operating loss for the period is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	443,859	42,643
Research and development costs	1,308,322	836,726
Depreciation of owned tangible fixed assets	178,557	47,730
Amortisation of intangible assets	80,324	-
Operating lease charges	83,054	32,133
	<u>2,094,116</u>	<u>969,232</u>

The amortisation of intangible assets is included within cost of sales.

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

8 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	46,500	-
Audit of the financial statements of the company's subsidiaries	7,500	-
	<u>54,000</u>	<u>-</u>

9 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	2,220	-
	<u>2,220</u>	<u>-</u>

10 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and loans	2,174	19,940
Other interest	5,392	5,293
	<u>7,566</u>	<u>25,233</u>

11 Taxation

	2019 £	2018 £
Current tax		
Adjustments in respect of prior periods	(358,309)	-
Foreign current tax on profits for the current period	16,323	-
	<u>(341,986)</u>	<u>-</u>

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

11 Taxation (Continued)

The total tax (credit)/charge for the period included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Loss before taxation	(5,577,854)	(1,929,979)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(1,059,792)	(366,696)
Tax effect of expenses that are not deductible in determining taxable profit	-	40,770
Tax effect of income not taxable in determining taxable profit	(70,246)	-
Change in unrecognised deferred tax assets	1,026,770	291,618
Adjustments in respect of prior years	(358,309)	34,308
Effect of change in corporation tax rate	117,488	-
Effect of overseas tax rates	2,103	-
Taxation credit	(341,986)	-

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2021. In March 2020 the Chancellor announced that tax rate would remain at 19%. In March 2021 the Chancellor announced that the corporation tax rate would increase from 19% to 25% from 1 April 2023, however as these rates were not substantively enacted at the reporting date, they have not been used to measure deferred tax.

12 Intangible fixed assets

Group	Software £
Cost	
Additions	266,051
At 31 December 2019	266,051
Amortisation and impairment	
Amortisation charged for the period	80,324
At 31 December 2019	80,324
Carrying amount	
At 31 December 2019	185,727
At 31 August 2018	-

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

12 Intangible fixed assets (Continued)

Company	Software £
Cost	
Additions	266,051
At 31 December 2019	266,051
Amortisation and impairment	
Amortisation charged for the period	80,324
At 31 December 2019	80,324
Carrying amount	
At 31 December 2019	185,727
At 31 August 2018	-

13 Tangible fixed assets

Group	Plant and equipment £
Cost	
At 1 September 2018	175,300
Additions	114,405
Disposals	(583)
At 31 December 2019	289,122
Depreciation and impairment	
At 1 September 2018	111,148
Depreciation charged in the period	178,557
Eliminated in respect of disposals	(583)
At 31 December 2019	289,122
Carrying amount	
At 31 December 2019	-
At 31 August 2018	64,152

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

13 Tangible fixed assets (Continued)

Company	Plant and equipment £
Cost	
At 1 September 2018	175,300
Additions	76,784
Disposals	(583)
At 31 December 2019	251,501
Depreciation and impairment	
At 1 September 2018	111,148
Depreciation charged in the period	140,936
Eliminated in respect of disposals	(583)
At 31 December 2019	251,501
Carrying amount	
At 31 December 2019	-
At 31 August 2018	64,152

14 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	15	-	-	178,360	655

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 September 2018	655
Additions	177,705
At 31 December 2019	178,360
Carrying amount	
At 31 December 2019	178,360
At 31 August 2018	655

Additions in the year relate to the set up of three new subsidiaries in India, Germany and the Philippines.

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Lemongrass Consulting (Pty) Ltd	a)	IT consultancy	Ordinary	100.00
Lemongrass Bilisim Danismanlik ve Yazilim Limited Sirketi	b)	IT consultancy	Ordinary	100.00
Lemongrass Consulting SDN BHD	c)	IT consultancy	Ordinary	100.00
Lemongrass Consulting NL BV	d)	IT consultancy	Ordinary	100.00
Lemongrass Consulting Pty Ltd	e)	IT consultancy	Ordinary	100.00
Lemongrass Product Development India Private Limited	f)	IT consultancy	Ordinary	100.00
Lemongrass Consulting Philippines Inc	g)	IT consultancy	Ordinary	100.00
Lemongrass Consulting GmbH	h)	IT consultancy	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

- a) PO Box 36614, Menlo Park, Pretoria, Gauteng 0102, South Africa
- b) Kosuyolu Cad. Cenap Sahabettin Sok. Sk.No: 78 Postakodu:34718 Kadikoy, Istanbul
- c) Jalan Tuanka Abdul, Unit NO. 2001, Level 20, Menara Centara NO.360, Rahman 50100, Kuala Lumpur, Malaysia
- d) Markt 19, 6071 JD, Swalmen, Netherlands
- e) 14 Ivy St, Hampton 3188, Australia
- f) 302, 3rd Floor, SMR Vinay Estate, 560043 Bengaluru, India
- g) 5th Street, 1634 Taguig City, Metro Manila, Philippines
- h) Schellingstr. 109 a, 80798 München, Germany

16 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	-	465,905	-	465,905

17 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	6,088,641	4,062,369	4,262,624	4,065,179
Corporation tax recoverable	259,139	-	259,139	-
Amounts owed by group undertakings	-	-	2,933,035	381,365
Other debtors	505,022	254,970	478,301	254,970
Prepayments and accrued income	3,946,992	227,414	3,025,744	227,414
	<u>10,799,794</u>	<u>4,544,753</u>	<u>10,958,843</u>	<u>4,928,928</u>

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

18 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade creditors	1,391,579	835,840	1,368,297	835,840
Amounts owed to group undertakings	14,065,724	4,068,957	14,388,583	4,450,277
Other taxation and social security	1,070,667	823,555	245,782	828,787
Other creditors	507,930	2,377	486,958	-
Accruals and deferred income	3,340,547	1,213,586	2,337,563	1,213,773
	<u>20,376,447</u>	<u>6,944,315</u>	<u>18,827,183</u>	<u>7,328,677</u>

19 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>326,012</u>	<u>99,389</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the reporting date, there were accrued pension contributions of £5,010 (2018: £4,146) included within accruals.

20 Share capital

	Group and Company			
	2019 Number	2018 Number	2019 £	2018 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>1,295</u>	<u>1,295</u>	<u>1,295</u>	<u>1,295</u>

All share have equal voting rights, dividend rights, and rights in respect of capital and distributions, including on winding up.

21 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

22 Cash generated from group operations

	2019 £	2018 £
Loss for the period after tax	(5,235,868)	(1,929,979)
Adjustments for:		
Taxation credited	(341,986)	-
Finance costs	7,566	25,233
Investment income	(2,220)	-
Amortisation and impairment of intangible assets	80,324	-
Depreciation and impairment of tangible fixed assets	178,557	47,730
Foreign exchange gains on cash equivalents	333,210	-
Movements in working capital:		
Decrease/(increase) in stocks	465,905	(194,683)
Increase in debtors	(5,349,441)	(904,422)
Increase in creditors	12,454,640	3,397,417
Cash generated from operations	2,590,687	441,296

23 Analysis of changes in net funds - group

	1 September 2018 £	Cash flows £	Exchange rate movements £	31 December 2019 £
Cash at bank and in hand	464,056	2,287,732	(32,172)	2,719,616

24 Operating lease commitments

Lessee

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	15,173	15,600	15,173	15,600
Between one and five years	-	20,387	-	20,387
	15,173	35,987	15,173	35,987

LEMONGRASS CONSULTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

25 Events after the reporting date

Subsequent to the group's financial year end, the World Health Organization (WHO) announced on 31 January 2020 a global health emergency related to a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the associated risks to international communities, and the global economy, as the virus spreads beyond its point of origin. On 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic due to a rapid increase in global exposures. These events are having a significant negative impact on global stock markets, currencies, and general business activities. The timing and extent of the impact and recovery from the COVID-19 outbreak is unknown but may have an impact on the group's activities in an uncertain global market.