PeopleCert Wisdom Limited

Annual report and financial statements

Registered number 13430992

31 December 2021

Contents

Strategic report

Incorporation

Peoplecert Wisdom Limited (the "Company") was incorporated in United Kingdom on 1 June 2021 as a private limited liability company. As at 22 July 2021, the Company proceed with the subscription for one ordinary share of EUR 1.00 in the capital of the Peoplecert International Ltd at a subscription price of GBP 8 343. As at 23 July 2021, Peoplecert Holdings UK (upper parent company of Peoplecert Group) transferred the 100% shares or EUR 10 000 hold for Peoplecert International Ltd and therefore at that date obtained the control of Peoplecert International Ltd and its subgroup. As at 28 July 2021, the Company proceed with the subscription for one ordinary share of EUR 1.00 in the capital of the Peoplecert International Ltd at a subscription price of GBP 140 000 000.

Since the Company is a newly established entity, these Financial Statements concern the Group's financial performance for the period from 23 July 2021 to 31 December 2021 and no comparatives are available.

About PeopleCert

Established in 2000, PeopleCert is a global leader in assessment and certification of professional skills, partnering with multinational organisations and government bodies for the development and delivery of exams.

Principal activities and nature of operations of the Group

The principal activities of the Group are the design, development, management, control and support of certification programs for persons in Business, IT and Languages and the design, development and assessment of automated examination systems. Also, the Group acts as an agent regarding the organization and execution of training on behalf of other companies. Main subsidiaries in the group are:

- PeopleCert International Ltd which was incorporated in Cyprus in 2005; PeopleCert International Ltd has a branch in Dubai which was incorporated during 2014.
- PeopleCert UK Ltd which was incorporated in the UK in 2014;
- PeopleCert Qualifications Ltd which was incorporated in the UK in 2015, is regulated by the Office of Qualifications in England (OFQUAL) and Qualifications Wales;
- International Association For Six Sigma Certification (IASSC) LLC, an Arizona limited liability company, which was acquired by the Group on 8 September 2020.
- Axelos Ltd, a joint venture company created in 2013 to manage, develop and grow the portfolio of global best practice methodologies in project, programme and portfolio management, and IT and digitally enabled services which was acquired by the Group on 29 July 2021.

The remaining subsidiaries of the Group are engaged in personnel certification.

Product Portfolio

The Group offers a comprehensive product portfolio of owned or third party exam products in the areas of:

<u>Business & IT</u>

IT Governance & Service Management (ITIL, ISO 20000, Lean IT, DevOps etc)

Project, Programme & Portfolio Management (PRINCE2, Agile, MSP etc)

Business Management & Improvement (Lean Six Sigma, ISO9001 etc)

Change, Risk and Benefits Management (MoR etc)

Cyber Security & Resilience (Resilia, ISO 27001 etc)

Valuations (PeopleCert Certified Professional Valuer)

Basic IT skills (ECDL)

LanguageCert

English Language Skills

Spanish Language Skills

Turkish Language Skills

The Group invests to further enhance its product portfolio for global delivery.

Global Presence

The product portfolio is delivered across 200+ countries through the Group's Partner Network and direct website sales in 25 languages. Key markets include USA, India, United Kingdom, Germany, Australia, Poland, Netherlands, Greece, Norway, Ireland, France, Mexico, Italy, Canada and Singapore. The Partner Network is growing rapidly and currently consists of over 2.000 Accredited Training Organisations around the globe, including Global Knowledge, ITpreneurs, New Horizons, Pink Elephant, Quint Wellington Redwood, Simplilearn Solutions, ILX Group, Serview, Inprogress, ITSM Technologies, Superskills and many more. The Group has also established Language related partnerships with Universidad de Salamanca (Spain) and Ankara Universitesi (Turkey).

Partners are evaluated against the highest quality standards, enabling them to deliver IT education and exam services to global organisations and government agencies, such as Bank of America, IBM, NASA, Microsoft, Morgan Stanley, Intel, Siemens, U.S. Department of Defense, British Petroleum, Deutsche Bank, Barclays, HSBC, Vodafone, HP and many more.

Commitment to Quality

The Group embraces industry best practice which is objectively demonstrated by an impressive list of quality credentials, awarded and regularly audited by independent authorities including:

Accreditations by the National Hellenic Accreditation System:

ISO 17024 Certification of Persons (since 2006)

Certifications by Lloyds Register:

ISO 9001 Quality Management (since 2003)

ISO 10002 Customer Satisfaction and Complaints Handling (since 2006)

ISO 14001 Environmental Management (since 2006)

ISO 27001 Information & Data Security (since 2008)

ISO 23988 Use of IT in the delivery of assessments (since 2013)

ISO 22301 Business Continuity (2015)

Certifications by TUV Austria Business Solutions:

Cyber Essential Scheme

Certifications by PCI DSS Compliance Service:

Payment Card Industry Data Security Standard

Recognitions LanguageCert International ESOL Qualifications

Regulated qualifications

LanguageCert has been regulated by:

England – Ofqual: The Office of Qualifications and Examinations Regulation (Ofqual)

Wales – Qualifications Wales: Qualifications Wales

Greece – ASEP (Supreme Council for Civil Personnel Selection) at levels B1, B2, C1 and C2

Recognised qualifications

LanguageCert International ESOL qualifications have been recognised by:

Czech Republic: LanguageCert International ESOL qualifications have been recognised by the Czech Ministry of Education and are listed in the new STANDARDISED LANGUAGE EXAMINATIONS list, at levels A1, A2, B1, B2, C1 and C2

Greece: ASEP (Supreme Council for Civil Personnel Selection) at levels B1, B2, C1, C2

Hungary: Accreditation Board for Foreign Language Examinations in Hungary at levels B1, B2 and C1

Italy: Ministry of Education, Universities and Research

New Zealand: New Zealand Qualifications Authority (NZQA)

Romania: Romanian Ministry of National Education and Scientific Research

Spain: ACLES (Association of Language Centers in Higher Education) and CRUE Universidades Espanolas, at levels A1, A2, B1, B2, C1 and C2

Latvia: Ministry of Education and Science, at levels B1, B2, CI and C2

Lithuania: Ministry of Education, Science and Sports, at levels B1, B2, C1 and C2

Thailand: Office of the Basic Education Commission Ministry of Education, at level ESOL A2 and C1

Further information is available online at www.languagecert.org

UKVI

In 2019, PeopleCert has been awarded a multi-year agreement expiring in November 2024 with UK Visas and Immigration (UKVI), to deliver Home Office approved Secure English Language Tests (SELT) in the UK and across the rest of the world.

UKVI, part of the Home Office, runs the UK’s visa service, managing around 3 million applications a year from overseas nationals. To date, hundreds of thousands of SELTs have been taken each year by individuals seeking to apply for a visa to study, work, visit or join family in the UK, where evidence of English language ability at a specific level is required.

Each of LanguageCert’s Home Office approved SELT exams has been independently assessed by the UK government’s designated authority, UK NARIC to ensure they accurately measure English language ability at the level required by UKVI. LanguageCert’s SELT exams are the ideal solution for individuals applying for a visa where valid proof of English language ability is required. The exams are designed to meet Home Office specifications and visa requirements, whilst maintaining a candidate centric approach. The SELTs, offered in all four skills Listening, Reading, Writing and Speaking, are also available across the two skills of Speaking and Listening.

Each SELT exam is being delivered globally through the PeopleCert test centre network combining user friendly, state of the art examination technology. Candidates have access to frequent exam dates and exam results are being issued with speed and efficiency.

LanguageCert’s SELTs are a secure, reliable, trusted, and attractive choice for all candidates applying for UK visas where English language ability must be demonstrated. Candidates can be assured their end-to-end UK visa exam experience is reliable and seamless, combined with optimum levels of customer care.

Assessment Technology

The Group's business is conducted over proprietary, state of the art exam management and delivery platform, accommodating all possible exam delivery & supervision methods:

Computer Based Testing – CBT

Paper Based Testing – PBT

Classroom invigilator – On site Supervision both for Computer and Paper based exams

Online proctoring – Supervision over webcam

The diversity of exam delivery options and the proprietary technology to support these, makes for a significant differentiator and enables the Group to further grow significantly in the coming years. The Group’s IT infrastructure is Cloud based, ensuring business continuity.

Centralised 24/7/365 Operation

PeopleCert operates through a centralised, round the clock service availability, ensuring an efficient, secure and unified customer experience. This is supported through a multilingual and highly trained Customer Service team, available 24/7/365. The team currently serves customers worldwide in 12 languages and can be reached via email, chat and telephone, in both local rate and toll-free numbers.

Sustainability Policy

PeopleCert has a strict sustainability policy in place to ensure all its operations have minimal impact on the environment and its resources. We comply with, and exceed where possible, all applicable legislation, regulations and codes of practice aiming at reducing emissions, resource consumption and waste. To this end we are ISO 14001:2015 certified to ensure that our policy is always compliant with all current industry environmental standards. Our business decisions take into consideration sustainability parameters, and we actively educate all employees on good practices to support the company's overall sustainability policy. Among other activities, we regularly monitor and produce reports on the annual power, paper and water consumption as well as on the purchased / recycled paper ratio in order to continuously achieve better results. We recycle all exam related paper supply (90% of total consumption), minimising the footprint of the Group's core product and we are always looking to expand the range of items for waste management. Our procurement department ensures that our suppliers and contractors share our environmental objectives.

Future Outlook

The Group will maintain the growth pace of the past years through:

- Organic growth of existing exam products
- Product portfolio expansion (owned and third party)
- Acquisitions

The Group will continue its significant investment in its owned Business & IT and Language qualifications portfolio (LanguageCert), through product development and subsequent recognition from prominent regulatory authorities from around the world.

In the context of its normal course of business, PeopleCert participates in various tenders. The award of the below tendered contracts evidence and supports the Group's growth and future prosperity:

- Two (2) tenders in Madrid, Spain, for the provision of approximately 110 thousand English language exams for primary and secondary schools.
- Two (2) government IT-related tenders in Greece for the provision of upskilling/reskilling training and certification.

The Group announced its agreement to acquire Axelos in June 2021 and completed in July 2021. Since its establishment, PeopleCert has always focused on developing and delivering globally, best-in-class Exam and Certification programs, that enhance the lives and careers of its candidates. Following the Axelos Ltd acquisition, PeopleCert is even better positioned to do so, strengthening its capabilities while remaining committed to its Four (4) Core Values of Quality, Innovation, Passion and Integrity. The addition of cutting-edge skills, combined with the Group's recognized deep expertise in this sector will create value for all the Group's stakeholders.

Review of current position, future developments and performance of the Group's business

The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Financial Key Performance indicators

A. Profitability Ratios	**23 July 2021 to 31 December 2021**
Gross margin	
Gross Profit to Revenue	31,313,810/37,281,461
	= 83.9%
Net margin	
Loss before tax to Revenue	(4,208,292)/ 37,281,461
	= (11.3) %

B. Solvency Ratios	**23 July 2021 to 31 December 2021**
Total debt to equity ratio	
Total Liabilities to Total Equity	277,855,898/143,862,797
	= 1.93
Proprietary ratio	
Total Equity to Total Assets	143,862,797/421,718,695
	= 0.34

C. Liquidity Ratios	**23 July 2021 to 31 December 2021**
Working Capital ratio	
Current Assets to Current Liabilities	28,390,400/18,291,987
	= 1.55
Cash ratio	
Cash to Current Liabilities	18,836,946/18,291,987
	= 1.03

By order of the board,

Anastasios Byron Nicolaides
Director

30 April 2022

Directors' report

Research and development

Operating in a competitive global market system, the Group adapts to the rapidly changing environment by investing in Research & Development activities that improve performance, increase profitability, and promote its core values of innovation and quality. The Group owns internally generated intangible assets comprising mainly computer software and intellectual property rights (copyright and trademark) associated with long term contracts that both follow the rules of the relevant financial reporting standards.

Financial instruments

The principal risks and uncertainties faced by the Group are disclosed in note 23 of the consolidated financial statements.

Use of financial instruments by the Group

The Group is exposed to interest rate risk and credit risk from the financial instruments it holds.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.

Credit risk is managed on a group basis. For banks and financial institutions, the Group has established policies whereby most bank balances are held with independently rated parties with a minimum rating of ['C'].

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, considering its financial position, experience, and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Proposed dividend

The directors have not proposed a final ordinary dividend in respect of the current financial year.

Directors

The directors who held office during the period were as follows:

Byatt, Duncan Ian Arthur Campbell

Nicolaides, Anastasios Byron

Shenk, Maury David

Employees

In accordance with the Group's policy, the international human rights principles are respected and especially among others the principles of:

- equal treatment
- diversity
- the provision of equal opportunities to all its employees, and
- the avoidance of the use of child labour or forced labour.

Ensuring human rights is a key issue for the Company with a view to ensuring parity, equal treatment of every customer, partner and employee and prevents any kind of racist behaviour to ensure proper working conditions and compliance with basic hygiene and safety rules with the aim of creating and ensuring a safe working environment.

Engagement with suppliers, customers, and others in a business relationship with the Group

The ultimate mission of the Group is to develop and deliver globally, best-in-class exam and certification programs, that enhance the lives and careers of the candidates. To achieve this, we have set as a priority to engage with all stakeholders to better inform them of our activities and to create equal opportunities and supportive outcomes for them.

Our customers are of focal interest, thereby, we constantly try to deliver operational and business excellence by building relationships based on trust, reliability, and quality. With personal interaction through an extended network of Business Development Managers and a customer service department that operates 24/7, we make informed decisions while we remain dedicated to empowering professionals, partners, and businesses to realize their ambitions and goals.

Our employees are valued assets and shape how we run the business. We have processes in place to ensure that their initiatives and talents are valued, that any inequalities or injustice are avoided while we invest on their continuous professional development through various trainings and educational opportunities.

Our investors encompass both our shareholders and bondholders and any other party interested in the Group's sustainability and success. The Board has the opportunity through scheduled meetings on a timely manner to engage with the investors on the business progress and evolution and receive feedback on the results.

Our suppliers share our values and our view to retain solid lasting partnerships that will contribute to the Group's long-term success. The Group focuses on the quality, service provision, availability, and costs of its suppliers with regular reviews.

Statement of corporate governance arrangements

A talented team of professionals with proven expertise and outstanding performance in their respective fields stir the company towards its vision through insightful leadership and commitment to its core values.

The board has adopted a system of rules, practices, and processes that constitute the framework for attaining the Group's objectives and dictating corporate behaviour. For the Group, it is crucial to demonstrate good corporate citizenship through sound corporate governance practices with a view to promote transparency, independence, fairness, accountability, responsibility, discipline and social responsibility.

Greenhouse gas emissions and energy consumption

The Group carries out its activities in a way that ensures the protection of the environment and the health and safety of its employees. It has integrated appropriate procedures in its activities, operating with a sense of responsibility towards the environment. There is no significant existing or potential impact on the environment from the Group's activities. The Group does not produce and consequently does not pollute the atmosphere.

Political contributions

Neither the Company nor any of its subsidiaries made any disclosable political donations or incurred any disclosable political expenditure during the year.

Disclosure of information to auditor

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

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1 to 5.

Auditor

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

By order of the board

Anastasios Byron Nicolaides

Director

192 Sloane Street,
London, United Kingdom,
SW1X 9QX

30 April 2022

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group Financial Statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

Under company law, 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 of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

• select suitable accounting policies and then apply them consistently;

• state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS), as adopted by the European Union (EU) have been followed for the Group Financial Statements, subject to any material departures disclosed and explained in the financial statements;

• make judgements and accounting estimates that are reasonable and prudent; and

• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the directors' section on pages 6-8 confirm that, to the best of their knowledge:

• the Group Financial Statements, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), give a true and fair view of the assets, liabilities, financial position and loss of the group; and

• the Directors' Report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

• so far as the director is aware, there is no relevant audit information of which the group's auditors are unaware; and

• they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

The Directors' Responsibility Statement was approved by the Board on 30 April 2022.

Anastasios Byron Nicolaides

Director

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEOPLECERT WISDOM LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of PeopleCert Wisdom Limited ('the Company') and its consolidated undertakings ('the Group') for the period ended 31 December 2021, which comprise the consolidated balance sheet as at 31 December 2021 and the consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the period 23 July 2021 until 31 December 2021 and related notes, including the summary of significant accounting policies set out in note 2. The financial statements have been prepared for the reasons and on the basis of the accounting policies set out in notes 1 and 2 to the financial statements. The financial reporting framework that has been applied in the preparation of the Group financial statements is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cashflows for the period then ended in accordance with the special purpose basis of preparation and accounting policies set out in notes 1 and 2 to the financial statements.

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 consolidated financial statements section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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.

Emphasis of matter – special purpose basis of preparation

We draw attention to Note 1 to the financial statements, which describes their basis of preparation. As explained in that note, the financial statements are prepared to assist the Group in complying with the financial reporting requirements to bondholders. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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 Group's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Group's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Group's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team. This included communication from the group to full scope component audit teams of relevant laws and regulations and fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at group.

The Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. The company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls.On this audit we do not believe there is a fraud risk related to revenue recognition.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

Other information

The directors are responsible for the other information presented in the Annual Report together with the consolidated financial statements. The other information comprises the information included in the strategic report and the directors' report. The consolidated financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the consolidated financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our consolidated financial statements audit work, the information therein is materially misstated or inconsistent with the consolidated financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Respective responsibilities and restrictions on use

Responsibilities of directors for the consolidated financial statements

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for: the preparation of the financial statements in accordance with the special purpose basis of preparation and accounting policies as set out in notes 1 and 2 to the financial statements; determining that the basis of preparation is acceptable in the circumstances; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 consolidated financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
Our report has been prepared for the Group solely in accordance with the terms of our engagement. It has been released on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Group's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Group determined by the Group's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Group for any purpose or in any context. Any party other than the Group who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG will accept no responsibility or liability in respect of our report to any other party.

Keith Watt

Keith Watt
for and on behalf of
KPMG
Chartered Accountants

1 Stokes Place
St. Stephens' Green
Dublin 2

Date: 30 April 2022

Consolidated Statement of Profit and Loss and Other Comprehensive Income

for period ended 31 December 2021

	Note	**23 July 2021 to 31 December 2021 £**
Revenue	*4*	**37,281,461**
Cost of sales	*6*	(5,967,651)
Gross profit		**31,313,810**
Other operating income	*5*	253,931
Distribution expenses	*7*	(4,965,524)
Administrative expenses	*8*	(7,899,480)
Other operating expenses	*3*	(21,202,174)
Operating loss		**(2,499,437)**
Finance income	*10*	15,421,000
Finance expense	*10*	(17,129,855)
Net finance costs		**(1,708,855)**
Taxation	*11*	(1,692,764)
Loss from continuing operations		**(5,901,056)**
Loss for the year		**(5,901,056)**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit liability/asset		(5,624)
Income tax on items that will not be reclassified to profit or loss		1,350
	21	**(4,274)**
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations		(2,147,258)
Other Comprehensive income for the year, net of income tax		**(2,151,532)**
Total comprehensive loss for the year		**(8,052,588)**

The notes on pages 19 to 58 are an integral part of these consolidated financial statements

Consolidated Balance Sheet
at 31 December 2021

	Note	23 July 2021 to 31 December 2021 £
Non-current assets		
Property, plant and equipment	*12a*	1,456,360
Right-of-use assets	*12b*	1,698,586
Intangible assets	*13*	389,986,650
Other financial assets		186,699
Total non-current assets		**393,328,295**
Current assets		
Inventories	*16*	25,220
Trade and other receivables	*17*	9,528,234
Cash and cash equivalents	*18*	18,836,946
Total current assets		**28,390,400**
Total assets		**421,718,695**
Equity attributable to equity holders of the parent		
Share capital	*22*	4
Share premium		140,058,339
Reserves		(1,612,150)
Retained earnings		5,416,604
Total equity		**143,862,797**
Non-current liabilities		
Other interest-bearing loans and borrowings	*19*	252,079,657
Provisions	*21*	78,518
Other financial liabilities		591,164
Deferred tax liabilities	*15*	5,510,095
Obligations under finance leases	*19*	1,304,477
Total non-current liabilities		**259,563,911**
Current liabilities		
Other interest-bearing loans and borrowings	*19*	6,029,185
Trade and other payables	*20*	7,182,534
Income tax payable		1,448,106
Deferred income		3,164,328
Obligations under finance leases	*19*	467,834
Total current liabilities		**18,291,987**
Total liabilities		**277,855,898**
Total liabilities and equity		**421,718,695**

The notes on pages 19 to 57 are an integral part of these consolidated financial statements

These financial statements were approved by the board of directors on 30 April 2022 and were signed on its behalf by:

Anastasios Byron Nicolaides
Director

Maury David Shenk
Director

Company registered number: 13430992

Consolidated Statement of Changes in Equity

	Share capital £	Share premium £	Translation reserve £	Retained earnings £	Total equity £
Balance at 23 July 2021	3	58,342	535,108	11,792,483	12,385,936
Loss for the period	-	-		(5,901,056)	(5,901,056)
Remeasurement of defined benefit pension plan				(4,274)	(4,274)
Exchange difference arising on the translation and consolidation of foreign companies' financial statements			(2,147,258)	-	(2,147,258)
Total comprehensive loss for the period	-	-	(2,147,258)	(5,905,330)	(8,052,588)
Transactions with owners, recorded directly in equity					
Issue of shares	1	139,999,997			139,999,998
Own shares acquired					
Total contributions by and distributions to owners	1	139,999,997			139,999,998
Directors' renumeration paid in the form of dividends				(470,549)	(470,549)
Balance at 31 December 2021	**4**	**140,058,339**	**(1,612,150)**	**5,416,604**	**143,862,797**

The notes on pages 19 to 57 are an integral part of these consolidated financial statements

Consolidated Cash Flow Statement
for year ended 31 December 2021

	Note	2021 £
Cash flows from operating activities		
Loss for the period		(4,208,292)
Adjustments for:		
Depreciation, amortisation and impairment	*6,8*	4,323,833
Foreign exchange losses		(11,420,114)
Finance expense	*10*	6,305,420
Actuarial losses from changes in financial assumptions	*21*	27,540
(Increase)/decrease in trade and other receivables	*17*	(1,121,092)
(Increase)/decrease in inventories	*16*	(25,220)
(Decrease)/increase in trade and other payables	*20*	2,469,047
(Decrease)/increase in deferred income		1,718,257
Defined benefit obligations paid	*21*	(5,176)
Tax paid		(2,545,614)
Net cash used in operating activities		**(4,481,411)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	*12 (a)*	117,793
Acquisition of subsidiary, net of cash acquired	*3*	(372,599,537)
Acquisition of property, plant and equipment	*12 (a)*	(184,438)
Acquisition of other assets		(44,013)
Acquisition of intangible assets	*13*	(2,815,894)
Net cash used in investing activities		**(375,526,089)**
Cash flows from financing activities		
Proceeds from the issue of share capital		-
Increase in share premium		139,999,997
Proceeds from new loan	*19*	505,184,325
Interest paid	*19*	(291,827)
Repayment of borrowings	*19*	(251,689,575)
Payment of lease liabilities	*24*	(387,989)
Dividends paid		
Net cash from financing activities		**392,814,931**
Net increase in cash and cash equivalents		12,807,431
Cash and cash equivalents at 23 July		6,367,768
Effect of exchange rate fluctuations on cash held		(338,253)
Cash and cash equivalents at 31 December 2021		**18,836,946**

The notes on pages 19 to 57 are an integral part of these consolidated financial statements

Notes

1 Reporting entity

PeopleCert Wisdom Limited (the "Company") which established on 1 June 2021, is a private company incorporated, domiciled and registered in London in the UK. The registered number is 13430992 and the registered address is 192 Sloane Street, London, United Kingdom, SW1X 9QX .

The Company acquired the control of the Peoplecert International Ltd and its group as at 23 July 2021 (refer to note 2.1). These financial statements present the Group's financial performance for the period from 23 July 2021 to 31 December 2021 and no comparatives are available.

These Group financial statements have been prepared only for reporting requirements of bondholders (Refer to note 19) and not for statutory purposes.

2 Basis of Preparation of the Financial Statements

2.1 Basis of Accounting

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU)**.**

As at 22 July 2021, the Company proceed with the subscription for one ordinary share of EUR 1.00 in the capital of the Peoplecert International Ltd at a subscription price of GBP 8,343. As at 23 July 2021, Peoplecert Holdings UK (upper parent company of Peoplecert Group) transferred the 100% shares or EUR 10,000 hold for Peoplecert International Ltd and therefore at that date obtained the control of Peoplecert International Ltd and its subgroup.

Company in preparing its first consolidated financial statements used book value (carry-over basis) accounting (refer note 2.7 common control transactions) on the basis that the investment has simply been moved from one part of the Peoplecert group to another. Moreover As at 28 July 2021, the Company proceed with the subscription for one ordinary share of EUR 1.00 in the capital of the Peoplecert International Ltd at a subscription price of GBP 140,000,000. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 28.

2.2 Going concern basis of Accounting

With the recent and rapid development of the Coronavirus disease (COVID 19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries such as manufacturing and financial services have also been indirectly affected.

The event is reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2021. The Company's Board of Directors has assessed:

(1) whether any impairment allowances are deemed necessary for the Group's financial assets, non-financial assets (e.g., property, plant & equipment, intangible assets), by considering the economic situation and outlook at the end of the reporting period.

(2) the ability of the Company's trade and other debtors to repay the amounts due to the Company

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. The Board of Directors' current expectations and estimates could differ from actual results.

The Board of Directors has considered the unique circumstances and the risk exposures of the Group and has concluded that there is no significant impact in the Group's profitability position. The event did not have an immediate material impact on the business operations except from some entities of the Group which have experienced a decrease in the overall operations, with other entities that reported increase in the revenue. On a Group level there was no significant impact.

As at 31 December 2021, the Group has a net loss of £5,901,056 mainly driven by high one-off costs relating to the acquisition of Axelos Limited and the issue of the bond loan in August 2021 and positive net assets of £143,862,797, while total current assets exceed the current liabilities by £10,098,413.

The Group's Board of Directors believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment. The Board of Directors will continue to monitor the situation closely.

2.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.4 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the month where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve. When a foreign operation is disposed of, such that control is lost, the entire accumulated amount in the FCTR, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests.

2.5 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

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

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) ***Derivative financial instruments and hedging***

i. *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

ii. *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied – see below), the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is reclassified to the income statement in the same period or periods during which the hedged expected future cash flows affects profit or loss.

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

iii. Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

(iv) Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(v) Derecognition

Financial assets

The Group derecognises a financial asset when:

– the contractual rights to the cash flows from the financial asset expire; or

– it transfers the rights to receive the contractual cash flows in a transaction in which either:

- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- leasehold improvements 8.33 years
- motor vehicles 20 years
- fixtures and fittings 10-20 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

2.7 Business combinations

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

For business combinations with acquisition dates on or after current period, the Group has determined whether a particular set of activities and assets is a business by assessing whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This election can be applied on a transaction by transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less

- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Common control transactions

A 'business combination involving entities or businesses under common control' is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

The acquirer in a common control transaction should use either of the following in its consolidated financial statements:

•book value (carry-over basis) accounting on the basis that the investment has simply been moved from one part of the group to another; or

•IFRS 3 accounting on the basis that the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole

In applying book value accounting, an adjustment may be required in equity to reflect any difference between the consideration paid and the capital of the acquiree. The following are possible approaches to recognising the adjustment.

•Reflect the adjustment in a capital account, called a 'merger' reserve or similar.

•Reflect the adjustment in retained earnings.

Group uses the book value (carry-over basis) accounting and selects to reflect adjustment in retained earnings.

2.8 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight line basis over their estimated useful lives. Their amortization expense is included in cost of sales.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred.

Software development costs are capitalised in accordance with the Research and development of Computer software accounting policy below.

Computer software costs are amortised using the straight-line method over their useful live, which commences when the computer software is available for use. Amortisation commences when the computer software is available for use. Their amortisation expense is included in cost of sales.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Certification rights

Certification rights represent the fees paid for the Intellectual property rights and the associated registered trademarks in long term contracts. The asset is amortized on a straight-line method over its useful life which equals the exclusivity right period of five years. The amortisation expense is included in cost of sales.

Other intangible assets

Internally generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- patents and trademarks 5-10 years
- computer software in use 5 years
- customer base acquisition 5 years
- Certification rights 5 years

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

2.10 Impairment of non-financial assets excluding inventories and deferred tax assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs. The Group then calculates the current service cost for the remainder of the reporting period, post the amendment or curtailment, using the same actuarial assumptions as those used to remeasure the net defined benefit liability/(asset).

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement, ignoring the effect of the asset ceiling that is reversed separately through OCI.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.12 Provisions and contingent liabilities

A provision is recognized in the Statement of Financial Position if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at each reporting date and, if an outflow of resources to settle the obligation is no longer probable, the provisions are reversed. Provisions are used only for the purpose for which they were initially raised. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities are not recognized in the Financial Statements but are disclosed unless the possibility of outflow is remote. Contingent assets are not recognized in the Financial Statements but are disclosed when an inflow of economic benefits is probable.

(i) Onerous contracts

Provision for onerous contracts is established when the expected benefits to the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. This provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

2.13 Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value added taxes); the transaction price. The Group includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Group's contracts with customers.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the consolidated statement of comprehensive income in the period in which the circumstances that give rise to the revision become known by Board of Directors.

Identification of performance obligations

The Group assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

- Sale of products

Sales of products are recognised at the point in time when the Group satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

- Rendering of services

Revenue from rendering of services is recognised over time while the Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

- Financing component

The Group does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

- Contract assets and contract liabilities

In case the services rendered by the Group as of the reporting date exceed the payments made by the customer as of that date and the Group does not have the unconditional right to charge the client for the services rendered, a contract asset is recognised. The Group assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognised. The Group recognises any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due.

Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

- Costs to obtain or fulfil contracts with customers

The Group recognises the incremental costs incurred by the Group to obtain contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset if those costs are expected to be recoverable, and record the in ''Other assets'' in consolidated statement of financial position. Incremental costs of obtaining contracts are those costs that the Group incurs to obtain a contract with customer that would not have been incurred if the contract had not been obtained. The asset is amortised on a straight line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue and recognised in ''cost of sales'' in consolidated statement of comprehensive income. Additionally, the asset is assessed for impairment and any impairment loss is recognised in ''cost of sales'' in consolidated statement of comprehensive income.

The Group recognise the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognised is one year or less.

2.14 Expenses

Finance income and finance costs

Financing expenses include interest payable, finance charges on lease liabilities recognised in profit or loss using the effective interest method and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy).

Financing income comprise net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

2.15 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

2.16 Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Group accounts for each lease component separately from the non-lease components. The Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise,
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see the financial instruments note 23). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

Lease acquired in a business combination

For leases acquired in a business combination, the Group measures the acquired lease liability at the present value of the remaining lease payments, as if the acquired lease were a new lease at the acquisition date. The right-of-use asset is measured at acquisition at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Lease liability and associated right-of-use assets acquired in a business combination for which the lease term ends within 12 months of the acquisition date or, leases for which the underlying asset value is low, are not recognised.

2.17 Government grants

Government grants are included within trade and other payables in the balance sheet and credited to the profit and loss account on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

The Group has elected to present grants related to income separately under the heading “Other income”.

2.18 New standards, amendments to standards and interpretations:

New Standards, Amendments to standards and Interpretations: Certain new Standards, amendments to Standards and Interpretations that are mandatory for periods beginning on or after 01 January 2021. The Group’s evaluation of the effect of these new standards, amendments to standards and interpretations is as follows.

Standards and Interpretations effective for the current financial year

IFRS 16 (Amendment) "COVID-19 Related Rental Concessions" (effective for annual periods beginning on or after 1 June 2020).

The amendment provides lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would for changes which are not considered lease modifications.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments) "Reference rate adjustment - Phase 2" (effective for annual periods beginning on or after 1 January 2021)

The amendments complement those issued in 2019 and focus on the impact on the Financial Statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. More specifically, the amendments relate to how a company will account for changes in the contractual cash flows of financial instruments, how it will account for changes in its hedging relationships and the information it needs to disclose.

Standards and Interpretations effective for subsequent periods:

IAS 37 (Amendment) ‘Onerous Contracts – Cost of Fulfilling a Contract’ (effective for annual periods beginning on or after 1 January 2022)

The amendment clarifies that ‘costs to fulfil a contract’ comprise the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The amendment has not yet been endorsed by the EU.

Annual Improvements to IFRS Standards 2018–2020 (effective for annual periods beginning on or after 1 January 2022) The amendments set out below include changes to four IFRSs. The amendments have not yet been endorsed by the EU.

IFRS 9 ‘Financial instruments’

The amendment addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

IFRS 16 ‘Leases’

The amendment removed the illustration of payments from the lessor relating to leasehold improvements in order to remove any potential confusion about the treatment of lease incentives.

IAS 16 (Amendment) 'Property, Plant and Equipment – Proceeds before Intended Use' (effective for annual periods beginning on or after 1 January 2022)

The amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also requires entities to separately disclose the amounts of proceeds and costs relating to such items produced that are not an output of the entity's ordinary activities. The amendment has not yet been endorsed by the EU.

IFRS 3 (Amendment) 'Reference to the Conceptual Framework' (effective for annual periods beginning on or after 1 January 2022)

The amendment updated the standard to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, an exception was added for some types of liabilities and contingent liabilities acquired in a business combination. Finally, it is clarified that the acquirer should not recognize contingent assets, as defined in IAS 37, at the acquisition date. The amendment has not yet been endorsed by the EU.

IAS 1 (Amendment) 'Classification of liabilities as current or non-current' (effective for annual periods beginning on or after January 2023)

The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment has not yet been endorsed by the EU.

IAS 1 (Amendment) "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies":

The Amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments):

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

The adoption of the above amendments is not expected to have a significant impact on the Financial Statements of the Group.

Change in Accounting Policy of provisions for staff compensation due to retirement, in accordance with IAS 19 "Employee Benefits"

The IFRS Interpretations Committee issued in May 2021 the final agenda decision under the entitled "Distribution of benefits in periods of service in accordance with International Accounting Standard (IAS) 19", in which explanatory material is included regarding the distribution of benefits in periods of service on specific program of defined benefits analogous to that defined in article 8 of L.3198 / 1955 with regard to the provision of compensation due to retirement (the "Program of Defined Benefits of Labor Law »). The adoption of the above amendment did not have significant impact for the Group.

3 Acquisitions of subsidiaries

Acquisitions in the current period

On 29 July 2021, the Group acquired through PeopleCert International Limited all of the ordinary shares in Axelos Limited for £380 million on a cash-free, debt-free basis, satisfied in cash. On 31 December 2021, PeopleCert Wisdom Ltd acquired the entire beneficial interest in Axelos Limited at a consideration equal to £303,883,243. The company was a joint venture company created in 2013 by the Cabinet Office on behalf of Her Majesty's Government (HMG) in the United Kingdom and Capita plc (CPI.L), to manage, develop and grow the portfolio of global best practice methodologies in project, programme and portfolio management, and IT and digitally enabled services, including PRINCE2® and ITIL®. The methodologies are widely adopted by private, public and voluntary sectors in more than 200 countries to improve professionals' skills, aiming to make both individuals and organisations work more effectively.

PeopleCert has been a trusted partner of AXELOS since its formation in 2014 and it has been the exclusive Examination Institute for the delivery of AXELOS' programs worldwide since 2018. This acquisition further cements PeopleCert's wider relationship with the UK Government and is fully aligned with its strategy to accelerate growth and further establish its leadership position in the professional skills and languages certification markets. It will further enable PeopleCert to address increased demand for reskilling and upskilling the workforce of the future. In the 5 months to 31 December 2021 the subsidiary contributed net loss of £3.4 million to the consolidated net loss for the year. If the acquisition had occurred on 1 January 2021, Group revenue would have been £32,561,590 and consolidated net profit would have been £4,575,606. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 January 2021.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Recognised values on acquisition £
Acquiree's net assets at the acquisition date:	
Property, plant and equipment	-
Intangible assets	85,922,549
Contract fulfilment assets	141,864
Inventories	-
Trade and other receivables	649,128
Cash and cash equivalents	8,158,336
Interest-bearing loans and borrowings	(76,892,055)
Trade and other payables	(6,513,358)
Deferred tax liabilities	(3,702,030)
Deferred income	(1,048,459)
Income tax payable	(200,500)
Contingent liabilities	
Net identifiable assets and liabilities	6,515,475
Consideration paid:	
Initial cash price paid	303,883,243
The Shareholder Financing Payables	76,874,630
Total consideration	**380,757,873**

Consideration paid

According to the share purchase agreement, the consideration for the shares of Axelos Limited was the aggregate of the below:

1) an amount in cash equal to the sum of £303,883,243 (the "Base Consideration") allocated proportionally between Capita Business Services Ltd ("CBSL") by 51% and the Minister for the Cabinet Office (the "Authority") by 49%;
2) the repayment of the Shareholder Financing Payables on behalf of Axelos of total amount £53,374,630 relating to the outstanding loan in the aggregate principal amount of £53,000,000 plus all interest accrued but unpaid on such loan arising between 16 June 2021 and 29 July 2021 owed by Axelos to CBSL and the Authority and

3) the repayment of the Outstanding Additional Consideration to the authority of amount £23,500,000 that remained unpaid as at the acquisition date up to (and including) 31 December 2023.

Goodwill

Goodwill of £297,367,766 was recognized representing the completion of the transaction between the Group and Axelos Limited on the 29th of July 2021.

The value of goodwill in relation to the acquisition during the year of Axelos Limited, as recognised in the consolidated financial statements, has been determined provisionally following the initial accounting rules of IFRS 3 'Business Combinations' and is not subject to impairment at the year end. Within 12 months from the acquisition date, the Directors are expected to prepare a Purchase Price Allocation (PPA) for the purpose of identifying and valuing intangibles that were not previously recognised by Axelos Limited. As per IFRS 3 'Business Combinations' any identified intangibles following the completion of the report and any related deferred taxes shall be retrospectively recognised, adjusting the original value assigned to goodwill.

Acquisition related costs

The Group incurred acquisition related cost of £21.2 million related to consultancy, legal and audit fees. These costs have been included in administrative expenses in the Group's consolidated statement of comprehensive income and are summarized in the table below.

Transaction & incentive fees	8,861,576
Bond take-out fee	4,470,368
Commitment fees	2,622,362
Representation fees of the bridge and bond financing	1,097,268
Stamp duty	1,522,263
Axelos staff severance	818,000
Legal advisory fees	385,012
Other financial consultancy services	1,425,325
Total	**21,202,174**

The Management has considered that the period from 29th July (acquisition date) to 31st July would have an immaterial impact on the consolidated figures, therefore, the subsidiary's financial results are consolidated from 1st August 2021.

Acquisitions in the prior period

On 8 September 2020, the Group's subsidiary PeopleCert International Ltd acquired IASSC, an educational institution that provides lean six sigma knowledge and certification programs on behalf of a range of organizations worldwide. It offers certifications, accreditations, and trainings related to the lean six sigma methodology and strategies. Lean six sigma relies on fact-based and data-driven knowledge that focuses on defect prevention over defect detection. The Company offers lean six sigma black belt, green belt, and yellow belt certifications. The acquisition of IASSC was made to expand the Group's activities in the United States of America.

On initial recognition, the value of goodwill in relation to the acquisition of IASSC International Association for Six Sigma Certification, was determined provisionally following the initial accounting rules of IFRS 3 'Business Combinations' at £1,916,628 and was not subject to impairment. In current year and as per IFRS 3 'Business Combinations' the identified intangibles following the completion of the Purchase Price Allocation (PPA) and the related deferred taxes were retrospectively recognised, adjusting the original value assigned to goodwill.

The total transaction consideration amounted to $3,245 thousand (£2,496 thousand) analysed as follows:

	$ 000
Cash consideration	2,000
Deferred consideration	484
Contingent consideration	761
Total consideration	**3,245**

Based on the purchase agreement, PeopleCert International Ltd paid to Red Stake Inc (former shareholder) a cash consideration of $2million on acquisition date, an additional amount of $500 thousand of deferred consideration one year following the closing date, while by the reporting date an additional consideration is due for each six-month period (i) from and including January 1 through and including June 30 and (ii) from and including July 1 through and including December 31 of each calendar year, beginning with the 2022 calendar year through and including the 2025 calendar year of an amount equal to (a) 12.5% multiplied by (b) Company Revenue for the applicable Period less Digital Spend for the applicable Period.

IASSC is expected to achieve the required threshold that entitles the Seller to receive earnout consideration, therefore the respective contingent consideration is included in these financial statements.

According to the PPA, the fair value of the identified assets and liabilities was estimated as follows:

		£
Trade name and trademark		1,207,692
Customer relationships/contracts		118,462
Goodwill	13	1,170,769
Total operating value		**2,496,923**

At the acquisition date, the items “trade name and trademark” and “customer relationships/contracts” had remaining useful lives of ten and five years respectively.

Due to the different resulting goodwill, the following post-transaction adjustments were made:

1) The carrying amount of goodwill as of 31 December 2021 is decreased by £745,859
2) The carrying amount of intangible assets as of 31 December 2021 is increased by £1,181,692. The adjustment is measured as the fair value adjustment at the acquisition date of £1,326,154 less amortization that would have been recognized if the asset’s fair value at the acquisition date had been recognized from that date (£144,462).
3) Amortization expense for the period from 23 July to 31 December 2021 is increased by £63,687.
4) Deferred tax liabilities were recognized on the trade name and trademark that as of 31 December 2021 is £147,712

4 Revenue from contracts with customers

(i) Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

	23 July 2021 to 31 December 2021 **£**
Major products/service lines	
Business and IT Qualifications	33,194,765
Language Qualifications	4,086,696
Total	**37,281,461**

5 Other operating income

	23 July 2021 to 31 December 2021

	£
Bad debts recovered	4,622
Gain on disposal of fixed asset	60,009
Government grants	155,059
Operating lease rentals received income	1,981
Other operating income	20,163
Rental income	12,097
Total	**253,931**

Government grants concern subsidies provided by the government on the social security contributions of new hirings.

6 Cost of sales

	23 July 2021 to 31 December 2021 £
Accreditation costs	111,090
Commission payables	338,688
Exam supervision and testing program expenses	623,130
Intellectual property right fees	1,517
Other direct costs	160,882
Publishing and books costs	33,971
Rent	15,164
Research & development costs	39,717
Royalty fees	677,496
Training costs	39,771
Amortisation	3,926,225
Total	**5,967,651**

7 Distribution expenses

	23 July 2021 to 31 December 2021 £
Bad debts written off	101,786
Customer acquisition costs	512,357
General provision for bad debts / (reversals)	(24,946)
Marketing costs	1,228,666
Other Costs	131,283
Sales consultants fees	720,738
Staff costs	1,756,623
Travel and entertainment costs	539,017
Total	**4,965,524**

8 Administrative expenses

	23 July 2021 to 31 December 2021 £
Accounting fees	71,633
Administrative expenses	228,264
Auditors' remuneration	69,592
Auditors' remuneration for other non-audit service	5,494
Irrecoverable VAT	53,972
IT Services	713,576
Legal fees	303,863
Licenses and taxes	20,037
Management fees	16,144
Occupancy costs	464,175
Other Costs	252,841

Other professional fees	357,025
Staff costs	4,497,086
Travel and entertainment costs	448,171
Depreciation	397,607
Total	**7,899,480**

9 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees 23 July 2021 to 31 December 2021
CEO Office	11
Group Finance	16
Product Development (Axelos)	25
Business Development & Marketing	72
Business Technology	28
Quality & Operations	152
Procurement & Facilities	28
PC Education	21
Human Resources	18
Total	**371**

The aggregate payroll costs of these persons were as follows:

	£
Wages and salaries	4,666,597
Social security costs	1,486,973
Expenses related to defined benefit plans	98,049
Total	**6,253,709**

10 Finance income and expense

Recognised in profit or loss

	23 July 2021 to 31 December 2021 £
Finance income	
Exchange profit	15,420,476
Interest income	524
Finance income –- other	**15,421,000**
Finance expense	
Interest expense	6,305,420
Interest expense on lease liabilities	39,112
Net foreign exchange losses	9,643,143
Other financial expenses	1,142,180
Finance expense – other	**17,129,855**

11 Taxation

Recognised in the income statement

	23 July to 31 December 2021 £
Current tax expense	
Current year	1,401,498
Adjustments for prior years	

Current tax expense	**1,401,498**
Deferred tax expense	
Origination and reversal of temporary differences	291,266
Deferred tax expense	**291,266**
Tax expense in income statement	**1,692,764**

Income tax recognised in other comprehensive income

	23 July to 31 December 2021 £
Remeasurements of defined benefit liability/asset	1,350
Total tax recognised in other comprehensive income	**1,350**

12 (a) Property, plant and equipment

	Leasehold improvements £	Furniture, fixture and equipment £	Motor vehicles £	Total £
Cost				
Balance at 23 July 2021	706,300	1,727,497	179,120	2,612,917
Acquisitions through business combinations	-	-	-	-
Other acquisitions		175,087	9,351	184,438
Disposals	-	-	(117,793)	(117,793)
Effect of movements in foreign exchange	(12,671)	(47,383)	(3,213)	(63,267)
Balance at 31 December 2021	**693,629**	**1,855,201**	**67,465**	**2,616,295**
Depreciation and impairment				
Balance at 23 July 2021	134,246	823,414	178,127	1,135,787
Depreciation charge for the period	31,335	130,499	523	162,357
Disposals			(117,793)	(117,793)
Effect of movements in foreign exchange	(2,811)	(15,906)	(1,699)	(20,416)
Balance at 31 December 2021	**162,770**	**938,007**	**59,158**	**1,159,935**

	Leasehold improvements £	Furniture, fixture and equipment £	Motor vehicles £	Total £
NBV at 31 December 2021	**530,859**	**917,194**	**8,307**	**1,456,360**

12 (b) Right-of-use assets

	Land and buildings £	Motor vehicles £	Total £
Cost			
Balance at 23 July 2021	2,260,918	169,280	2,430,198
Additions	265,014	289,086	554,100
Disposals	-	-	-
Effect of movements in foreign exchange	21,516	45,330	66,846
Balance at 31 December 2021	**2,547,448**	**503,696**	**3,051,144**

	Land and buildings £	Motor vehicles £	Total £
Depreciation and impairment			
Balance at 23 July 2021	714,878	113,903	828,781
Depreciation charge for the period	175,640	59,610	235,250
Disposals	-	-	-
Effect of movements in foreign exchange	278,465	10,062	288,527
Balance at 31 December 2021	**1,168,983**	**183,575**	**1,352,558**

	Land and buildings £	Motor vehicles £	Total £
Right-of-use asset			
NBV at 31 December 2021	**1,378,465**	**320,121**	**1,698,586**

13 Intangible assets

	Goodwill £	Customer base £	Certification rights £	Computer software £	Patents and trademarks £	Total £
Balance at 23 July 2021	1,170,769	700,680	2,887,347	12,746,042	1,549,547	19,054,385
Acquisitions through business combinations	65,761,451	-	14,823,957	-	-	80,585,408
Other acquisitions – internally developed	-	118,462	-	6,979,171	288	7,097,921
Other acquisitions – externally purchased	297,367,766	-	-	-	-	297,367,766
Effect of movements in foreign exchange	-	(128,907)	(51,799)	(221,238)	(6,119)	(408,063)
Balance at 31 December 2021	**364,299,986**	**690,235**	**17,659,505**	**19,503,975**	**1,543,716**	**403,697,417**
Amortisation and impairment						
Balance at 23 July 2021	-	589,128	2,021,143	6,979,171	254,778	9,844,220
Amortisation for the period	-	4,936	2,843,097	1,026,364	51,828	3,926,225
Effect of movements in foreign exchange	-	(17,355)	(39,947)	84,945	(87,321)	(59,678)
Balance at 31 December 2021	-	576,709	4,824,293	8,090,480	219,285	13,710,767
NBV at 31 December 2021	**364,299,986**	**113,526**	**12,835,212**	**11,413,495**	**1,324,431**	**389,986,650**

Amortisation and impairment charge

The amortisation and impairment charge is recognised in the following line items in the income statement:

	23 July 2021 to 31 December 2021 £

Cost of sales	3,926,225
	3,926,225

Impairment testing

Goodwill is considered significant in comparison to the Group's total carrying amount of such assets have been allocated to cash generating units or groups of cash generating units as follows:

	Goodwill 2021 £
IASSC	1,170,769
Axelos goodwill	65,761,451
Provisional goodwill	297,367,766

IASSC Goodwill

On initial recognition, the value of goodwill in relation to the acquisition of IASSC International Association for Six Sigma Certification, was determined provisionally following the initial accounting rules of IFRS 3 'Business Combinations' at £1,916,628 and was not subject to impairment. In current year and as per IFRS 3 'Business Combinations' the identified intangibles following the completion of the Purchase Price Allocation (PPA) and the related deferred taxes were retrospectively recognised, adjusting the original value assigned to goodwill.

Refer further to note 23 (a).

Axelos Goodwill

An element of the goodwill balance was originally attributed to leveraging the relationship between Axelos and one of its former shareholders (the UK Government). Whilst this amount was not specifically quantified, the change in control constitutes a triggering event.

Accordingly, and as required by IAS36, an impairment test was conducted using the latest financial projections for the business.

IAS36 Impairment of Assets

- An asset must not be carried in the financial statements at more than the highest amount to be recovered through its use or sale
- If the carrying amount exceeds the recoverable amount, the asset is described as impaired
- The recoverable amount of the following assets in the scope of IAS 36 must be assessed each year: intangible assets with indefinite useful lives; intangible assets not yet available for use; and goodwill acquired in a business combination
- The value in use of an asset is the expected future cash flows that the asset in its current condition will produce, discounted to present value using an appropriate discount rate
- Sometimes, the value in use of an individual asset cannot be determined – in that case, recoverable amount is determined for the smallest group of assets that generates independent cash flows (cash-generating unit)
- An impairment loss is recognised immediately in profit or loss
- In a cash-generating unit, goodwill is reduced first; then other assets are reduced pro rata

Axelos products are leveraged financially through a number of revenue streams, some of which can be attributed to individual products. However, the cost base generating that revenue can not necessarily be split by product. Further, the bulk of the carrying value of intangibles resides in goodwill, which is not split by product.

Therefore, Axelos is treated as a single CGU, and impairment testing is conducted at this level.

Forecast Cash Flows and Impairment Test

The free cash flows are discounted at a WACC of 8.19%.

Although there are always inherent risks and opportunities to forecasts, the financial projections are supported by a solid business plan and are therefore considered reasonable.

The carrying value of intangible assets at 31 December 2021 is not impaired.

Provisional Goodwill

Goodwill of £297,367,766 was recognized representing the completion of the transaction between the Group and Axelos Limited on the 29th of July 2021.

The value of goodwill in relation to the acquisition during the year of Axelos Limited, as recognised in the consolidated financial statements, has been determined provisionally following the initial accounting rules of IFRS 3 'Business Combinations' and is not subject to impairment at the year end. Within 12 months from the acquisition date, the Directors are expected to prepare a Purchase Price Allocation (PPA) for the purpose of identifying and valuing intangibles that were not previously recognised by Axelos Limited. As per IFRS 3 'Business Combinations' any identified intangibles following the completion of the report and any related deferred taxes shall be retrospectively recognised, adjusting the original value assigned to goodwill.

14 Investments in subsidiaries

The Group has the following investments in subsidiaries:

	Principal place of business/ Registered office address	**Registered number [Where S479A exemption taken]**	**Class of shares held**	**2021**
Group				
PeopleCert International Limited	Cyprus/ 40 Themistocles Dervi str, Nicosia	160322	Ordinary	**100%**
PeopleCert Hellas S.A.	Greece/3 Korai str, Athens	007904801000	Ordinary	**99.98%**
PeopleCert Global Services S.A.	Greece	127567103000	Ordinary	**99.99%**
PeopleCert Educational S.A.	Greece/39 Panepistimiou str, Athens	144623401000	Ordinary	**99.98%**
PeopleCert UK Limited	UK/192 Sloane str, London	08936913	Ordinary	**100%**
PeopleCert Qualifications Limited	UK/192 Sloane str, London	09620926	Ordinary	**100%**
PeopleCert Wisdom Limited	UK/192 Sloane str, London	13430992	Ordinary	**100%**
PeopleCert Wisdom Issuer Plc	UK/192 Sloane str, London	13505513	Ordinary	**100%**
Axelos Limited	UK/192 Sloane str, London	08489114	Ordinary	**100%**
IASSC International Association for Six Sigma Certification	US/ The Esplanade Center 2415 East Camelback Road, Suite 700 Phoenix, Arizona		Ordinary	**100%**
Pei Si Te Assessment Technology (Beijing) Co Ltd	China		Ordinary	**100%**
PeopleCert Personel Belgendirme A.S.	Turkey/ Bulvarı 38, Ada Ata 3/3 Plaza No. 59-60, Ataşehir, İstanbul		Ordinary	**100%**

Group composition

The holdings of each of the subsidiaries have not changed during the period.

During the period, the Group acquired 100% of shares of new subsidiary Axelos Limited. Further to this, in June 2021, three new entities were established PeopleCert Wisdom Limited, PeopleCert Wisdom Issuer Plc and PeopleCert Wisdom Holdings Limited for the purposes of Axelos acquisition.

The subsidiaries PeopleCert International Ltd, PeopleCert Educational S.A., PeopleCert Hellas S.A., PeopleCert Global Services S.A., PeopleCert UK Ltd, PeopleCert Qualifications Ltd, Axelos Limited, PeopleCert Personel Belgenendirme A.S, PeopleCert Wisdom Limited, PeopleCert Wisdom Issuer plc, and IASSC (International Association of Six Sigma Certification) were consolidated. Non-controlling interest has not been recognised since it is insignificant.

15 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 £	**(Liabilities) 2021 £**	**Net 2021 £**
Property, plant and equipment	34,071	-	**34,071**
Intangible assets	-	(5,975,641)	**(5,975,641)**
Employee benefits	1,360	-	**1,360**
Provisions	364,707	-	**364,707**
Other	65,408	-	**65,408**
Net deferred tax assets/ (liabilities)	**465,546**	**(5,975,641)**	**(5,510,095)**

Movement in deferred tax during the year

	23 July 2021 £	**Recognised in income £**	**Recognised in equity £**	**Acquired in business combination £**	**31 December 2021 £**
Property, plant and equipment	38,031	(5,550)	-	1,590	34,071
Intangible assets	(5,724,069)	21,761		(273,333)	(5,975,641)
Employee benefits	34,303	(34,293)	1,350	-	1,360
Provisions	270,141	-	-	94,566	364,707
Goodwill					
Other	161,415	(96,007)	-	-	65,408
	(5,220,179)	**(114,089)**	**1,350**	**(177,177)**	**(5,510,095)**

16 Inventories

	2021 £
Finished goods	25,220
	25,220

Following Axelos's acquisition, hard copy books are available for purchase through PeopleCert.

17 Trade and other receivables

	2021 £
Trade Receivable	6,134,438
Receivables from related parties	785,900
Allowance for impairment of receivables	(417,588)
Shareholder's current accounts	350,381
Deposits and Prepayments	970,024
Other Receivables	345,813
VAT receivable	1,259,126

Contract fulfilment assets	100,140
	9,528,234

18 Cash and cash equivalents

	2021
	£
Cash and cash equivalents per balance sheet	**18,836,946**
Cash and cash equivalents per cash flow statement	**18,836,946**

19 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 23(d).

	2021
	£
Non-current liabilities	
Senior secured notes	252,079,657
Lease liabilities	1,304,477
	253,384,134
Current liabilities	
Accrued Interest	6,029,185
Current portion of lease liabilities	467,834
	6,497,019

Terms and debt repayment schedule

	Currency	**Nominal interest rate**	**Year of maturity**	**Face value 2021**	**Carrying amount 2021**
				£	**£**
Senior secured notes	GBP	5.75%	2026	258,108,842	258,108,842
Lease liabilities				1,772,311	1,772,311
				259,881,153	**259,881,153**

On August 5, 2021, the Group's subsidiary PeopleCert Wisdom Issuer Plc priced an offering of €300 million aggregate principal amount of 53/4% senior secured notes due 2026 (the "Notes") at an issue price of 100.0% (the "offering"). The proceeds of the offering of the Notes were used by the Issuer to make the Axelos Funding Loan to the Parent Guarantor, PeopleCert Wisdom Limited and the latter used these proceeds to repay the Axelos Bridge Facility.

The Notes will mature on September 15, 2026 unless redeemed prior thereto. Each Note bears interest at a rate per annum of 5.75% and is payable semi-annually on March15 and September 15 of each year, commencing on March 15, 2022. The interest on the Notes will accrue from, and including, the original issuance date or, if interest has already been paid, from the date it was most recently paid and it will be computed on the basis of a 360-day year comprised of twelve 30-day months on the aggregate nominal amount outstanding.

	Loans and borrowings £	Lease liabilities £
Balance at 23 July 2021	1,697,648	1,518,868
Changes from financing cash flows		
Proceeds from loans and borrowings	505,184,325	-
Repayment of borrowings	(251,689,575)	-
Payment of lease liabilities	-	(387,989)
Total changes from financing cash flows	253,494,750	(387,989)
The effect of changes in foreign exchange rates	(3,097,174)	87,332
Other changes		
New leases	-	554,100
Interest expense	6,305,445	-
Interest paid	(291,827)	-
Total other changes	**6,013,618**	**-**
Balance at 31 December 2021	**258,108,842**	**1,772,311**

Proceeds from loans and borrowings relate to a bridge financing of £250 million and the offering of €300 million (£255 million). On 27 July 2021, the Group entered into a bridge facility agreement and on 29 July 2021 received a financing of an aggregate principal amount of the euro equivalent of £250 million to fund, together with the equity contribution, the consideration payable for the Axelos acquisition. On 5 August 2021, the gross proceeds from the Offering of €300 million (£255 million) were used to repay the bridge financing of £250 million, and the PeopleCert existing debt of £1.7 million.

20 Trade and other payables

	2021 £
Current	
Trade payables	687,384
Prepayments	1,100,218
Payables to related parties	8,073
Directors' current accounts (Note 27)	135,884
Accruals	4,236,484
Staff cost payables	5,043
Other creditors	3,711
Social insurance and other taxes	988,493
VAT	17,244
	7,182,534

21 Employee benefits

	2021 £
Net liability for defined benefit obligations (see following table)	78,518
Total employee benefits	**78,518**

Movements in net defined benefit liability/asset

	Defined benefit obligation
	2021
	£
Balance at 23 July	**51,120**
Included in profit or loss*	
Current service cost	23,510
Past service cost	4,030
Interest cost/(income)	305
Payments to retired employees	(5,176)
Exchange differences	(895)
Included in OCI*	
Remeasurements loss/(gain):	
Actuarial loss (gain) arising from	
- Change in financial assumptions	(515)
- Experience adjustment	6.139
Balance at 31 December	**78,518**

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA-rated. All other plan assets are not quoted in an active market.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	23 July to 31 December 2021
Discount rate at 31 December	0.70%
Future salary increases	2.00%
Price inflation	1.80%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables (EVK 2000) and include an allowance for future improvements in longevity.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by 0.5 percent.

	2021
	£
Discount rate increases	75,234
Discount rate decreases	81,994
Future salary increases	81,663
Future salary decreases	75,379

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 December 2021 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £160,311

22 Capital and reserves

Share capital

In thousands of shares	**2021**
On issue at 23 July	3
Issued for cash	1
On issue at 31 December – fully paid	**4**

	2021 **£**
Allotted, called up and fully paid	
Ordinary shares of £1 each	4
	4

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

During the year, the Company issued 3 ordinary shares for a consideration of £1 each, settled in cash.

Other reserve

The other reserve comprises all foreign exchange differences arising since 23 July 2021.

Other comprehensive income – Current year

	Translation reserve **£**	**Retained earnings** **£**	**Total Other comprehen sive income** **£**
Other comprehensive income			
Exchange difference arising on the translation and consolidation of foreign companies' financial statements	(2,147,258)	-	(2,147,258)
Remeasurements of defined benefit liability/asset	-	(5,624)	(5,624)
Income tax on other comprehensive income	-	1,350	1,350
Total other comprehensive income	**(2,147,258)**	**(4,274)**	**(4,274)**

23 Financial instruments

23 (a) Fair values of financial instruments

Fair values

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2021 £	Fair value 2021 £	Level 1 2021 £	Level 2 2021 £	Level 3 2021 £
Loans and receivables					
Cash and cash equivalents (note 18)	18,836,946	18,836,946	18,836,946	-	-
Other loans and receivables (note 17)	9,528,234	9,528,234	-	9,528,234	-
Total loans and receivables	9,528,234	9,528,234	-	9,528,234	-
Total financial assets	**28,365,180**	**28,365,180**	**18,836,946**	**9,528,234**	**-**

	Carrying amount 2021 £	Fair value 2021 £	Level 1 2021 £	Level 2 2021 £	Level 3 2021 £
Financial liabilities measured at amortised cost					
Other interest-bearing loans and borrowings (note 19)	259,881,153	259,881,153	259,881,153	-	-
Trade and other payables (note 20)	7,182,534	7,182,534	7,182,534	-	-
Other financial liabilities measured at amortised cost	3,834,010	3,834,010	3,242,846	-	591,164
Total financial liabilities measured at amortised cost	270,897,697	270,897,697	270,306,533		591,164
Total financial liabilities	**277,855,898**	**277,855,898**	**277,264,734**		**591,164**
Total financial instruments	**277,855,898**	**277,855,898**	**277,264,734**		**591,164**

According to the Share Purchase Agreement with IASSC, the seller shall receive a payment for each six-month period from and including January 1 through and including June 30 and from and including July 1 through and including December 31 of each calendar year, beginning with the 2022 calendar year through and including the 2025 calendar year. The payment shall be equal to 12.5 percent of company revenue less digital spend for the applicable period. IASSC is expected to achieve the required threshold that entitles the Seller to receive earnout consideration.

The discounted cash flow method was used for valuing the IASSC contingent consideration. A discount rate of 23.1 percent was applied. This rate reflects that the risk level associated with the contingent consideration is consistent with the risk profile compared of the overall business.

The discounted cash flows were summed to arrive at the estimated fair value of the contingent consideration of £585,385.

	Valuation technique	**Significant unobservable inputs (Level 3 only)**
Financial instruments measured at fair value		
Contingent consideration	The expected payment reflects the calculated cash out flows under possible earn out scenarios and is discounted using a risk-adjusted discount rate	None

23 (b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, the Group has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. [Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

These policies enable the Group to reduce its credit risk significantly.

(ii) Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables and contract assets
- financial assets at amortised cost
- cash and cash equivalents
- other receivables
- receivables from related parties

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial assets that are subject to impairment under IFRS 9, the Group applies general approach three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (''12 Months ECL''). If the Group identifies a significant increase in credit risk (''SICR'') since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (''Lifetime ECL''). If the Group determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the borrower/counterparty.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Low credit risk

The Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Write off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Exposure to credit risk

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 31 July 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The expected credit loss on trade receivables is not significant as at 31 December 2021.

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates.

	2021
	£
Fully performing trade receivables	
Counterparties without external credit rating	
Group 1	591,156
Group 2	5,543,282
Total fully performing trade receivables	**6,134,438**
Fully performing other receivables	
Group 4	785,900
Total fully performing other receivables	**785,900**

Cash at bank and short term bank deposits

B+/ B3/ B+	762,678
B-/Ba3/B+	4,105,250
AA-/A1	6,879,548
A / A1 / A	1,522,500
A+ / A1 / A	1,045,321
Lower than B-/B3	1,210,301
No rating	69,384
	15,594,982

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	2021 **£**
Balance at 23 July 2021	448,805
Impairment loss recognised	38,122
Impairment loss reversed	(69,339)
Balance at 31 December 2021	**417,588**

23 (c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated contractual interest payments and exclude the effect of netting agreements:

	Carrying amount **£**	**Contractual cash flows** **£**	**Within 1 year** **£**	**2 to <5years** **£**	**5 years and over** **£**
Non-derivative financial liabilities					
Secured senior Notes	258,108,842	327,562,039	20,563,765	307,038,274	-
Lease liabilities	1,772,311	2,051,216	548,303	1,104,434	398,479
Trade and other payables	7,182,534	7,182,534	7,182,534	-	-
	267,063,687	**336,795,789**	**28,294,602**	**308,142,708**	**398,479**

23 (d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting.

Market risk - Foreign currency risk

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts:

31 December 2021	**Sterling**	**Euro**	**US Dollar**	**Other**	**Total**
	£	**£**	**£**	**£**	**£**
Cash and cash equivalents	5,672,473	5,997,842	5,946,026	1,220,605	**18,836,946**
Trade receivables	4,074,742	4,272,690	1,065,559	115,243	**9,528,234**
Secured senior notes	6,029,185	252,079,657	-	-	**258,108,842**
Trade payables	3,660,594	3,354,042	85,249	82,649	**7,182,534**

Sensitivity analysis

A 10 percent weakening of the following currencies against the pound sterling at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

	2021	**2021**
	£	**£**
	Equity	**Profit or Loss**
€	68,864,154	68,864,154
$	63,891	63,891

A 10 percent strengthening of the above currencies against the pound sterling at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk – Interest rate risk

The Group is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

23 (e) Capital management

Capital includes equity shares and share premium and secured senior notes

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as ''equity'' as shown in the consolidated statement of financial position plus net debt.

The Group's capital is analysed as follows:

	2021
	£
Total borrowings (Note 19)	258,108,842
Less: Cash and cash equivalents (Note 18)	(18,836,946)
Net debt	239,271,896
Total equity	143,862,797
Total capital	**383,134,693**
Gearing ratio	**62.5%**

24 Leases

24 (a) Leases as a lessee

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 12):

Net book values	**Land and buildings £**	**Motor vehicles £**	**Total £**
Balance at 23 July 2021	1,546,040	55,377	**1,601,417**
Additions to right-of-use assets	265,014	289,086	**554,100**
Depreciation charge for the year	(175,640)	(59,610)	**(235,250)**
Exchange differences	(256,949)	35,268	**(221,681)**
Balance at 31 December	**1,378,465**	**320,121**	**1,698,586**

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Group is a lessee:

	2021
	£
Interest expense on lease liabilities	39,111

Amounts recognised in statement of cash flows

	2021
	£
Total cash outflow for leases	387,989

24 (b) Leases as a lessor

Operating leases

During the reported period £1,980 was recognised as rental income by the Group.

The following table sets out a maturity analysis of lease payments to be received, showing the undiscounted lease payments to be received after the reporting date:

	2021
	£
Less than one year	4,535
	4,535

25 Commitments

Capital commitments

The Group had no capital or other commitments as at 31 December 2021.

26 Contingencies

The Group had no contingent liabilities as at 31 December 2021.

27 Related parties

Identity of related parties with which the Group has transacted

The Group is directly controlled by PeopleCert Holdings Holdings Ltd, incorporated in the United Kingdom in 2021, which owns 100% of the Company's shares.

The Group's ultimate controlling party is Mr Anastasios Byron Nicolaides.

Transactions with key management personnel

The compensation of key management personnel (including the directors) is as follows:

	2021 £
Key management remuneration including social security costs	470,549
	470,549

Other related party transactions

	Other income 2021 £	Administrative expenses incurred from 2021 £
ECDL Hellas S.A.	1,486	-
ECDL Foundation	-	37,877
Hepis	495	-
	1,981	**37,877**

	Receivables outstanding 2021 £	Payables outstanding 2021 £
Ultimate parent of the Group	350,381	-
Directors’ current account	-	135,884
PeopleCert Holdings UK Ltd	700,002	-
ECDL Hellas	64,322	-
Hepis	21,576	-
	1,136,281	**135,884**

The Directors' current accounts are interest free, and have no specified repayment date.

28 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group 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.

Calculation of loss allowance

When measuring expected credit losses, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

Provision for bad and doubtful debts

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customers' payment record and the customers' overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous, and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 23, Credit risk section.

Impairment of non-financial assets

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

Internally generated intangibles

Significant judgement is required in distinguishing research from the development phase. A detailed forecast of sales or cost savings expected to be generated by the intangible asset is incorporated into the Group's overall budget forecast as the capitalisation of development costs commences. This ensures that managerial accounting, impairment testing procedures and accounting for internally-generated intangible assets is based on the same data. The Group's Directors also monitors whether the recognition requirements for development costs continue to be met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems after the time of recognition.

Impairment of goodwill and intangible assets

Intangible assets are initially recorded at acquisition cost and are amortized on a straight-line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

Management tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The basic assumptions that are used in the calculations are explained further in notes 13 and 23(a). These calculations require the use of estimates which mainly relate to future earnings and discount rates.

Impairment assessment of intangibles under development

Determining whether impairment exists for intangibles under development requires an estimation of the value in use of the cash generating units of the Group to which this intangible has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units for a period of five years and then apply a sustainable growth rate thereafter, and then using a suitable discount rate to calculate present value.

Useful lives of depreciable assets

The Directors review the useful lives of depreciable assets at each reporting date, and revises them if necessary, so that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Retirement benefits

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of return on plan assets, future salary increases, mortality rates and future pension increases where necessary. The Group sets these assumptions based on market expectations at the reporting date using best-estimates for each parameter covering the period over which obligations are to be settled. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

29 Segment information

Geographical segments

The home-country of the Group is the UK. The Groups' sales are generated mainly in the UK and in other countries within the Euro zone. The Group's revenue is disaggregated by primary geographical markets as follows:

Geographical Segments:

2021	**Business & IT**	**Languages**	**Total**
European Union	10,965,618	2,624,686	13,590,304
United Kingdom	7,349,118	1,003,446	8,352,564
United States	3,682,625	1,197	3,683,822
Other Countries	11,197,404	457,367	11,654,771
Total	**33,194,765**	**4,086,696**	**37,281,461**

30 Subsequent events

All events subsequent to the date of the consolidated financial statements and for which IFRSs as adopted by the EU require adjustment or disclosure have been adjusted or disclosed in the consolidated financial statements. Other than as described in the consolidated financial statements, there have been no circumstances or post balance sheet events, which require adjustment of or disclosure in the consolidated financial statements or in the notes thereto.