IDE Group Holdings plc

Annual report and financial statements
Registered number SC368538
Year ended 31 December 2021

Contents

Directors and Advisers

Directors

Andy Parker (Non-Executive Chairman)
Ian Smith (Executive Director)

Company Secretary

Delgany Corporate Services Limited

Registered Office

24 Dublin Street
Edinburgh EH1 3PP

Company Number SC368538

Nominated Adviser and Broker

finnCap Limited
1 Bartholomew
Close London
EC1A 7BL

Solicitors

DAC Beachcroft LLP
25 Walbrook
London EC4N 8AF

Auditor

RSM UK Audit LLP
Portland
25 High Street
Crawley
West Sussex
RH10 1BG

Share Registrar

Computershare Investor Services PLC
44 North St. Andrew Street
Edinburgh EH2 1HJ

Principal Banker

RBS NatWest Plc
250 Bishopsgate
London EC2M 4AA

Company Profile

The principal activities of IDE Group Holdings plc are the provision of end-to-end solutions to enterprise scale end-customers, public and private, concentrating on end-user device management and on-site support solutions.

The country of incorporation is Scotland; the Company's registered number is SC368538 and the Company is limited by shares. The main country of operation is the United Kingdom.

Further information on the Company can be found at www.idegroup.com.

Business summary

- IDE Group is a UK based managed services provider delivering outsourced services as a strategic technology partner primarily on behalf of system integrators. After a series of acquisitions and divestments, the group is now wholly focused on IDE Group Manage Limited.

- Within its portfolio of services, IDE specialises in activities including the storage, build, configuration, and shipping of all end-user devices as well as the provision of on-site support engineers, tech bars, server maintenance and fully managed project deployments.

- Its support services have been developed to support clients with all IT requirements, to either complement an existing in-house IT team or act as a fully dedicated IT team on its customers' behalf.

- On 19 October 2021 IDE Group Connect Limited, Nimoveri Limited and Nimoveri Holdings Limited were sold to CloudCoCo Group plc for a consideration of £250,000 payable in 60 monthly instalments commencing April 2022.

- In 2020 IDE invested in software licences at the year-end amounting to £1.8 million. These licences were purchased with a view to a planned expansion of the group, resale to our clients in our Connect Business and for operational use in the Connect Business. However, the planned expansion didn't materialise and the Connect Business was sold in 2021. Therefore, the directors believe that the Group would be unable to obtain the full benefit of the licences in its remaining business. Accordingly, these software licenses have been impaired and written down to £nil.

- Revenues from continuing operations increased by 25.4% or £2.9 million in 2021 to £14.5 million from £11.5 million in 2020, gross margins were also increased by 7% to 43% (2020: 39%) reflecting continued strong performance of our Manage business. Adjusted EBITDA** increased to £3.1 million from £1.4 million in 2020. Losses on ordinary activities before taxation amount to £3.0 million (2020: £2.8 million).

- We have made an excellent start to 2022 within our Manage business, demonstrating significant growth in revenues and profitability. These results are based on developing long-term relationships with third-party system integrators and supply contracts typically with 3–5-year terms. Therefore, as we experience further growth, we are generating a strong annuity income stream, with a strong pipeline of prospects.

We have built a strong base to support a period of sustained growth and we are exploring organic and acquisitive methods to accelerate this development.

** Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, impairment charges, non-underlying items, loss on disposal of fixed assets and share-based payment charges.

Chairman's Statement

2021 was an important year in the ongoing rationalisation of our trading businesses continuing the good work from 2020 in positioning the Group for a period of sustained growth which is now bearing fruit in 2022.

Notably in 2021 we exited the Connect division to CloudCoCo PLC having determined that the group simply did not have sufficient resources to invest in the growth of both trading divisions.

In January 2021 we announced a three year £22.5m contract win with an existing partner which could be extended to five years. I'm delighted to say that this contract is progressing well with significant new business being awarded to IDE through this contract during the year.

We divested the loss-making IDE Connect Business in October 2021 to fully concentrate on Manage, which is profitable at Adjusted EBITDA level, enabling management to focus on expanding the existing Manage Business.

Manage

During 2021, IDE Manage revenue increased by 25.4% from £11.5 million to £14.5 million.

Adjusted EBITDA for Manage, before unallocated group overheads, increased by 81.0% from £2.1 million to £3.8 million.

Employee numbers within the Manage business increased by 26% within the year (whilst reducing Group headcount by 44% as a result of both restructuring and the divestment of the IDE Connect Business).

Following divestment of the Connect business, a complete assessment of all remaining licensing arrangements was undertaken, and this is expected to produce £0.2 million worth of annualised savings when complete.

In April 2021, during the height of the pandemic, the Croydon head office of the whole group was closed, reducing direct costs to the business by £0.3 million plus indirect costs of another £0.1 million.

At the start of 2021, a significant partnership was extended with a global leader in digital transformation that guaranteed £22.5 million of additional revenue over the following three years with an agreement to extend to five years if both parties wish. As part of that agreement, the following contracts have already been agreed:

- A multiyear £2.1 million per annum contract with a major US Banking Group
- A £1.5 million two-year contract in the UK Nuclear Sector
- The award of an additional multiyear £1.2 million per annum support contract for the same company
- Multiyear support contracts worth a combined £400,000 per annum with two US manufacturing companies
- Four significant projects started during 2021, two for broadcasters and two for UK Utility businesses, that will all achieve million pound plus revenue
- A significant number of smaller long term support contracts were signed
- A substantial one-off roll-out to a major UK Government Department was carried out through the Lifecycle operation that produced in excess of £1.35 million revenue during 2021.

Several additional long-term partner relationships were agreed during the year, including a USA headquartered Global Software Business, as well as renewing a framework agreement with an Indian Outsourcing Company. Furthermore, IDE were awarded and incorporated onto the Tech Services 3 government framework.

The Group has invested a great deal of work on improving its Corporate and Social Responsibility throughout 2021. This included external auditing and improvements to a number of sustainability and decarbonisation functions throughout the business. Additionally, IDE started the process towards the attainment of ISO 14001. This has resulted in a number of external ratings including achieving a silver award from Ecovadis. Work is underway with a goal of achieving gold status in 2022.

In summary, 2021 was a pivotal moment in the history of IDE Group. The growth in positive numbers demonstrated by the Manage Division was absolutely because of our dedicated, hardworking team members.

Connect

The Connect division was sold in October 2021. This was principally to allow the support of the Manage division and provide it with the resource that it needed to grow.

In 2020 IDE invested in software licences at the year-end amounting to £1.8 million. These licences were purchased with a view to a planned expansion of the group, resale to our clients in our Connect Business and for operational use in the Connect Business. However, the planned expansion didn't materialise and the Connect Business was sold in 2021. Therefore, the directors believe that the Group would be unable to obtain the full benefit of the licences in its remaining business. Accordingly, these software licenses have been impaired and written down to £nil.

COVID-19

The wellbeing of staff and the customers with whom they interact continues to be our overriding priority during this period of uncertainty. The measures we instituted to ensure that our people can work safely and, in most cases, remotely, ensuring the continuity of the business. To date there has been no material effect on the business of the new working practices dictated by a much-changed business and social landscape. As we at last enter a post-pandemic business landscape we are confident that we have developed robust business practices to provide a solid grounding for sustained growth across our business.

Results

Revenue increased by 25.4% to £14.5 million for the full year (2020 continuing operations: £11.5 million), but significantly we have seen gross profit margin growth by 10%, from 39% to 43%. Resulting gross profit has increased year-on-year to £6.3 million (2020 continuing operations: £4.6 million). Adjusted EBITDA increased to £3.1 million (2020: Adjusted EBITDA of £1.4 million). We received £0.04 million (2020 continuing operations: £0.3 million) under the Covid Job Retention Scheme. The net loss after tax for the year from continuing operations is £1.8 million (2020: loss £2.1 million), after a £3.0 million amortisation and impairment charge (2020 continuing operations: £1.2 million amortisation and impairment charge).

People

The management team has made continued progress in simplifying the structure of the business and aligning services better to support our clients. The board would like to recognise and thank its employees who have worked hard to deliver excellent client service and retain existing key clients. Whilst headcount in IDE Manage has increased by 26% reflecting increased activity and trading, we have reduced Group headcount by 4% as we continue to focus on streamlining the costs and restructure the Group activities following the disposal of the Connect division.

Strategy

Our plan is to continue with our organic initiatives that will continue to demonstrate positive growth. We intend to expand our partner network and are also looking to expansion into Europe. After three long years of restructuring the Group is now considering growth through acquisition and would consider synergistic targets that would expand and deepen our service offerings.

As reported at the interims, management have been considering various ways to target the shareholder loan notes. As has recently been reported, MXC, the company's largest shareholder and largest loan note holder, is engaged in exploratory talks with the company and its Nominated Adviser with a view to converting the entirety of its loan notes. Further announcements will be made if appropriate.

Financing and dividend

The company has £26.5 million loan notes of which £21.5 million are with MXC (all figures based on end of term rolled up interest). The loan notes are due for repayment in January 2025. A further £1m was issued in the year taking the total to the current carrying value at 31 December 2021 of £17.0 million. The company has looked at a fund raise from institutional investors but given macro events and the history of the company there is currently little appetite. This might change in future years. The company has also considered a couple of approaches but nothing meaningful has come from this. Finally, the company is looking into a bank loan that would enable an offer to be made to loan note holders that would rather cash out earlier than the scheduled date of January 2025. Any conversion of loan notes would require an accompanying "whitewash" (waiver of the AIM Rule 9 requirements for Takeovers by independent shareholders) for any loan note holder that would have in excess of 30% post conversion holding, the most likely candidate being MXC who hold the majority of the loan notes. The company needs to address the repayment of the loan notes and now it is stable, profitable, and showing organic growth, wishes to find the best way to achieve this for all shareholders.

The Board is not proposing to declare a dividend at this time but will keep this policy under review subject to resolving the loan notes.

Current trading and outlook

Trading in the current financial year remains in line with Board expectations in our Manage business with current financial performance broadly in line with the same period last year. As our business grows, we are looking to expand our partner channel and possible expansion of our business model into Europe.

Our outlook for the year is 85% of revenue covered by existing contracts and end user customers, and together with a buoyant pipeline gives us great confidence in another positive year of growth for the Group.

Andy Parker

Andy Parker
Non-Executive Chairman
28 September 2022

Financial Review

The Group reported total revenues from continuing operations for the year to 31 December 2021 of £14.5 million, up from £11.5 million in 2020 and gross profit of £6.3 million (2020: £4.6 million). This shows an improvement in margins year-on-year of 10 percentage points which is encouraging and reflects strong gross margin growth in the Manage business.

The Group uses Adjusted EBITDA which is a non-GAAP measure of performance as it believes this more accurately reflects the underlying performance of the business. This is one of the key operational performance measures monitored by the Board. Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, impairment charges, non-underlying items, loss on disposal of fixed assets and share-based payments.

The Adjusted EBITDA for the year to 31 December 2021 was a profit of £3.1 million (2020: profit of £1.4 million).

The administration costs excluding impairment have reduced by £0.7 million in year largely due to the Group exiting the main administration offices in Croydon and relocated to the existing operational facilities. Additional savings were also made within IT systems and administration headcount.

There was a benefit to the Group of £0.1m as a result of the decrease in trade receivables impairment provision, which was not required in 2021 due to improved trade receivables collections.

A detailed review of the business is set out in the Chairman's Statement and this Financial Review. Included in these reviews are comments on the key performance indicators that are used by the Board on a monthly basis to monitor and assess the performance of the business. These indicators include the level of revenue, gross profit and Adjusted EBITDA together with net debt.

Manage

The revenue for the continuing operations all relates to the Manage Business. There was an increase in revenues to £14.5 million (2020: £11.5 million). For the year we have seen an improvement in gross profit margins to 43% (2020: 39%), as a result of the services mix and operational efficiencies.

Adjusted EBITDA attributable to Manage has moved to £3.8 million (2020: profit of £2.1 million).

Connect

This business was sold in the year and treated as discontinued operations in the Group Accounts, as explained below under 'Profit on discontinued operations'.

Non-underlying items

Non-underlying items relating to restructuring and reorganisation amount to £0.4 million in the year (2020: £0.4 million).

Finance costs

After incurring net finance costs of £2.5 million relating to interest and arrangement fees for loan notes, leases and bank debt (2020: £1.8 million), the loss before tax is £3.0 million (2020: loss of £2.8 million).

Taxation

The utilisation of tax losses and the benefit of the increase in the rate of corporation tax on the deferred tax asset has resulted in a tax credit for the year of £1.2 million (2020: £0.7 million).

Loss on continuing operations

Whilst the underlying trading performance of Manage shows significant positive EBITDA, group costs, finance costs and impairment charges on the software licences result in a loss after tax for the year on continuing operations of £1.8 million (2020: loss on continuing operations £2.1 million), which equates to a basic loss per share of 0.39 pence (2020: loss per share of pence 0.52).

Financial Review *(continued)*

Loss on discontinued operations

The loss on discontinued operations of £0.2 million (2020: loss of £16.3 million) arises on the disposal of the IDE Connect Business on 19 October 2021, and from the operations in the period up to the date of disposal.

The basic loss per share on discontinued operations was 0.04 pence per share (2020: loss per share of 4.09p).

Statement of Financial Position

Non-current assets

The Group has property, plant and equipment of £0.8 million (2020: £1.2 million) all of which are subject to depreciation as per the policies set out in the accompanying financial statements. During the year there were additions of £0.03 million (2020: £0.1 million additions).

In 2020 we invested in software licences at the year-end amounting to £1.8 million. These licences were purchased with a view to a planned expansion of the group, resale to our clients in our Connect Business and for operational use in the Connect Business and are payable in three tranches at the end of 2021, 2022 and 2023. The licences were capitalised as intangible assets at the present value of the payments, which are included within trade payables at the year end. Due to planned expansion which didn't materialise and the sale of the Connect Business in 2021, the Group is unable to obtain the full benefit of the licences in its remaining business. Accordingly, these software licenses have been impaired and written down to £nil. They can no longer be utilised by the continuing operations and as such are deemed unlikely to be sold to the customers of the Connect Business, given its disposal in the year, or sold to third parties.

Further, intangible assets of customer contracts and related relationships are £8.2 million (2020: £9.4 million) and are subject to amortisation as per the policies set out in the accompanying financial statements.

Trade and other receivables

Trade and other receivables have decreased from £5.5 million to £4.3 million. The major reason for the reduction was the Connect Business sale, with 2020 balances amounting to £2.5 million. Trade receivables in Manage have increased due to higher levels of activity but offset by improved customer payments and credit control during the year.

Following the disposal of the Connect Business, working capital management has improved as the underlying nature of the Managed Business has a reduced number of customers; all of them are larger corporates with good credit ratings and regular payment cycles.

Trade and other payables

Trade and other payables amounted to £6.0 million (2020: £10.1 million), including trade payables of £3.8 million (2020: £7.2 million) taxation and social security of £0.8 million (2020: £1.5 million) and accruals of £1.4 million (2020: £1.2 million).

The major reason for the reduction was the Connect Business sale, with 2020 balances amounting to £5.0 million.

Contract liabilities arise from customers being invoiced in advance of services delivered, in accordance with individual contractual terms, at the balance sheet date this amounted to £0.05 million (2020: £1.4 million). The decrease reflects the different business models following the sale of Connect as well as the mix of customers' contractual obligations for payment.

Following the disposal of the Connect Business, the number of suppliers has been reduced and allows for better supplier management leading to improved working capital.

Cashflow and net debt

Net cash generated from operating activities during the year was £0.6 million (2020 £2.1 million generated). Our Manage business continues to be cash generative and has developed excellent relationships with key strategic partners. The Group invested £0.03 million (2020: £0.1 million) in fixed assets. There was a new loan of £1.0 million (2020: £nil net), but repayment of lease liabilities consumed £0.4 million (2020: £1.8 million) of cash. The result is that as at 31 December 2021 there were no bank borrowings or overdraft debt and the cash balance was £0.3 million (2020: £0.7 million).

Financial Review *(continued)*

Borrowings

On 11 May 2021 £2,397,519 of the unsecured convertible loan notes issued in August 2018 were converted into 95,900,760 Ordinary shares of 2.5p each, at a conversion price of 2.5p per share.

The Nimoveri Loan Notes issued on 1st June 2020 (£100,000) were redeemable on 31 December 2021. On 13 December 2021 both parties agreed the Nimoveri Loan Notes would be repaid in four equal monthly instalments commencing 31 January 2022.

The company issued a loan note net of expenses for proceeds of £1.0 million in November 2021, which if not repaid by 31 March 2022 increases to £1.1875m and incurs interest of 20.4 % per annum, repayable on 23 December 2025. The loan note was not repaid by 31 March 2022.

Dividend

The Directors do not propose a dividend in respect of the current financial year (2020: £nil).

Update and outlook for 2022

Set out within the Chairman's Statement are details of the current trading performance and outlook. Trading in the first 6 months of 2022 has been strong, including very positive further contract wins from our key partner.

Going concern

The Directors have produced detailed trading and cashflow forecasts. In reaching their conclusion on the going concern basis of accounting, the Directors note and rely on the improved trading performance, the positive cash generation that the business is now experiencing and the current signed order book. A reverse stress test of the model has been run to determine at what level of shortfall in revenues the Group would run out of cash. Given the committed orders already obtained and the visibility of future revenues, the directors do not consider it likely that revenues could drop to such an extent that the Group would run out of cash. They have also considered the impact of any delayed customer payments and have developed plans to mitigate any such delays to ensure that the group can continue to settle its liabilities as they fall due and operate as a going concern. The directors therefore have an expectation that the Group and Company have adequate resources available to them to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the Group and Company continue to adopt the going concern basis in preparing these consolidated financial statements.

Strategic Report

Review of the Business

A detailed review of the business is set out in the Chairman's Statement and the Financial Review. The year under review was a positive one for the business with both continuing revenues and gross margin increasing year-on-year and Adjusted EBITDA* remaining positive, although the Group reported a post tax loss due to finance costs, impairments and restructuring. Future developments and current trading and prospects are set out in the Chairman's Statement and the Financial Review. These reports together with the Corporate Governance Statement are incorporated into this Strategic Report by reference and should be read as part of this report. The Group's strategy is focused on maximising value for stakeholders by increasing revenues and profits by upselling to our current customer base as well as by bringing new customers on board.

At 31 December 2021, the Board comprised two Directors (2020: three) all of which were male. At 31 December 2021 the Group had 165 employees including Directors (2020: 221) of which 134 were male (2020:173) and 31 were females (2020:48).
* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, impairment charges, non-underlying items,loss on disposal of fixed assets and share-based payments.

Principal Risks and Uncertainties

Identifying, evaluating, and managing the principal risks and uncertainties facing the Group is an integral part of the way the Group does business. There are policies and procedures in place throughout the operations, embedded within our management structure and as part of our normal operating processes.

The Board reviews the principal risks on a bi-annual basis. The risks have been amended following the sale of the Connect Business with the resultant Group being greatly simplified. The impact, measures in place and tactics to mitigate risks are assessed on a regular basis. The risk categories, set out below, have been identified by the Board as those currently considered to potentially have the most material impact on the Group's future performance. In addition to these risks, note 24 contains details of financial risks.

Customer concentration

The Group has a significant revenue concentration with a single Partner (83%). This is mitigated as there are a number of end customers, all with different agreements and contract end dates. The Group has traded with the Partner for over 20 years and has long standing relationships. The Group is also focused on reducing this concentration and is working on several opportunities to achieve this.

Market and Economic Conditions

Market and economic conditions are recognised as one of the principal risks in the current trading environment. Risk is mitigated by the monitoring of trading conditions and changes in government legislation, the development of action plans to address specific legislative changes and the constant search for ways to achieve new efficiencies in the business without impacting service levels.

The Board does not believe the current macro-economic outlook has changed the Group's prospects given the large proportion of the end-customers being in the public sector. The Group has also undertaken stress testing of the detailed trading forecasts and cashflows taking into account inflation and interest rate increases. The Board does not consider that these will change the outlook at present. In relation to interest rates increases, the Group's debt is at a fixed rate.

Reliance on Key Personnel and Management

The success of the Group is dependent on the services of key management and operating personnel. The Directors believe that the Group's future success will be largely dependent on its ability to retain and attract highly skilled and qualified personnel and to train and manage its employee base. During the year, the restructuring programme continued which resulted in more members of staff being made redundant and other members of staff moving into new roles. For those who remain there are several employee benefits and active communication is encouraged within the business to mitigate the risk of losing skilled and qualified individuals. Furthermore, there is an apprenticeship scheme which the Group believes will assist in training and retaining younger individuals going forward.

Competition

The Group operates in a highly competitive marketplace and while the Directors believe the Group enjoys certain strengths and advantages in competing for business, some competitors are much larger with considerable scale. The Group monitors competitors' activity and constantly reviews its own services and prices to ensure a competitive position in the market is maintained.

Technology

The market for our services is in a state of constant innovation and change. We devote significant resource to the development of new service lines, ensuring new technologies can be incorporated and integrated with the Group's core services. The nature of the Group's services means that they are exposed to a range of technological risks, such as viruses, hacking and an ever-changing spectrum of security risk. We maintain constant pro-active vigilance against such risks and the Group maintains membership of some of the highest levels of security accreditation as part of the service it offers its customers.

s.172(1) Companies Act 2006: Statement of Directors' Duties to Stakeholders

Promoting the success of the Company

The Directors are aware of their duty under section 172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

The Board recognises that the long-term success of the Company requires positive interaction with its stakeholders. Positive engagement with stakeholders will enable our stakeholders to better understand the activities, needs and challenges of the business and enable the Board to better understand and address relevant stakeholder views which will assist the Board in its decision making and to discharge its duties under Section 172 of the Companies Act 2006.

Our Commitment

The Company is committed to operating with an inclusive, transparent, and respectful culture and places particular emphasis on operating to the highest ethical and environmental standards.

The Directors take personal ownership of the policies and maintenance of the necessary exacting standards of business conduct throughout the organisation and for delivering these corporate and social responsibilities.

Stakeholder Engagement

Recruitment and employee management are undertaken in line with the Company Employment Policy which has committed to a working environment with equal opportunities for all, without discrimination and regardless of sex, sexual orientation, age, race, ethnicity, nationality, religion, or disability.

We are committed to being an equal opportunities employer and oppose all forms of unlawful discrimination. We believe that staff members should be treated on their merits and that employment-related decisions should be based on objective job-related criteria such as aptitude and skills. For these reasons, all staff members, and particularly managers with responsibility for employment-related decisions, must comply with the practices described below.

- recruitment;
- pay and benefits;
- promotion and training;
- disciplinary, performance improvement and redundancy procedures.

As part of the induction of all employees and on a recurring annual basis, all employees have to complete a mandatory set of training courses, one of which is on equality, diversity and inclusion in both the workplace and local communities.

Stakeholder Engagement (continued)

We conduct a gender pay analysis annually and the report is published on the company website.

IDE seeks to attract and retain staff by acting as a responsible employer. The health, safety and well-being of employees is important to the Company. On the sale of Connect, we engaged with the acquirer and supported all the employees through the transition. All employees had access and were encouraged to use the Employee Assistance Program with a 24-hour helpline.

Furthermore, the Company has committed to continuous development schemes and will support employees to attain the best for themselves and the Company through personal assessment, training and mentoring.

Externally, IDE has established long-term partnerships that complement its in-house expertise and has built a network of specialised partners within the industry and beyond.

The Directors have committed to promoting a company culture that treats everyone fairly and with respect and this commitment extends to all principal stakeholders including shareholders, employees, consultants, suppliers, customers, and the communities where it is active.

All Directors are encouraged to act in a way they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its shareholders. In doing so, they each have regard to a range of matters when making decisions for the long-term success of the Company.

Health and Safety

IDE cares profoundly about the health and safety of our employees, customers and the communities who could be affected by our activities and aims to protect them from any foreseeable hazard or danger arising from our activities. To this end in 2021 the Company completed a series of safety related studies and reviews, including electrical and gas, quantified risk assessments and layer of protection analysis using external experts to review the product risk and the application on our Dartford site. In all instances the findings of the safety risk assessments have demonstrated that the risk arising from the IDE's activities is well within acceptable tolerable risk levels. In 2022 and 2023 the Company will revisit these assessments to identify any changes that have been introduced which may represent new or variants of risk.

We have a Health and safety policy and as mentioned above all employees have to complete a mandatory set of training courses, which include several health and safety courses, including manual handling, mental health awareness, stress awareness, bullying and harassment, display screen set-up and a general health and safety course.

During 2021 the Board was particularly mindful of the impact of the ongoing COVID-19 pandemic when making decisions. This has impacted all areas of decision making and is not limited to ensuring that its impact on employees, contractors, suppliers and the communities in which IDE operates is factored into any decision, but also to ensure that its reputational, financial and other impact is also considered.

The Directors recognise that the key to successful health and safety management requires an effective policy, organisation, and arrangements which reflect the commitment of senior management. The executive management team implement the Company's health and safety policy and ensure that the Company Health and Safety (HSE) management system and safety standards are all maintained, monitored, and improved where necessary. During the COVID-19 pandemic and currently, the level of cleaning was improved and a high level of cleanliness is maintained.

The Company's activities at its Dartford site were delivered HSE incident free in 2021.

s.172 Companies Act 2006: Statement of Directors' Duties to Stakeholders (continued)

Environment Policies

The Company's Environmental Policy recognises the importance of our technology from a global challenge perspective. The Company will regularly evaluate the environmental impact of its activities, products, and services, taking all actions necessary to continually improve the Company's and its products' environmental performance.

At present, we are working towards achieving ISO-14001 certification and are undergoing a third-party gap analysis prior to the certification audit.

IDE has a Carbon Reduction Strategy which is published on the company website. We at IDE Group are committed to reducing our impact on the environment in order to help safeguard our planet for future generations. We have committed to a well-below 2 degrees Celsius trajectory and to maintaining our scope 1 and scope 2 greenhouse gas emissions at a level 30% lower than in our base year of 2018. We are also investing in an environmental management system certified to ISO 14001 to ensure that we can monitor and manage our activities to meet our targets.

In addition to committing to maintaining our scope 1 and 2 emissions at 30% less than they were in 2018, we will also work to reduce our overall greenhouse gas emissions (scopes 1, 2 and 3) by 2.5% every year from a 2021 baseline. We have engaged with Science Based Targets (SBTi) to validate our 30% reduction target. SBTi has confirmed that our target of a 30% reduction from 2018 has been accepted and will be published on their website. They have undertaken due diligence on the 2018 information we provided and verified its accuracy. As the work we have done in the last few years has helped us achieve the 30% target already, we will now ensure that we maintain this lower level.

As mentioned above all employees have to complete a mandatory set of training courses, which include an environmental awareness course.

Strategy

The market for IT managed services in the United Kingdom is highly fragmented and is served by a broad spectrum of businesses from global telecommunication companies through hardware and software providers, system integrators and a range of independent managed service providers of varying sizes through to companies providing individual elements of the IT managed services spectrum. The market is growing, driven by the continued move towards off-premise solutions and mobile access to secure services.

Despite the continued challenges we met in 2021, the Board believes that the Group's position between the very large system integrators and the smaller competitors that may lack delivery structure, reputation, reliability, and financial strength remains a very compelling one.

We have developed a delivery model that provides assurance and certainty for customers. This underlying platform is the core strength of the Group and we will continue to consider augmenting underlying organic growth in the Manage business in 2022 with acquisitions to leverage this platform should there be a compelling strategic and financial case.

The decision to dispose of Connect allows us to focus on the core business, as part of this decision-making process which should result in the medium to longer term the Group returning to sustained profits. Through our long standing customer relationships, we have demonstrated a commitment to service quality for over twenty years.

On behalf of the Board

Andy Parker
Non-Executive
Chairman
28 September 2022

24 Dublin Street Edinburgh EH1 3PP

Directors' Report

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2021 for IDE Group Holdings plc ("IDE" or the "Company") and its subsidiaries (together, the "Group").

Principal Activity

The principal activity of the Group during the year was the provision of end-to-end solutions to enterprise scale end-customers, public and private, concentrating on end-user device management and on-site support solutions. The Company is a holding company.

Review of the Year

The review of the year and the Directors' strategy are set out in the Chairman's Statement and in the separate Strategic Report on pages 3 to 12.

Dividends

The Company did not pay a dividend during the year ended 31 December 2021 (2020: £nil). The Directors do not recommend the payment of a dividend at 31 December 2021 (2020: £nil).

Directors

The Directors who held office during the period and up to the date of the Annual Report are as follows:
Ian Smith
Andy Parker
Sebastian White (resigned 12 February 2021)
David Templeman (appointed 20 April 2021; resigned 12 August 2021)

Company Secretary

Delgany Corporate Services Limited

A brief biography of the current Directors can be found below:

Andy Parker – Non-Executive Chairman

On 10 August 2018 Andy was appointed as Non-Executive Director, on 5 October 2018 was appointed as Non-Executive Chairman and for the period 15 October 2018 to 21 May 2020 held the position of Executive Chairman. On 1 June 2020 Andy reverted to the role of Non-Executive Chairman.

Andy is an experienced commercial, operational and financial professional. A chartered accountant, Andy has held a wide range of commercial and finance roles culminating most recently in his tenure as Chief Executive Officer of Capita Group plc, the FTSE 350 professional support services company. Andy has held a number of finance director roles during his career and is a highly experienced public markets board director.

Andy is the Chair of the Audit Committee and a Chair of the Remuneration Committee.

Ian Smith – Executive Director

On 1 June 2018, Ian was appointed as Executive Director.

Ian has an extensive track record of investing in and managing technology companies and is co-founder and CEO of MXC Capital Limited. Ian has sat on numerous boards and either led or been involved in a large number of transactions in the TMT sector. Ian led strategic change and value accretion at Redstone plc and Accumuli plc and was previously deputy executive chairman and CEO at Castleton Technology plc.

Ian holds no direct beneficial interest in IDE Group, however, is CEO and a substantial shareholder of MXC Capital Limited, a substantial shareholder and loan note holder in the Company.

Ian is a member of the Remuneration Committee and the Audit Committee.

Directors' Report *(continued)*

Directors' Indemnity Insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained Directors' and Officers' liability insurance throughout the financial year in respect of itself and its Directors.

Re-election of Director

Andy Parker will retire in line with the terms of the articles of the Company and being eligible, will offer himself for re- election at the forthcoming Annual General Meeting.

Directors' Service Contracts

Details of the Directors' service contracts and their respective notice terms are detailed in the Remuneration Committee report.

Directors' Interests

The Directors had no direct interests in the ordinary shares of the Company at 31 December 2021, or at 31 December 2020.

Ian Smith is Chief Executive Officer and a substantial shareholder of MXC Capital Limited which holds shares in the Company.

Former director Sebastian White is the Investment Director of Kestrel Partners LLP, whose clients hold shares in the Company.

Auditor

A resolution is to be proposed at the forthcoming AGM for the re-appointment of RSM UK Audit LLP as auditor to the Company, at a rate of remuneration to be determined by the Audit Committee.

Financial Risk Management Objectives and Policy

The Company's financial risk management objectives and policies are described in note 24 to the financial statements.

Capital structure

The Company has a single class of share capital which is divided into Ordinary shares of 2.5p each. Details of the Company's issued share capital can be found in note 26 to the financial statements.

Employee involvement

The flow of information to staff has been maintained by our staff email bulletins and staff meetings. Members of the management team regularly discuss matters of current interest and concern to the business with members of staff; in particular in regard to providing information on performance indicators, encouraging employee participation and engendering a common awareness of financial and economic factors which affect the Group's performance.

The Group continues to focus on building channels that ensure the company is effectively listening and responding to employees. In doing so, we can identify opportunities to better meet employee needs and interests, reflecting these where possible in the principal decisions taken by the company.

Disabled persons

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to training, career development and promotion of disabled employees with a view to encouraging them to play an active role in our development.

Directors' Report *(continued)*

Disclosure of Information to the Auditor

Each of the Directors who was in office on the date of approval of these financial statements, having made enquiries of their fellow Directors, confirms that:

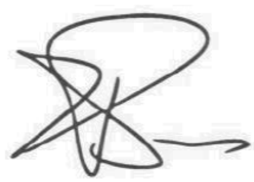
- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor is unaware; and

- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor is aware of that information.

Future Developments

Future developments and current trading and prospects are set out in the Chairman's Statement and the Financial Review.

On behalf of the Board



Ian Smith
Executive Director

28 September 2022

Remuneration Committee Report

Remuneration Committee

At 31 December 2021, the Remuneration Committee comprised Andy Parker (Chair), and Ian Smith.

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of Executive Directors and other designated senior executives and, within agreed terms of reference, determining the total individual remuneration packages of such persons, including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-Executive Directors is a matter for the Executive Directors. No director is involved in any decision as to his or her own remuneration or benefits.

As noted in the Corporate Governance Report set out in these Financial Statements, the Board acknowledges that the lack of independent non-executive Directors does not comply with the standards of the QCA Corporate Governance Code in terms of composition of the Board and its Committees. With a Board comprising two Directors for the majority of the year being reported, no specific meetings of the Remuneration Committee were held in 2021 and relevant matters were discussed by the Board as a whole.

For further details of the Remuneration Committee, please refer to the Corporate Governance report in these financial statements.

Remuneration Policy

The Remuneration Committee is aware that the remuneration package should be sufficiently competitive to attract, retain and motivate individuals capable of achieving the Group's objectives and thereby enhancing shareholder value.

Basic Salary and Benefits

Basic salaries for the Executive Directors are reviewed in January each year. The benefits provided to the Executive Directors may include contributions to a Group defined contribution pension scheme, private medical insurance for themselves, their spouse and their children, life assurance cover of 4 times salary, critical illness and income protection cover, a company car allowance and annual leave of 25 days.

Performance Related Bonus

The Remuneration Committee determines the criteria for the award of performance bonuses for the Executive Directors in advance of each year. The bonuses are pensionable. Non-Executive Directors do not receive a bonus.

Fees

The Board, within the limits stipulated by the Articles of Association and following recommendations by the Executive Directors, determines Non-Executive Directors' fees. The annual fees are £40,000 (2020: £30,000) for a Non-Executive Director and £40,000 (2020: £50,000) for a Non-Executive Chairman.

Remuneration Committee Report *(continued)*

Directors' emoluments

For Directors who held office during the year, emoluments for the year ended 31 December 2021 were as follows:

	Salary/fees	Benefits	Pension	**2021 total**	2020 total
	£	£	£	**£**	£
Executive					
Ian Smith[1]	221,000	-	-	**221,000**	202,315
David Templeman[4]	72,885	-	1,500	**74,385**	-
Non-Executive					
Andy Parker[2]	40,000	-	-	**40,000**	80,833
Sebastian White[3]	2,500	-	-	**2,500**	30,000
Total	336,385	-	1,500	**337,885**	313,148

1. Director's emoluments in respect of Ian Smith were paid to MXC Advisory Limited, a subsidiary of MXC Capital Limited.
2. Andy Parker stepped down from his role as Executive Chairman to become Non-Executive Chairman on 1 June 2020.
3. Directors' emoluments in respect of Sebastian White were paid to Kestrel Partners LLP. Sebastian White resigned from the Board on 12 February 2021.
4. Director's emoluments for his role as Chief Financial Officer for the period 20 April 2021 to 12 August 2021.

The Executive Directors' salaries are paid by subsidiary companies within the Group. The Non-Executive Director fees and the fee to MXC Advisory Limited for Ian Smith's services are paid by the Company.

Andy Parker
Chair, Remuneration Committee
On behalf of the Board

28 September 2022

Corporate Governance Statement

Introduction

The Directors attach great importance to maintaining high standards of corporate governance to help achieve the Company's goals. To that end they have adopted the principles set out in the Quoted Companies Alliance Corporate Governance Code for Small and Mid- Size Quoted Companies (the 'QCA Code') 2018. The QCA Code, which is constructed around 10 broad principles, sets out a standard of minimum best practice for small and mid-size quoted companies, including AIM companies. Companies are required to disclose how the implementation of the QCA Code has been applied or, to the extent not done so, to explain any areas of departure from its requirements.

We have considered how we apply each principle to the extent that the Board judges these to be appropriate for our circumstances, and below we provide an explanation of the approach taken in relation to each. Our compliance with the QCA Code is based on the Company's current practices.

IDE Group Holdings plc, whilst an established operation, continued its programme of cost rationalisation and reorganisation in 2021. The wellbeing of staff and the customers with whom they interact continues to be our overriding priority during this period of uncertainty. The measures we instituted ensure that our people can work safely and, in most cases, remotely, ensuring the continuity of the business. To date there has been no material effect on the business of the new working practices dictated by a much-changed business and social landscape. As we at last enter a post-pandemic business landscape we are confident that we have developed robust business practices to provide a solid grounding for sustained growth across our business.

Our objective is to secure the long-term success of the Group by establishing a sustainable and profitable operating model with an appropriate underlying cost base. The Board believes that applying sensible corporate governance practices at this crucial stage of the Company's development can only help achieve our goals.

We have identified a number of areas where we are not in full compliance with the guidelines of the QCA Code and these are Principle 5, Principle 6, Principle 7 and Principle 9. We explain in detail under the relevant principle why we have departed from the guidelines in these areas.

We operate in the way the Board believes is most suited to the Group at its current stage of development. The Group has established a strong leadership team and an appropriate cost base to enable it to focus on growing the business to secure its long-term sustainable success whilst creating long-term value for shareholders and stakeholders alike.

We trust that the result of our efforts to date provide stakeholders with access to the information they need and the confidence that the Board holds corporate governance compliance in the highest regard.

Corporate Governance Statement *(continued)*

Principle 1 – Establish a strategy and business model which promote long-term value for shareholders.

The Board's objective is to secure long-term success by establishing a sustainable and profitable operating model with an appropriate underlying cost base in order to create long-term value for shareholders and stakeholders. The Board has set out its strategy and business model in the Strategic Report of the Annual Report and Financial Statements, giving further information in the Chairman's Statement and the Financial Review about how we performed against our stated strategy. The Strategic Report includes information on the principal risks and uncertainties faced by the Group and how we have acted to reduce our exposure to risk.

The Strategic Report describes how the Group's flexible and technically skilled workforce enable it to deliver and support critical services and solutions in a highly secure environment and how the Group seeks to differentiate itself through innovation, reliability and value.

The Board will continue to monitor its progress against its stated strategy.

Principle 2 – Seek to understand and meet shareholder needs and expectations.

IDE Group is committed to open communication with all its shareholders.

Copies of the Annual Report and Financial Statements are issued to all shareholders who have requested them and copies are available on the Group's investor website www.idegroup.com. The Group's interim results are also made available on the website. The Group makes full use of its investor website to provide information to shareholders and other interested parties.

The Board reviews proxy voting reports and any significant dissent is discussed with relevant shareholders and, if necessary, action is taken to resolve any issues. In compliance with best practice, the level of proxy votes (for, against and vote withheld) lodged on each resolution is declared at all general meetings and announced.

Shareholders are given the opportunity to raise questions at the Annual General Meeting ("AGM") and the Directors are available both before and after the meeting for further discussion with shareholders.

Andy Parker, Non-Executive Chairman, and Ian Smith, Executive Director, are primarily responsible for communicating with investors.

Meetings via the Company's broker are offered to major institutional shareholders to discuss strategy, financial performance and investment activity immediately after the full year and interim results announcements. The Directors are available to meet with major shareholders if such meetings are requested. Feedback from such meetings with shareholders is provided to the Board to ensure the Directors have a balanced understanding of the issues and concerns of major shareholders.

The Board receives share register analysis reports to monitor the Company's shareholder base and help identify the types of investors on the register.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success.

The Group recognises its employees, customers, suppliers, advisors, banks and shareholders as forming part of the wider stakeholder group. Management identifies key relationships within the business and effort is directed to ensuring these relationships are managed appropriately. Regular reviews are undertaken to ensure any issues are addressed promptly.

The Board reviews its top clients and suppliers in its Board meetings and these are identified in packs provided to the Board.

The Company has a good relationship with its Nomad, broker and other advisers. Feedback from investors is provided by the broker as well as through direct engagement with investors by the Board.

Corporate Governance Statement *(continued)*

The Company meets frequently with customers and communicates regularly with suppliers. There is a feedback system in place and issues raised can be addressed.

The Company's internal stakeholders are its employees. The Group is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of ethnic origin, religion, political opinion, gender, marital status, disability, age or sexual orientation.

Staff policies

The Group's employment policies are designed to ensure that they meet the statutory, social and market practices in the United Kingdom. The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees on the financial and economic factors affecting the Group, plays a major role in maintaining its relationship with its staff.

The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitude and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled, the Group continues employment, either in the same or an alternative position, with appropriate retraining being given, if necessary.

The Board believes that its investment in the wider stakeholder network is expected to assist the Company's management in achieving its long-term goals creating an environment of trust and communication which will have positive implications for the long-term success of the Company.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation.

Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Group's internal control system. The business and management of the Company and its subsidiaries are the collective responsibility of the Board. At each meeting, the Board considers and reviews the trading performance of the Group. The Board has a formal written schedule of matters reserved for its review and approval. These include the approval of the annual budget, major capital expenditure, investment proposals, the interim and annual results and a review of the overall system of internal control and risk management.

The strategic realignment undertaken in 2020 followed by Group reorganisation and cost rationalisation in 2021 have enabled the current Board to identify the most critical risks and challenges facing the business and to take the necessary steps to mitigate these risks by strengthening its control systems. The risks have been significantly reduced following disposal of Connect, which has also simplified the group. The revised and refined system of risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and is explained in the Strategic Report under the heading Principal Risks and Uncertainties. The Board has established a risk register which is bespoke to the Group's business. At least twice a year the risk register is reviewed and the Board considers the appropriateness of the risks identified and the mitigating action taken by management on a risk by risk basiswith a particular focus on those deemed most critical.

Principle 5 – Maintain the board as a well-functioning, balanced team led by the Chair.

Andy Parker, who joined the Board as a Non-Executive director in August 2018, was appointed as Executive Chairman in October 2018. Andy stepped down from this role in June 2020 to become Non-Executive Chairman. He is a chartered accountant and has held a wide range of commercial and finance roles including acting as Chief Executive Officer of Capita Group plc, the FTSE 100 professional support services company. Andy has also held a number of finance director roles during his career and is a highly experienced public markets board director. As Andy was previously an executive chairman, he is not considered to be an independent director. Andy is Chair of the audit and remuneration committees.

Corporate Governance Statement *(continued)*

Ian Smith is an Executive Director and he led the Group's strategic and operational review in 2018. Whilst Ian holds no beneficial interest in IDE Group, he is the Chief Executive Officer and a substantial shareholder of MXC Capital which is a substantial shareholder of the Company and as such is not considered to be an independent director. Ian is a member of the audit and remuneration committees.

The Board currently comprises one Non-Executive Director and one Executive Director, supported by senior managers, and it oversees and implements the Company's corporate governance programme. As chairman, Andy leads the Board and is responsible for the Company's approach to corporate governance and the application of the principles of the QCA Code.

Each board member commits sufficient time to fulfil their duties and obligations to the Board and the Company. They attend regular board meetings and join ad hoc board calls and offer availability for consultation when needed. The contractual arrangements between the Directors and the Company specify the minimum time commitments which are considered sufficient for the proper discharge of their duties. However, in exceptional circumstances all board members understand the need to commit additional time.

Detailed board packs include information on all business units and financial performance and are circulated ahead of board meetings. Key issues are highlighted and explained, providing board members with sufficient information to enable a relevant discussion in the board meeting.

Board and committee meetings

The Board is supported by its Audit Committee and its Remuneration Committee.

Attendances of Directors at Board and committee meetings convened in 2021, and which they were eligible to attend, are set out below:

Director	Board Meetings Attended	Remuneration Committee Attended	Audit Committee Attended
Number of meetings in year	10	0	2
Andy Parker	10/10	N/A	2/2
Ian Smith	10/10	N/A	2/2
Sebastian White*	1/1	N/A	N/A
David Templeman*	3/3	N/A	1/1

***Notes:**
Sebastian White left the Board on 12 February 2021.
David Templeman joined the Board on 20 April 2021 and left on 12 August 2021.

Departures from the Code

Size and balance of the board

The Company accepts that having only two Directors on the Board is not a long-term solution. However, the Company has undergone significant periods of change in recent years and its focus has been on implementing the revised strategy. The Board recognises the need for at least one independent director and is looking to find appropriate candidates to fulfil that role at which time the composition of the Board committees will be reviewed.

Remuneration Committee

The Remuneration Committee did not convene in 2021. Instead, matters such as remuneration of new appointments to the Board and senior management were handled by the Chief Executive Officer and Chairman. Whilst no director was involved in determining his or her own remuneration, the Board recognises that this is a departure from the Code.

Corporate Governance Statement *(continued)*

Principle 6 – Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.

The members of the Board and their experience and skills etc are set out on page 13 of the Directors' Report and Financial Statements identifies the members of the Board at the time of publication and describes the relevant experience, skills and qualities they bring.

The Chairman believes that the Board has a suitable mix of skills and competencies in order to drive the Group's strategy following completion of the Strategic and Operational Review and is best placed to secure the future of the Company and create long-term value for all stakeholders.

The nature of the Company's business requires the Directors to keep their skillset up to date. Periodic updates to the Board on regulatory matters are given by Company's professional advisers. The Company's financial adviser and Nomad and lawyers are consulted on any significant matters where the Board believes external expertise is required.

External advisers attend board meetings as invited by the Chairman to report and/or discuss specific matters relevant to the Company and the markets in which they operate. Additionally, MXC Advisory Limited, which is part of the same group as the significant shareholder MXC Capital Limited, is a retained financial adviser principally focused on acquisitions and provides the services of Ian Smith, Executive Director.

The Company Secretary advises the Board on corporate governance and regulatory matters, attends the Board meetings and reports directly to the Chairman on governance matters. In keeping with best practice as set out the in the QCA guidelines the Company has split the role of Chief Financial Officer (who attends the board whilst not a statutory director) and Company Secretary.

Andy Parker and Ian Smith are primarily responsible for communicating with investors.

Departures from the Code

The Company accepts that not having any independent Directors is not ideal. The Board recognises the need for at least one independent director and is looking to find appropriate candidates to fulfil that role and enhance the balance and skillset of the Board.

Principle 7 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

The Board regularly reviews the effectiveness of its performance as that of its committees and individual Directors. The Directors' Report in the Annual Report and Financial Statements identifies the members of the Board at the time of its publication and describes the relevant experience, skills and qualities they bring.

Board appointments are made after consultation with advisers in all cases and with major shareholders in some cases. The Nomad undertakes due diligence on all new potential board candidates. Board members all have appropriate notice periods so that if a board member indicates his/her intention to step down, there is sufficient time to appoint a replacement, whether internal or external. All Directors are required to retire by rotation and seek re-election every three years.

Departures from the Code

The Board recognises that a more robust means of evaluating Board performance needs to be adopted going forwards. The evaluation process is currently under review. In the past, a review of the Board has been undertaken by external advisers. The Board will consider using this method of review in future to supplement its own processes.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours.

The Board firmly believes that sustained success will best be achieved by adhering to our corporate culture of treating all our stakeholders fairly and with respect.

Corporate Governance Statement *(continued)*

Accordingly, in dealing with each of the Company's principal stakeholders, we encourage our staff to operate in an honest and respectful manner. The Board believes that achieving a common awareness across all employees plays a major role in maintaining good employee relations. The Group's culture of honesty and respect is reflected in the continued support and dedication shown by employees to deliver value to our customers during what has been a challenging year.

The Company is committed to promoting a culture based on ethical values and behaviours across the business. Policies are in place covering key matters such as bribery, protection of intellectual property and sensitive information, conflicts of interest, whistleblowing and anti-slavery. These are vigorously enforced and monitored. The Group has invested a great deal of work to improve its Corporate and Social Responsibility throughout 2021. This included external auditing and improvements to a number of sustainability and decarbonisation functions throughout the business.

Central to the Company's culture and values are Collaboration, Respect, Excellence, Speed, Trust and Accountability, known to the Company's employees as CRESTA. Information on how the Company's beliefs are applied to the business is set out on the website.

Certifications

The Company is proud to have been awarded ISO/IEC 20000-1, ISO 9001, and ISO 27001. Details of these and other certifications are included on the website: https://www.idegroup.com/about/certification/

Additionally, IDE started the process towards the attainment of ISO 14001. This has resulted in a number of external ratings including achieving a silver award from Ecovadis. Work is underway with a goal of achieving gold status in 2022.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the board.

The principal governance structures and processes of the Company and its subsidiaries are the collective responsibility of the Board and its Committees. At each Board meeting, the Board considers and reviews the trading performance of the Group. The Board has a formal written schedule of matters reserved for its review and approval. These include the approval of the annual budget, major capital expenditure, investment proposals, the interim and annual results and a review of the overall system of internal control and risk management.

Audit Committee

The duties of the Audit Committee include reviewing, in draft form, the Company's annual and half-yearly report and accounts and providing advice to the Board. Members of the Audit Committee are also responsible for reviewing and supervising the financial reporting process and internal control systems of IDE Group. The Audit Committee is currently comprised of one Non-Executive Director and one Executive Director

Remuneration Committee

The Remuneration Committee is responsible for determining the policy for Directors' remuneration and setting remuneration for the Company's chair, executive Directors and senior management including share option schemes and any bonus arrangements. No director plays any role in determining his or her own remuneration.

Departures from the Code

The Company recognises that its lack of independent non-executive Directors does not comply with the standards of the QCA Corporate Governance Code in terms of composition of the Board and its Committees.

The Remuneration Committee did not convene in 2021. Instead, matters such as remuneration of new appointments to the Board and senior management were handled by the Chief Executive Officer and Chairman. Whilst no director was involved in determining his or her own remuneration, the Board recognises that this is a departure from the Code.

The Board recognises the need for at least one independent director and is looking to find appropriate candidates to fulfil that role.

Corporate Governance Statement *(continued)*

Principle 10 – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company reports formally to its shareholders and the market generally twice each year with the release of its interim and full year results. The full year results are audited by an external firm of auditors.

The Annual Report and Financial Statements set out how the corporate governance of the Company has been applied in the period under review.

These reports contain full details of all the principal events of the relevant period together with an assessment of current trading and future prospects and the reports are made available via the Company's website to anyone who wishes to review them.

The Group maintains a regular dialogue with stakeholders including shareholders to enable interested parties to make informed decisions about the Company and its performance. The Board believes that transparency in its dealings offers a level of comfort to stakeholders and an understanding that their views will be listened to. This proved to be of utmost importance during 2021 which was a period of significant change and challenge for the Company. The Board intends to continue its policy of communication for the mutual benefit of the Company and its stakeholders.

The Board discloses the result of general meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings. In order to improve transparency, the Board implemented a policy to announce proxy voting results following the Annual General Meeting in August 2021, as it had committed to do. In the event that a significant portion of voters vote against a resolution, an explanation of what actions the Board intends to take to understand the reasons behind the vote will be included. The proxy voting results were published.

Andy Parker
Non-Executive Chairman
Date: 28 September 2022

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the group financial statements in accordance with UK-adopted international Accounting Standards and have elected under company law to prepare the company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The group and company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing each of the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

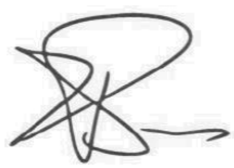
c. state whether they have been prepared in accordance with UK-adopted International Accounting Standards.

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the IDE Group Holdings plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Ian Smith
Executive Director
On behalf of the Board
28 September 2022

Report of the Audit Committee

I am pleased to present the Audit Committee's report for the year ended 31 December 2021. The following pages provide an insight into how the Audit Committee discharged its responsibilities during the year and the key topics that it considered in doing so.

Composition

At the start of 2021 the Audit Committee was comprised of one non-executive director, Sebastian White until he stepped down in February 2021, and Andy Parker, who was Executive Chairman of the Group until June 2020 when he became Non-Executive Chairman, with Andy Parker acting as Chair of the Committee. Sebastian White was replaced on the Audit Committee by Ian Smith, Executive Director. The Chair is considered by the Board to have recent and relevant financial experience and the other member has competence and experience relevant to the Company's sector of operation.

As noted in the Corporate Governance Report set out in these Financial Statements, the Board acknowledges that the lack of independent non-executive Directors does not comply with the standards of the QCA Corporate Governance Code in terms of composition of the Board and its Committees. With a Board currently comprising two Directors, both generally attend the meetings of the Audit Committee. Other members of senior management may also be invited to attend the meetings as guests.

Role and Responsibilities

The Audit Committee determines and examines any matters relating to the financial affairs of the Group including the terms of engagement of the Group's auditors and, in consultation with the auditors, the scope of the audit. The Audit Committee meets at least twice in each financial year, either in a dedicated meeting or as part of a Board meeting.

The Audit Committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Group's internal control and risk management systems. In addition, it considers the financial performance, position and prospects of the Group and the Company and ensures they are properly monitored and reported on. It oversees the relationship with the Auditor (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

The Board and the Audit Committee do not consider it appropriate for the current size of the Group to establish an internal audit function.

Principal activities during the year

The Committee held one dedicated meeting during the year under review and considered the following:

- The financial statements for the year ended 31 December 2020; and
- The draft interim results for the period ended 30 June 2021 were considered in a meeting of the Board.

The Committee met in 2021 to consider the following:

- An overview of the planned work by the external auditors on the 2021 audit including the scope and regulatory requirements of the audit and audit findings.

The Committee has held one meeting in 2022 to:

- Review and approve the FY21 external Auditor's plan, including the proposed materiality threshold, the scope of the audit, the significant audit risks and fees;

The Committee is planning the following activities during 2022:

- Review the Company's procedures, systems and controls for the prevention of bribery or fraud;
- Review the adequacy and security of the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee believe that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- Review the Committee's internal audit role, in the absence of an external provider of an internal audit service.

Report of the Audit Committee *(continued)*

External Auditor

RSM UK Audit LLP ("RSM") has been the external Auditor of the Group since 2019. The continued appointment of RSM is to be reviewed by the Committee each year, taking into account relevant legislation, guidance and best practice appropriate for a Company of IDE's size and nature.

The Committee will consider a number of areas when reviewing the external Auditor appointment, namely its performance in discharging the audit, the scope of the audit and terms of engagement, its independence and objectivity, and its reappointment and remuneration.

The fees paid to RSM during the financial year are set out in note 6 to the Group's consolidated financial statements. In addition to audit services RSM have provided services in connection with the corporate simplification programme.

Attendance at Audit Committee Meetings
Please see the report in the Corporate Governance Report in this document for attendance by the members of the Audit Committee.

Andy Parker
Chairman of the Audit Committee
28 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IDE GROUP HOLDINGS PLC

Opinion

We have audited the financial statements of IDE Group Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, statements of financial position for the group and parent company, statements of changes in equity for the group and parent company, statements of cash flows for the group and parent company and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities 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.

Summary of our audit approach

Key audit matters	**Group** • Impairment of software licences
Materiality	**Group** • Overall materiality: £167,000 (2020: £312,000) • Performance materiality: £125,000 (2020: £234,000) **Parent Company** • Overall materiality: £167,000 (2020: £306,000) • Performance materiality: £125,000 (2020: £229,000)
Scope	Our audit procedures covered 100% of revenue, 99% of total assets and 100% of loss before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of software licences

Key audit matter description	*Refer to notes 1.25 and 14.* In the previous year the group purchased software licences from a customer for £1.833m. During the current year the carrying value of these licences was fully impaired. Due to the licences having only recently been acquired by the Group, and the difficulty in obtaining relevant and reliable evidence regarding the reasons for their impairment, we determined this to be a key audit matter.
How the matter was addressed in the audit	Our work included: • Revisiting the audit evidence obtained in the prior year regarding the business rationale for the purchase of the licences; • Challenging management's initial assertion that the impairment was solely a result of the disposal of the Connect business; and • Inquiring of all relevant personnel (the current directors, both of whom were in office at the time of purchase, and the group's head of IT, who was responsible for the implementation of the licences) as to the expected application of the licences at the time of purchase and how/why this had subsequently changed.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£167,000 (2020: £312,000)	£167,000 (2020: £306,000)
Basis for determining overall materiality	1.2% of Revenue	2.7% of net assets
Rationale for benchmark applied	Revenue is considered to the most appropriate measure used to assess the performance of the group during the period in which it is seeking to grow revenues and return to profitability.	Net assets are considered to be the appropriate measure as the company's activity is to hold investments in group companies.
Performance materiality	£125,000 (2020: £234,000)	£125,000 (2020: £229,000))
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality

Reporting of misstatements to the Audit Committee	Misstatements in excess of £8,350 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £8,350 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of the parent company, one trading company (IDE Group Manage Limited) and 13 other entities which were dormant or non-trading. The parent and trading company are based in the UK.

The coverage achieved by our audit procedures was:

	Number of components	Revenue	Total assets	Loss before tax
Full scope audit	1	100%	99%	93%
Specific audit procedures*	1	0%	0%	7%
Total	**2**	**100%**	**99%**	**100%**

* Specific audit procedures were performed in order to obtain sufficient and appropriate coverage over the group's loss before tax and borrowings.

Analytical procedures at group level were performed for the remaining 13 components.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of management's going concern evaluation and reviewing cashflow forecasts;
- evaluating management's ability to accurately forecast performance through comparison of historic performance against forecast;
- performing sensitivity analysis to understand the impact of reasonably possible outcomes, or changes to assumptions; and
- testing the integrity and mechanical accuracy of the forecast model.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted IAS and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from external tax advisors.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue cut-off	For a sample of contract assets and liabilities, recalculating the revenue recognised (and the associated accrual/deferral), based upon the terms of the underlying contracts and invoices; and For samples of monthly and quarterly billed revenue transactions, in the identified cut-off periods, verifying that revenue has been recognised in the correct period.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Use of our report

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

RSM UK Audit LLP

GEOFF WIGHTWICK (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex RH10 1BG

28 September 2022:

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

	Note	**Year ended 31 December 2021 £000**	Year ended 31 December 2020 £000
Continuing operations			
Revenue	3	**14,456**	11,527
Cost of sales	*5*	**(8,185)**	(6,974)
Gross profit		**6,271**	4,553
Other operating income	*4*	**40**	286
Administrative expenses excluding impairment	*5*	**(5,151)**	(5,889)
Impairment charge on intangibles	*14*	**(1,833)**	-
Impairment credit on trade receivables		**139**	-
Total administrative expenses		**(6,845)**	(5,889)
Adjusted EBITDA*		**3,099**	1,375
Non underlying items	*7*	**(433)**	(387)
Depreciation	*13*	**(321)**	(837)
Amortisation	*14*	**(1,169)**	(1,169)
Impairment charge on intangibles	*14*	**(1,833)**	-
Impairment credit on trade receivables	*16*	**139**	-
Charges for share-based payments	*27*	**(16)**	(32)
Operating loss		**(534)**	(1,050)
Finance costs	*9*	**(2,453)**	(1,783)
Loss on ordinary activities before taxation		**(2,987)**	(2,833)
Income tax	*11*	**1,204**	729
Loss for the year from continuing operations		**(1,783)**	(2,104)
Loss for the year from discontinued operations	*8*	**(193)**	(16,373)
Loss for the year and total comprehensive loss attributable to owners of the parent company		**(1,976)**	(18,477)
From continuing operations			
Basic and diluted loss per share	*12*	**(0.39) p**	(0.52) p
From discontinued operations			
Basic and diluted loss per share	*12*	**(0.04) p**	(4.09) p
Total basic and diluted loss per share	*12*	**(0.43) p**	(4.61) p

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, impairment charge, non-underlying items, loss on disposal of fixed assets and share-based payments

The notes on pages 40 to 75 are an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2021

	Note	Group		Company	
		2021	2020	**2021**	2020
		£000	£000	**£000**	£000
	32		Restated		
Non-current assets					
Property, plant and equipment	*13*	**813**	1,208	**-**	-
Intangible assets	*14*	**8,231**	11,429	**-**	-
Investments	*15*	**-**	-	**7,877**	7,877
Deferred tax asset	*11*	**2,265**	1,653	**-**	-
Trade and other receivables	*16*	**313**	100	**16,842**	16,137
		11,622	14,390	**24,719**	24,014
Current assets					
Trade and other receivables	*16*	**3,969**	5,444	**31**	140
Cash and cash equivalents	*17*	**349**	693	**2**	7
		4,318	6,137	**33**	147
Total assets		**15,940**	20,527	**24,752**	24,161
Current liabilities					
Trade and other payables	*18*	**5,318**	8,487	**2,445**	1,830
Contract liabilities	*19*	**49**	1,370	**-**	-
Borrowings	*21*	**246**	531	**-**	-
Provisions	*20*	**157**	221	**-**	50
		5,770	10,609	**2,445**	1,880
Non-current liabilities					
Trade and other payables	*18*	**730**	1,584	**-**	-
Contract liabilities	*19*	**-**	15	**-**	-
Borrowings	*21*	**17,737**	14,847	**17,027**	13,988
Convertible loan notes	*22*	**131**	1,983	**131**	1,983
Provisions	*20*	**202**	91	**-**	-
		18,800	18,520	**17,158**	15,971
Total liabilities		**24,570**	29,129	**19,603**	17,851
Net (liabilities)/assets		**(8,630)**	(8,602)	**5,149**	6,310
Equity attributable to equity holders of the parent					
Share capital	*26*	**12,418**	10,020	**12,418**	10,020
Share premium		**35,882**	35,439	**35,882**	35,439
Equity reserve		**58**	967	**58**	967
Retained earnings		**(56,838)**	(54,878)	**(43,209)**	(40,116)
Foreign currency translation reserve		**(150)**	(150)	**-**	-
Total equity		**(8,630)**	(8,602)	**5,149**	6,310

The notes on pages 40 to 75 are an integral part of these financial statements. The Company made a loss of £3.1 million in the year ended 31 December 2021 (2020: £4.3 million) and in accordance with s408 of the Companies Act 2006 has not presented a company statement of comprehensive income. These financial statements were approved by the Board of Directors on 28 September 2022 and were signed on its behalf by:

Ian Smith
Executive Director

Company registered number: SC368538

Statements of Changes in Equity
for the year ended 31 December 2021

	Share Capital (a)	Share Premium (b)	Equity reserve (c)	Retained Earnings (d)	Foreign currency translation reserve(e)	Total equity
	£000	£000	£000	£000	£000	£000
Group						
Balance at 1 January 2020	**10,020**	**35,439**	**967**	**(36,433)**	**(150)**	**9,843**
Loss for the financial year and total comprehensive expense	-	-	-	(18,477)	-	(18,477)
Transactions with owners recorded directly in equity						
Share based payments charge	-	-	-	32	-	32
At 31 December 2020	**10,020**	**35,439**	**967**	**(54,878)**	**(150)**	**(8,602)**
Balance at 1 January 2021	**10,020**	**35,439**	**967**	**(54,878)**	**(150)**	**(8,602)**
Loss for the financial year and total comprehensive expense	-	-	-	(1,976)	-	(1,976)
Shares issued for redemption of convertible loan notes (note 22)	2,398	443	(909)	-	-	1,932
Transactions with owners recorded directly in equity						
Share based payment charge	-	-	-	16	-	16
At 31 December 2021	**12,418**	**35,882**	**58**	**(56,838)**	**(150)**	**(8,630)**

(a) Share capital represents the nominal value of equity shares
(b) Share premium represents the excess over nominal value of the fair value of consideration received for equity shares net of expenses of the share issue
(c) The equity reserve consists of the equity component of convertible loan notes that were issued as part of the fundraising in August 2018 less the equity component of instruments converted or settled
The fair value of the equity component of convertible loan notes issued is the residual value after deduction of the fair value of the debt component of the instrument from the face value of the loan note
(d) Retained earnings represents retained profits and accumulated losses
(e) On consolidation, the balance sheets of the Group's foreign subsidiaries are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains or losses arising from the consolidation of these foreign subsidiaries are recognised in the foreign currency translation reserve.

Statements of Changes in Equity *(continued)*
for the year ended 31 December 2021

Company	**Share Capital (a)**	**Share Premium (b)**	**Equity reserve (c)**	**Retained Earnings (d)**	**Total equity**
	£000	**£000**	**£000**	**£000**	**£000**
Balance at 1 January 2020	10,020	35,439	967	(35,879)	10,547
Total comprehensive loss for the year					
Loss for the year	-	-	-	(4,269)	(4,269)
Transactions with owners recorded directly in equity:					
Share based payments charge	-	-	-	32	32
Balance at 31 December 2020	**10,020**	**35,439**	**967**	**(40,116)**	**6,310**
Total comprehensive loss for the year					
Loss for the year	-	-	-	(3,109)	(3,109)
Shares issued for redemption of convertible loan notes (note 22)	2,398	443	(909)	-	1,932
Share based payment charge	-	-	-	16	16
Balance at 31 December 2021	**12,418**	**35,882**	**58**	**(43,209)**	**5,149**

(a) Share capital represents the nominal value of equity shares
(b) Share premium represents the excess over nominal value of the fair value of consideration received for equity shares net of expenses of the share issue
(c) The equity reserve consists of the equity component of convertible loan notes that were issued as part of the fundraising in August 2018 less the equity component of instruments converted or settled
The fair value of the equity component of convertible loan notes issued is the residual value after deduction of the fair value of the debt component of the instrument from the face value of the loan note
(d) Retained earnings represents retained profits and accumulated losses

Statements of Cash Flows

for the year ended 31 December 2021

Group

	Note	2021	2020
		£000	£000
Cash flows from operating activities			
Loss from continuing operations:		**(2,987)**	(2,833)
Profit/(loss) from discontinued operations		**(193)**	(18,747)
Total loss before tax		**(3,180)**	(21,580)
Adjustments for:			
Depreciation of property, plant and equipment	*13*	**321**	2,616
Amortisation of intangible assets	*14*	**1,169**	3,233
Profit on disposal of discontinued operations	*8*	**(1,286)**	-
Impairment charge on goodwill and intangibles	14	**1,833**	8,473
Impairment charge on property, plant and equipment	*13*	**-**	5,481
Impairment credit on trade receivables	16	**(139)**	-
Net finance expenses	*9*	**2,453**	1,799
Share based payments	*27*	**16**	32
Decrease in trade and other receivables		**(133)**	2,175
Decrease in trade and other payables and contract liabilities*		**(513)**	(4)
Increase/(decrease) in provisions		**47**	(111)
Net cash generated from operating activities		**588**	2,114
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(28)**	(82)
Acquisition of Nimoveri, net of cash acquired		**-**	(72)
Disposal of subsidiaries (cash disposed and expenses)		**(586)**	-
Net cash used in investing activities		**(614)**	(154)
Cash flows from financing activities			
Interest paid		**(334)**	(98)
Supplier finance repaid		**(550)**	-
New loans and borrowings, net of expenses		**1,000**	-
Repayment of lease liabilities	*21*	**(434)**	(1,848)
Net cash generated from/ (absorbed by) financing activities		**(318)**	(1,946)
Net (decrease)/increase in cash and cash equivalents		**(344)**	14
Cash and cash equivalents at 1 January		**693**	679
Cash and cash equivalents at 31 December		**349**	693
Cash and cash equivalents comprise			
Cash at bank	*17*	**349**	693
		349	693

* A balance of £1.8m has not been included in the additions of intangible assets in 2020 as the invoice was outstanding at year end. This has been deducted from the movement in trade and other payables.

Statements of Cash Flows *(continued)*
for the year ended 31 December 2021

Company

	Note	2021	2020
		£000	£000
Cash flows from operating activities			
Loss before tax for the year		**(3,109)**	(4,268)
Adjustments for:			
Net financial expenses		**2,032**	1,697
Impairment of intercompany loans		**-**	1,769
Share based payments		**16**	32
		(1,061)	(770)
(Increase)/decrease in trade and other receivables		**(931)**	28
Increase/(decrease) in trade and other payables		**702**	(388)
Decrease in provision		**(50)**	-
Net cash used in operating activities		**(1,340)**	(1.130)
Cash flows from investing activities			
Amounts repaid by subsidiaries		**335**	1,034
Net cash generated from investing activities		**335**	1,034
Cash flows from financing activities			
New loans and borrowings, net of expenses		**1,000**	-
Net cash generated from financing activities		**1,000**	-
Net decrease in cash and cash equivalents		**(5)**	(96)
Cash and cash equivalents at 1 January		**7**	103
Cash and cash equivalents at 31 December	*17*	**2**	7

Notes to the Consolidated Financial Statements

1 Accounting policies

IDE Group Holdings plc ("IDE Group") is a company incorporated in Scotland, domiciled in the United Kingdom and limited by shares which are publicly traded on AIM, the market of that name operated by the London Stock Exchange. The registered office is 24 Dublin Street, Edinburgh EH1 3PP and the principal place of business is in the United Kingdom.

The principal activity of the Group is the provision of network, cloud and IT managed services.

The principal accounting policies, which have been applied consistently in the preparation of these consolidated and parent company financial statements throughout the year and all by subsidiary companies are set out below.

1.1 Basis of preparation

The consolidated and parent company financial statements of IDE Group have been prepared on the going concern basis and in accordance with UK-adopted International Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention. The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent Company's Income Statement.

The accounting framework requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.25 in the accounting policies. The financial statements are prepared in GBP (being the functional currency of the Group) and rounded to the nearest £1,000.

Going concern

The Directors have produced detailed trading and cashflow forecasts. In reaching their conclusion on the going concern basis of accounting, the Directors note and rely on the improved trading performance, the positive cash generation that the business is now experiencing and the current signed order book. A reverse stress test of the model has been run to determine at what level of shortfall in revenues the Group would run out of cash. Given the committed orders already obtained and the visibility of future revenues, the directors do not consider it likely that revenues could drop to such an extent that the Group would run out of cash. They have also considered the impact of any delayed customer payments and have developed plans to mitigate any such delays to ensure that the group can continue to settle its liabilities as they fall due and operate as a going concern. The directors therefore have an expectation that the Group and Company have adequate resources available to them to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the Group and Company continue to adopt the going concern basis in preparing these consolidated financial statements.

1.2 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the total of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

1.3 Investments

Investments in subsidiaries are held at cost less accumulated impairment losses. A formal assessment of the recoverability of the investment values is undertaken on an annual basis by the Directors. Where indicators of impairment identified, fixed asset investments are impaired accordingly.

1.4 Intangible assets

Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of any non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement as a bargain purchase.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to a cash generating unit.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Other intangible assets arising from business combinations

Intangible assets that meet the criteria to be separately recognised as part of a business combination are carried at cost (which is equal to their fair value at the date of acquisition) less accumulated amortisation and impairment losses. An intangible asset acquired as part of a business combination is recognised outside of goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Intangible assets acquired in this manner include trademarks and customer contracts. They are amortised over their estimated useful lives on a straight-line basis as follows:

- Customer contracts and related relationships — 13 years
- Trademarks — 5 years

Impairment and amortisation charges are included within the administrative expenses line in the income statement.

Technology development

Expenditure on internally developed technology is capitalised if it can be demonstrated that:

- it is technically feasible to develop the technology for it to be used or sold
- adequate resources are available to complete the development
- there is an intention to complete and for the Group to use or sell the technology
- use or sale of the asset will generate future economic benefits, and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from using or selling the assets developed. The amortisation expense is included within the administrative expenses line in the income statement. Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated income statement as incurred.

Software and licensing

Separately acquired software and licenses are shown at historical cost less accumulated amortisation and impairment losses.
They are amortised over their estimated useful lives on a straight-line basis as follows:

- Software and licensing — 8 years

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost includes the original price of the asset and the cost attributable to bringing the asset to its current working condition for its intended use.

Depreciation, down to residual value, is calculated on a straight-line basis over the estimated useful life of the asset, which is reviewed on an annual basis, as follows:

• Leasehold property	Over remaining lease term
• Network infrastructure	3 - 10 years
• Equipment, fixtures and fittings	3 - 5 years

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is de-recognised.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

1.6 Impairment of assets

Goodwill is not subject to amortisation and is reviewed for impairment annually or more frequently if events or changes in circumstances indicate the carrying value may be impaired. As at the acquisition date, any goodwill acquired is allocated to each of the cash generating units expected to benefit from the business combination's synergies. Impairment is determined by assessing the recoverable amount of each cash generating unit to which the goodwill relates. When the recoverable amount of the cash generating unit is less than the carrying amount, including goodwill, an impairment loss is recognised.

Other intangible assets and property, plant and equipment are subject to amortisation and depreciation and are reviewed for impairment whenever events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of intangible assets and property, plant and equipment is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined by the cash generating unit to which the asset belongs. Fair value less costs to sell is, where known, based on actual sales price net of costs incurred in completing the disposal. Non-financial assets, other than goodwill, that were impaired in previous periods are reviewed annually to assess whether the impairment is still relevant.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

1.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds.

1.8 Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, 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 comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

1.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a risk-free rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.10 Current and deferred income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided for on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination that at the time of the transaction neither affects accounting nor taxable profit or loss;

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

- deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences carried forward tax credits or tax losses can be utilised.

1.11 Trade and other receivables

Trade receivables, which principally represent amounts due from customers, are recognised at amortised cost as they meet the IFRS 9 classification test of being held to collect, and the cash flow characteristics represent solely payments of principal and interest.

The Group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses and after taking into account customers with different credit risk profiles and current and forecast trading conditions.

Trade receivables are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Group's trade and other receivables are non-interest bearing.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

1.12 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

1.13 Foreign currencies

The presentational currency of the Group is Pound Sterling (£) and the Group conducts the majority of its business in Sterling. Transactions in foreign currencies are initially recorded in the presentational currency by applying the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the presentational currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

1.14 Accrual for employee benefits, including holiday pay

Provision is made for employee benefits, including holiday pay, to the extent of the liability as if all employees of the Group had left the business at its reporting date.

1.15 Financial assets and liabilities

The Group's financial assets and liabilities mainly comprise cash, borrowings, trade and other receivables and trade and other payables. These are accounted for in accordance with the relevant accounting policy note.

Trade and other payables are not interest bearing and are stated at their amortised cost.

1.16 Convertible loan notes

The component parts of convertible loans issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value of the liability portion of convertible loan notes is determined using a market interest rate for a comparable loan note with no conversion option. This amount is recorded as a liability on an amortised cost basis using the effective interest method until the loan notes are redeemed or converted either during or at the end of the term of the convertible loan notes. The remainder of the carrying amount of the loan notes is allocated to the conversion option and shown within equity and is not subsequently remeasured. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in the income statement upon conversion or expiration of the conversion options.

1.17 Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised in the finance cost line in the income statement.

1.18 Finance costs

Loans are carried at fair value on initial recognition, net of unamortised issue costs of debt. These costs are amortised over the loan term.

All other borrowing costs are recognised in the income statement on an accruals basis, using the effective rate method.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

1.19 Revenue

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Valued Added Tax, returns, rebates and discounts and after the elimination of sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

Recurring revenue
The largest portion of the Group's revenues relates to a number of network, cloud and IT managed services, which the Group offers to its customers. All of the revenue in this category is contracted and includes a full range of support, maintenance, subscription and service agreements. Revenue for these types of services is recognised as the services are provided on the basis that the customer simultaneously receives and consumes the benefits provided by the Group's performance of the services over the contract term. In terms of performance obligations, the customer can benefit from each service on its own and the Group's promise to transfer the service to the customer is separately identifiable from other promises in the contract. The transaction price for each service is allocated to each performance obligation. The costs incurred for these revenue streams typically match the revenue pattern. A contract liability is recognised when billing occurs ahead of revenue recognition. A contract asset is recognised when the revenue recognition criteria were met but in accordance with the underlying contract, the sales invoice has not been issued yet.

Project revenue
These project services include mainly installation and consultancy services. Performance obligations are met once the hours or days have been worked. Revenue is therefore recognised over time based on the hours or days worked at the agreed price per hour or day. The costs incurred for this revenue stream generally match the revenue pattern, as a significant portion of consultancy costs relate to staff costs, which are recognised as incurred. Consultancy services are generally provided on a time and material basis.

1.20 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

1.21 Non-underlying items

It is the policy of the Group to identify certain costs, which are material either because of their size or nature, separately on the face of the Income Statement in order that the underlying profitability of the business can be clearly understood. These costs are identified as non-underlying items, and comprise;

a) Professional fees incurred in sourcing and completing acquisitions and disposals including legal expenses
b) Professional fees incurred in restructuring and refinancing acquisitions
c) Integration costs which are incurred by the Group when integrating one trading business into another, including rebranding of acquired businesses
d) Redundancy costs, including employment related costs of staff made redundant up to the date of their leaving as a consequence of integration
e) Property costs such as lease termination penalties and vacant property provisions and third-party advisor fees

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Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

1.22 Discontinued operations

Cash flows and operations that relate to a major component of the business that has been disposed of or is classified as held for sale or distribution are shown separately from continuing operations.

1.23 Segmental reporting

The Chief Operating Decision Maker has been identified as the Executive Board. The Chief Operating Decision Maker reviews the Group's internal reporting in order to assess performance and allocate resources. For management reporting purposes and operationally, the continuing operations of the Group consist of IDE Group Manage and the prior period operation consisted of three operating segments: IDE Group Manage, IDE Group Connect and Nimoveri Limited. IDE Group Connect Limited and Nimoveri Holdings were sold in the year and the group comprises only one segment, the Manage Business.

1.24 Standards and interpretations not yet applied by the Group

For the purposes of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2021. There was no significant impact of new standards and interpretations adopted in the year, which include:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and –FRS 16) - effective 1 Jan 2021

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 January 2022, or later periods, have been adopted early. The new standards and interpretations are not expected to have any significant impact on the financial statements when applied.

Notes to the Consolidated Financial Statements *(continued)*

1 Accounting policies *(continued)*

1.25 Critical accounting estimates and judgements

Estimates

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Recoverability of deferred tax asset –This includes estimates of the level of future profitability, and a judgement as to the likelihood of the group undergoing a restructure of its finances which would result in significant finance cost savings.

There are no reasonably plausible scenarios which would result in the future profitability not being sufficient to enable full recovery of the tax losses in the assessment period.

Impairment of intercompany balances - The directors use estimates in assessing the level of impairment of intercompany balances at each period end, including the likely methods of recovery of the balances and future profitability of the underlying trade which would enable repayments to be made.

Judgements

In the process of applying the Group's accounting policies, management makes various judgements which can significantly affect the amounts recognised in the financial statements. Critical judgements are considered to be:

Classification of non-underlying items - the Directors have exercised judgement when classifying certain costs arising during integration and strategic reorganisation projects. The Directors believe that these costs are all related to the types of costs described in 1.21 above and are appropriately classified.

Recoverability of deferred tax asset – the Directors have exercised judgement on the recoverability of tax losses attributable to future trading profits generated by the Group, and in doing so this has given rise to a deferred tax asset, details of which are shown in note 11 to the financial statements. The judgement involves assessing the extent to which trading losses can be offset against future profits.

Impairment of software licences - As set out in note 14, the directors performed an impairment review in respect of software licences, which had a carrying amount at the previous balance sheet date of £1.8m. The impairment review was triggered both because the licences were not yet in use, and because of an indicator of impairment due to planned expansion which didn't materialise, and the sale of the Connect business, which meant the licences had no addressable market. Following the review the licences were fully impaired. The directors' judgement is that it is very unlikely that the benefit of trying to earn revenues for the licences would exceed the cost of funding the activities that would be required.

Notes to the Consolidated Financial Statements *(continued)*

2 Segment reporting

With the sale of the Connect and Nimoveri Businesses the Group has only one operating segment, the Manage Business.

3 Revenue

Disaggregation of revenue from contracts with customers is as follows:

Year ended 31 December 2021	Managed services	Projects	**Total**
Geographical regions	£000	£000	**£000**
United Kingdom	10,704	3,716	**14,420**
Europe	13	23	**36**
Total	10,717	3,739	**14,456**

Timing of revenue recognition			
Goods transferred at a point in time	48	-	**48**
Services transferred over time	10,669	3,739	**14,408**
Total	10,717	3,739	**14,456**

The revenue from the largest customer was £11.7m (2020: £6.8 million) or 81% of total revenue (2020: 63%). No other customers account for more than 10% of revenue.

Year ended 31 December 2020	Managed services	Networks	Projects	**Total**
Geographical regions	£000	£000	£000	**£000**
United Kingdom	8,083	7	3,354	**11,444**
Europe	54	-	29	**83**
Total	8,137	7	3,383	**11,527**

Timing of revenue recognition				
Goods transferred at a point in time	372	-	-	**372**
Services transferred over time	7,765	7	3,383	**11,155**
Total	8,137	7	3,383	**11,527**

Notes to the Consolidated Financial Statements *(continued)*

Contract balances

	2021	2020
	£000	£000
Receivables included within trade and other receivables	2,677	4,598
Contract assets	837	178
	3,514	4,776
Contract liabilities	(49)	(1,385)
Total	3,465	3,391

Contract assets predominantly relate to fulfilled obligations in respect of projects and managed services which are billed monthly and in arrears. At the point where completed work is invoiced, the contract asset is derecognised, and a corresponding receivable recognised. Contract liabilities relate to consideration received from customers in advance of work being completed.

The change in contract liabilities is a result of the sale of the Connect business in the year ended 31 December 2021. The Connect business had £1.3 million of contract liabilities in the prior year. In the year, contract liabilities of £1.4 million were recognised in revenue. The change in contract assets is due to an increase in Manage revenues.

The Group's standard payment terms are 30 days from the date of invoice. Refunds are only due in the exceptional circumstances where the Group does not meet the performance obligations set out in a contract. The majority of revenue for services is invoiced monthly, sometimes quarterly, in advance, and goods are invoiced on delivery.

Unsatisfied performance obligations

All contracts for the provision of services are for periods of one year or less or are billed based on resources utilised. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4 Other operating income

Other operating income comprises government grants receivable.

5 Expenses by nature

	2021	2020
	£000	£000
Direct staff costs	4,902	4,618
Third party cost of sales	3,283	2,356
Employee costs within administrative expenses	2,133	1,850
Amortisation of intangible assets	1,169	1,169
Depreciation	321	837
Impairment charge on intangible assets	1,833	-
Share-based payments	16	32
Non-underlying items	433	387
Impairment credit on trade receivables	(139)	-
Other administrative costs	1,079	1,614
Total cost of sales and administrative expenses	15,030	12,863

Notes to the Consolidated Financial Statements *(continued)*

6 Auditor's remuneration

	2021	2020
	£000	£000
Audit of these financial statements	59	41
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries of the Company	59	85
Additional fees charged in respect of prior year's audit	33	30
Total	151	156

7 Non-underlying costs

In accordance with the Group's policy in respect of non-underlying costs, the following charges were incurred for the year in relation to continuing operations:

	2021	2020
	£000	£000
Restructuring and reorganisation costs	433	387
	433	387

Restructuring and reorganisation costs in the year ended 31 December 2021 and the year ended 31 December 2020 relate to costs incurred on the restructure of the Group, predominantly redundancy costs, of which £0.3 million are staff related as disclosed in note 10 (2020: £0.4 million).

Notes to the Consolidated Financial Statements *(continued)*

8 Discontinued operations

On 19 October 2021, the Group completed the sale of 100% of the issued share capital of IDE Group Connect Limited, Nimoveri Holdings Limited, and Nimoveri Limited, to CloudCoCo Group plc for a consideration of £250,000 to enable management to focus on growth of the Manage business. Immediately prior to the sale, IDE Group Holdings plc wrote-off the inter-company loan of £15,235,000 owed to IDE Group Holdings plc and its subsidiaries.

Financial performance Discontinued Operations	**Period ended 19 October 2021**	**Year ended 31 December** 2020
	£000	£000
Revenue	**10,542**	13,291
Cost of sales	**(9,708)**	(12,078)
Gross profit	**834**	1,213
Other operating income	**95**	97
Administrative expenses	**(2,486)**	(20,042)
Operating loss	**(1,557)**	(18,732)
Finance costs	**(16)**	(16)
Loss for the year from discontinued operations	**(1,573)**	(18,748)
Tax	**-**	2,375
Gain on sale of subsidiaries	**1,380**	-
Profit/(loss) for the financial period from discontinued operations	**(193)**	(16,373)

Carrying amounts of assets and liabilities disposed

	£000
Cash and cash equivalents	**490**
Trade and other receivables	**557**
Other current assets	**1,228**
Deferred tax asset	**592**
Property, plant and equipment	**17**
Goodwill	**196**
Total assets	**3,080**
Trade and other payables	**(4,304)**
Total liabilities	**(4,304)**
Net Liabilities disposed	**(1,224)**

Notes to the Consolidated Financial Statements *(continued)*

8 Discontinued operations (continued)

Details of the sale of the subsidiaries

	£000
Cash consideration receivable	**250**
Carrying amount of net liabilities sold	**1,224**
Less disposal costs incurred	**(94)**
Gain on sale	**1,380**

Cashflow statement	**Period ended 19 October 2021 £'000**	**Year ended 31 December** 2020 £'000
Net cash generated from/ (used in) operating activities	**211**	(7,887)
Net cash used in investing activities	**(27)**	(137)
Net cash used in financing activities	**(139)**	(1,471)
Net cash generated from/ (used in) the subsidiaries sold	**45**	(9,495)

9 Finance costs

Continuing Operations	**2021 £000**	2020 £000
Interest expense on lease liabilities	**84**	82
Unwind of discount on trade payables	**242**	-
Interest expense in respect of convertible loan notes	**80**	180
Interest expense in respect of loan notes	**2,039**	1,517
Other interest	**8**	4
	2,453	1,783

Notes to the Consolidated Financial Statements *(continued)*

10 Employee benefits expense

Staff costs for the year for the Group, including Directors, relating to continuing operations amounted to:

	2021	2020
	£000	£000
Wages and salaries	**6,065**	5,760
Social security costs	**552**	526
Other pension costs	**418**	182
Restructuring costs	**267**	387
	7,302	6,855

At 31 December 2021, the Group employed 166 staff, including Directors (2020: 173).

The average monthly number of persons employed by the Group during the year, including Directors, analysed by category, and relating to continuing operations, was as follows:

Number of employees

	2021	2020
Operations	**131**	127
Sales and Marketing	**7**	10
Administration	**26**	33
Directors	**2**	3
Total average monthly headcount	**166**	173

The Company employed an average of 2 employees during 2021 (2020: 4), which were the Non-Executive Chairman Andy Parker and the Executive Director Ian Smith. Their remuneration is as shown below. No social security costs were payable.

For Directors who held office during the year, emoluments for the year ended 31 December 2021 for the Group were as follows:

	Salary/fees	Salary/fees
	2021	2020
	£	£
Executive		
Ian Smith[1]	**221,000**	202,315
David Templeman	**72,885**	-
Non-Executive		
Andy Parker	**40,000**	80,833
Sebastian White[2]	**2,500**	30,000
Total	**336,385**	313,148

1. Directors' emoluments to Ian Smith were paid to MXC Advisory Limited, a subsidiary of MXC Capital Limited
2. Directors' emoluments to Sebastian White were paid to Kestrel Partners LLP

Social security costs in respect of Directors' emoluments were £16,799 (2020: £10,000). Pension contributions were made to a defined contribution scheme in respect of one participating Director in 2021 of £1,500 (2020: nil).

None of the Directors made any gains on the exercise of share options in 2021 or 2020.

Notes to the Consolidated Financial Statements *(continued)*

11 Taxation

	2021	2020
	£000	£000
Current tax		
Current year	**-**	-
Current tax	**-**	-
Deferred tax credit	**(1,204)**	(729)
Total tax credit	**(1,204)**	(729)

(a) Tax on loss on ordinary activities

Reconciliation of the total income tax credit:

	2021	2020
	£000	£000
Loss before taxation from continuing operations	**(2,987)**	(2,833)
Tax using the United Kingdom corporation tax rate of 19% (2020: 19%)	**(568)**	(538)
Non-deductible expenses	**95**	8
Amortisation and impairment of goodwill and intangibles – non qualifying assets	**-**	288
Tax losses utilised – not previously recognised	**(188)**	(238)
Adjustment for rate change	**(543)**	(249)
Total tax credit	**(1,204)**	(729)

Notes to the Consolidated Financial Statements *(continued)*

11 Taxation (continued)

(b) Deferred tax (asset)/liability

	2021 £000	2020 £000
At 1 January	**(1,653)**	1,451
On discontinued operations	**592**	(2,375)
Credit to income statement	**(1,204)**	(729)
At 31 December	**(2,265)**	**(1,653)**

	(Asset) £000	Liability £000	Net (asset)/ liability £000
At 1 January 2020	(2,371)	3,822	1,451
Business Combinations	-	(1)	(1)
Credit to income statement			
Timing differences in respect of intangible assets	-	(2,035)	(2,035)
Timing differences in respect of tangible assets	(40)	-	(40)
Recognition of losses	(1,026)	-	(1,026)
Short term timing differences	(2)	-	(2)
	(1,068)	(2,036)	(3,103)
At 31 December 2020	(3,439)	1,786	(1,653)
Disposal of discontinued operations	592	-	592
Credit to income statement	-	-	-
Timing differences in respect of tangible assets	(47)	-	(47)
Timing differences in respect of intangible assets	-	272	272
Short term timing differences	(2)	-	(2)
Recognition of losses	(1,427)	-	(1,427)
	(1,476)	272	(1,204)
At 31 December 2021	(4,323)	2,058	(2,265)

Deferred tax liabilities arose in respect of the amortisation of intangible assets recognised on acquisitions as follows:

	2021 £000	2020 £000
Fixed asset timing differences	**2,058**	1,785
At 31 December	**2,058**	1,785

Deferred tax assets arose in respect of trade losses and fixed asset and other differences, details as follows:

	2021 £000	2020 £000
Tax losses recognised	**3,758**	2,832
Other temporary differences	**9**	17
Depreciation in advance of capital allowances	**556**	590
At 31 December	**4,323**	3,439

Notes to the Consolidated Financial Statements *(continued)*

11 Taxation (continued)

Deferred tax assets are recognised for tax losses carried forward of £15.0 million (2020: £14.9 million) to the extent that the realisation of the related tax benefit through future taxable profits is probable. In assessing recoverability, management considers that the appropriate period over which profits can be assessed with a reasonable degree of certainty, and therefore used to offset the losses, is the period to 31 December 2027. The future taxable profits are assumed to include the impact of the planned conversion of borrowings to equity.

The evidence supporting the recognition of the deferred tax asset for losses is the partial use of losses in the year.

The Group had unrecognised trading losses carried forward at 31 December 2021 of £3.1 million (2020: £18.5 million). The Company has no deferred tax assets or deferred tax liabilities as at 31 December 2021 or 31 December 2020.

The Finance Bill 2021, which was substantively enacted on 24 May 2021, included the announcement that the corporation tax rate for years starting from April 2023 would increase to 25% on profits over £250,000 and that the rate for small profits under £50,000 will remain at 19% and there will be a tapered rate for businesses with profits under £250,000 so that they pay less than the main rate. Deferred tax balances have been re-measured at the reporting date taking into account the new rate of tax.

12 Earnings per share

Basic earnings per share has been calculated using the loss after tax for the year for continuing operations of £1.8 million (2020: £2.1 million), a loss after tax for the year for discontinued operations of £0.2 million (2020 loss: £16.3 million) and a weighted average number of ordinary shares of 461,185,527 (2020: 400,802,032). The weighted average number of ordinary shares for the purpose of calculating the basic and diluted measures is the same. This is because the outstanding warrants details of which are given in note 27, would have the effect of reducing the loss from continuing operations per ordinary share and therefore would be anti-dilutive under the terms of IAS 33.

Continuing operations

	2021	2020
Basic and diluted loss per share (pence)	**(0.39) p**	(0.52) p

Discontinued operations

Basic and diluted loss per share (pence)	**(0.04) p**	(4.09) p
Total basic and diluted loss per share	**(0.43) p**	(4.61) p

Notes to the Consolidated Financial Statements *(continued)*

13 Property, plant and equipment
Group

Group	**Leasehold property**	**Network infrastructure**	**Equipment, fixtures, and fittings**	**Total**
	£000	**£000**	**£000**	**£000**
Cost				
At 1 January 2021	2,181	14,637	3,726	20,544
Disposal of discontinued operations	(632)	(7,179)	(2,279)	(10,090)
Additions	-	-	28	28
Disposals	-	(4,429)	(1,138)	(5,567)
At 31 December 2021	**1,549**	**3,029**	**337**	**4,915**
Accumulated depreciation				
At 1 January 2021	1,144	14,558	3,634	19,336
Disposal of discontinued operations	(632)	(7,172)	(2,269)	(10,073)
Charge for –the year - continuing	191	33	97	321
Charge for –the year - discontinued	-	-	4	4
Impairment – discontinued operations	81	-	-	81
Disposals	-	(4,429)	(1,138)	(5,567)
At 31 December 2021	**784**	**2,990**	**328**	**4,102**
Net carrying amount				
31 December 2021	**765**	**39**	**9**	**813**
31 December 2020	1,037	79	92	1,208

The impairment charge for the year arises from the impairment review carried out in the year in respect of the Connect Business.

Notes to the Consolidated Financial Statements *(continued)*

13 Property, plant and equipment *(continued)*

Group	Leasehold property	Network infrastructure	Equipment, fixtures, and fittings	Total
	£000	£000	£000	£000
Cost				
At 1 January 2020	2,669	14,583	3,701	20,953
Additions	-	54	28	82
Acquisitions	-	-	6	6
Lease modification	(488)	-	-	(488)
Disposals	-	-	(9)	(9)
At 31 December 2020	**2,181**	**14,637**	**3,726**	**20,544**
Accumulated depreciation				
At 1 January 2020	617	7,296	3,334	11,247
Charge for the year – continuing operations	300	321	216	837
Charge for the year – discontinued operations	227	1,460	92	1,779
Disposals – discontinued operations	-	-	(8)	(8)
Impairment – discontinued operations	-	5,481	-	5,481
At 31 December 2020	**1,144**	**14,558**	**3,634**	**19,336**
Net carrying amount				
31 December 2020	**1,037**	**79**	**92**	**1,208**
31 December 2019	2,052	7,287	367	9,706

Notes to the Consolidated Financial Statements *(continued)*

13 Property, plant and equipment *(continued)*

Right of use assets

The carrying amounts of property, plant and equipment include right of use assets as detailed below:

	Leasehold	Network Infrastructure	Equipment, Fixtures & Fittings	Total
Cost	£000	£000	£000	£000
At 1 January 2020	2,542	85	307	2,934
Lease modification – continuing operations	(488)	-	-	(488)
At 31 December 2020	2,054	85	307	2,446
Disposal - discontinued operations	(505)	(85)	(29)	(619)
At 31 December 2021	1,549	-	278	1,827
Accumulated depreciation				
At 1 January 2020	505	73	178	756
Charge for the year- continuing operations	300	-	74	374
Charge for the year – discontinued operations	212	12	9	233
At 31 December 2020	1,017	85	261	1,363
Charge for the year - continuing operations	191	-	33	224
Charge for the year - discontinued operations	-	-	4	4
Impairment - discontinued operations	70	-	-	70
Disposal - discontinued operations	(494)	(85)	(26)	(605)
At 31 December 2021	784	-	272	1,056
Net carrying amount				
31 December 2021	765	-	6	771
31 December 2020	1,037	-	46	1,083

Additions to the right-of-use assets during the year were nil (2020: £2m).

The depreciation charge for the year of £0.2 million (2020: £0.4 million) relates to continuing operations and has been charged to administrative expenses.

Company

The Company has no property, plant and equipment at 31 December 2021 or at 31 December 2020.

Notes to the Consolidated Financial Statements *(continued)*

14 Intangible assets
Group

	Goodwill	Trademarks	Customer contracts and related relationships	Technology development	Software and Licensing	Total
	£000	£000	£000	£000	£000	£000
Cost:						
At 1 January 2020	32,256	1,707	29,076	935	-	63,974
Additions	196	-	-	-	1,833	2,029
At 31 December 2020	32,452	1,707	29,076	935	1,833	66,003
Disposal - discontinued operations	(16,854)	-	(13,880)	-	-	(30,734)
Additions	-	-	-	-	-	-
At 31 December 2021	**15,598**	**1,707**	**15,196**	**935**	**1,833**	**35,269**
Impairment and amortisation:						
At 1 January 2020	29,325	1,322	11,312	909	-	42,868
Amortisation for the year	-	342	2,865	26	-	3,233
Impairment charge	2,931	43	5,499	-	-	8,473
At 31 December 2020	32,256	1,707	19,676	935	-	54,574
Amortisation for the year – continuing operations*	-	-	1,169	-	-	1,169
Impairment – charge - continuing operations	-	-	-	-	1,833	1,833
Disposal – discontinued operations	(16,658)	-	(13,880)	-	-	(30,538)
At 31 December 2021	**15,598**	**1,707**	**6,965**	**935**	**1,833**	**27,038**
Net carrying amount:						
At 31 December 2021	**-**	**-**	**8,231**	**-**	**-**	**8,231**
At 31 December 2020	196	-	9,400	-	1,833	11,429

*£1.2 million of the amortisation charge is included in the loss for the year from continued operations in the Income Statement within administrative expenses.

The remaining unamortised life of the intangible assets at 31 December 2021 is as follows:

- IDE Group Manage customer contracts and related relationships – 7 years, net carrying value £8.2 million.

Impairment of licences

In 2020 IDE invested in software licences at the year-end amounting to £1.8 million. These licences were purchased with a view to a planned expansion of the group, resale to our clients in our Connect Business and for operational use in the Connect Business. Because the planned expansion didn't materialise and with the sale of the Connect Business in 2021, the directors believe that the Group would be unable to obtain the full benefit of the licences in its remaining business (see also note 1.25). The directors consider that the investment required to be able to sell the licences to third parties would exceed any potential benefit. Accordingly, these software licenses have been impaired and written down to £nil.

Company

The company had no intangible assets at 1 January 2020, 31 December 2020 or 31 December 2021.

Notes to the Consolidated Financial Statements *(continued)*

15 Investments

Company

	2021 £000	2020 £000
At 1 January 2020, 31 December 2020 and 31 December 2021	**7,877**	7,877

The Company has the following investments in subsidiaries:

	Country of Incorporation	**Class of shares held**	**Ownership 2021**	2020
Held directly by IDE Group Holdings plc				
IDE Group Limited	England[1]	Ordinary	**100%**	100%
Connexions4London Limited	Scotland[2]	Ordinary	**100%**	100%
Selection Services Investments Limited[5]	Scotland[2]	Ordinary	**100%**	100%
Selection Services Limited[5]	England[1]	Ordinary	**100%**	100%
Castle Digital Services, Inc.[6]	USA[3]	Ordinary	**100%**	100%
Cupid.com, Inc.[6]	USA[3]	Ordinary	**100%**	100%
Held indirectly by IDE Group Holdings plc				
IDE Group Financing Limited	England[1]	Ordinary	**100%**	100%
IDE Group Manage Limited	England[1]	Ordinary	**100%**	100%
IDE Group Protect Limited[5]	England[1]	Ordinary	**100%**	100%
IDE Group Subholdings Limited	England[1]	Ordinary	**100%**	100%
IDE Group Voice Limited	England[1]	Ordinary	**100%**	100%
Aggregated Telecom Limited[5]	England[1]	Ordinary	**100%**	100%
Hooya Digital Limited[6]	Cyprus[4]	Ordinary	**100%**	100%
Holdfast Systems Limited	England[1]	Ordinary	**100%**	100%

1 Registered office is located at Unit 2, Quadrant Court, Crossways Business Park, Greenhithe, Dartford, England, DA9 9AY
2 Registered office is located at 24 Dublin Street, Edinburgh EH1 3PP
3 Registered office is located at 2711 Centerville Road, Suite 400, New Castle, Wilmington, Delaware 19808, U.S.A.
4 Registered office is located at Faneromenis 115, Antouanettas Building, 6031 Larnaca, Cyprus
5 On 27 April 2022 these non-trading entities were put into Members Voluntary Liquidation
6 Liquidation of non-trading entities commenced post year end.

At 31 December 2021, the only trading subsidiary of the Company was IDE Group Manage Limited (31 December 2020: IDE Group Manage Limited, IDE Group Connect Limited and Nimoveri Limited).

IDE Group Manage activity consists of IT Managed services.

All of the remaining subsidiaries are non-trading.

Connexions4London Limited, IDE Group Subholdings Limited, IDE Group Voice, IDE Group Financing Limited, IDE Group Protect Limited, IDE Group Limited, and Holdfast Systems Limited are exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of Section 479A and the parent company has guaranteed all their liabilities at the reporting date.

Notes to the Consolidated Financial Statements *(continued)*

16 Trade and other receivables

Current	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Trade receivables	**2,677**	4,598	**-**	**-**
Less provision for impairment of trade receivables	**-**	(519)	**-**	**-**
Trade receivables – net	**2,677**	4.079	**-**	**-**
Contract assets	**837**	178	**-**	**-**
Prepayments and other receivables	**455**	1,187	**-**	1
Taxation and social security	**-**	-	**31**	139
	3,969	5,444	**31**	140

Non-current	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Other receivables	**313**	100	**-**	-
Amounts due from subsidiary undertakings	**-**	-	**65,575**	66,870
Provision against amounts due from subsidiary undertakings	**-**	-	**(48,733)**	(50,733)
	313	100	**16,842**	16,137

In accordance with IFRS 9, the Group reviews the amount of credit loss associated with its trade receivables, and contract assets.

Customer credit risk is managed according to strict credit control policies. The majority of the Group's revenues are derived from national or multi-national organisations with no prior history of default with the Group. There is low incidence of default in the top 50 customers. In respect of these customers credit risk is deemed lower on customers that contribute higher revenue due to an increased dependency on the group's services for business continuity, and because they are larger more secure businesses.

The Group has applied the Simplified Approach applying a provision matrix based on categorisation of the customer based on total revenue received by the group per annum to measure lifetime expected credit losses and after taking into account customers with different credit risk profiles and current and forecast trading conditions and the days past due. The historical loss rates will be adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

Notes to the Consolidated Financial Statements *(continued)*

16 Trade and other receivables *(continued)*

At period end, customers were categorised into three categories based on spend in the last 12 months:

1. Top 10
2. Top 50
3. Other

Impairment was calculated based on the category the customer falls in to:

Category	Impairment Rate		Carrying amount		edit loss allowance (net of VAT)	
	2021	2020	**2021**	2020	**2021**	2020
	%	%	**£000**	£000	**£000**	£000
Top 10	**0**	0	**2,677**	2,629	**-**	-
Top 50	**2**	2	**-**	209	**-**	4
Other	**5**	5	**-**	1,178	**-**	49
Specific	**100**	100	**-**	582	**-**	466
			2,677	4,598	**-**	519

The group is exposed to credit concentration risk with its largest customer comprising 74% (2020: 37%) of outstanding trade receivables.

Specific provisions are also made based on known issues or changes in the lifetime expected credit loss. As at 31 December 2021, trade receivables of £nil (2020: £0.5 million) were impaired and fully provided for.

Movements on the Group provision for impairment of trade receivables are as follows:

		Group	
		2021	2020
		£000	£000
At 1 January		**519**	597
Increase in impairment provision		**-**	142
Provision relating to discontinued operations		**(317)**	-
Write offs		**(63)**	(220)
Released during the year		**(139)**	-
At 31 December	-	**-**	519

The creation and release of a provision for impaired receivables has been in the main included in “administrative expenses” in the Income Statement, with an amount being set against contract assets, £nil (2020: £5,000). The other asset classes within the Group’s trade and other receivables do not contain impaired assets.

Amounts due from subsidiary undertakings

The Company has funded the trading activities of its principal subsidiaries by way of inter-company loans. The amounts advanced do not have any specific terms relating to their repayment, are unsecured and are interest free. As all loans to subsidiaries are to be treated as due on demand, they fall within the scope of IFRS 9.

In accordance with IFRS 9, the Company is required to make an assessment of expected credit losses. Having considered the quantum and probability of credit losses expected to arise, management concluded that no additional impairment charge was required for expected credit loss. The entire impairment provision of £2.0m relating to Connect was removed following the sale of the Connect business (2020: £1.7 million charged).

The calculation of the allowance for lifetime expected credit losses requires a significant degree of estimation and judgement, in particular in determining the probability weighted likely outcome for each scenario considered to determine the expected credit loss in each scenario. Should the assumptions in the business plan vary, this could have a significant impact on the carrying value of the intercompany loans in following periods.

The recoverability is sensitive to the probability of the achievement of future cash flows; however, given the trading projections and the level of provisions, there is currently no reasonably plausible scenario in which the provision would alter materially. A breakdown of the balances is set out in note 29.

Notes to the Consolidated Financial Statements *(continued)*

17 Cash and cash equivalents

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Cash and cash equivalents	**349**	693	**2**	7

The table below shows the balance with the major counterparty in respect of cash and cash equivalents.

	Group		Company	
	2021	2020	**2021**	2020
Credit rating	**£000**	£000	**£000**	£000
A	**349**	693	**2**	7

18 Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Non-Current				
Trade and other payables	**730**	1,584	**-**	-
	730	1,584	**-**	-
Current				
Trade payables	**3,079**	5,603	**949**	518
Amounts due to subsidiary undertakings	**-**	-	**1,203**	1,204
Other payables	**100**	220	**42**	42
Taxation and social security	**752**	1,491	**-**	-
Accruals	**1,387**	1,173	**251**	66
	5,318	8,487	**2,445**	1,830

Amounts due to subsidiary undertakings are unsecured, interest free and are repayable on demand.

19 Contract liabilities

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Contract liabilities recognisable within 12 months	**49**	1,370	**-**	-
Contract liabilities recognisable after 12 months	**-**	15	**-**	-
Total contract liabilities	**49**	1,385	**-**	**-**

Income is deferred to the Statement of Financial Position when invoicing of revenue to customers occurs ahead of revenue recognition in the Income Statement.

Notes to the Consolidated Financial Statements *(continued)*

20 Provisions

Property provision

Dilapidation provisions are built up over the associated lease based on estimates of costs of work required to fulfil the Group's contractual obligation under the lease agreements to return the property to the same condition as at the commencement of the lease. The provision is not expected to be utilised until 2026.

Other provisions

Other provisions primarily relate to committed costs under various onerous supplier contracts across hosting, connectivity, hardware and software services, for example costs in relation to empty racks within data centres which have to be paid for regardless of whether populated or not and costs in relation to excess software licences which are not used. The onerous contract provisions are expected to be resolved in 2022.

Group	**Property provision**	**Other provision**	**Total**
	£000	**£000**	**£000**
Balance at 1 January 2021	140	172	312
Increase in year	62	95	157
Utilised	-	(110)	(110)
Balance at 31 December 2021	**202**	**157**	**359**

	2021	2020
	£000	**£000**
Non-current	202	91
Current	157	221
	359	312

Company	**Other Provision**	**Total**
	£000	**£000**
Balance at 1 January 2021	50	50
Released in the year	(50)	-
Balance at 31 December 2021	**-**	**50**

Non-current	-	-
Current	-	50
	-	**50**

Notes to the Consolidated Financial Statements *(continued)*

21 Borrowings

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Non-current				
Lease liabilities	**710**	859	**-**	-
Loan Note 2025	**1,061**	-	**1,061**	-
Loan Notes	**15,966**	13,988	**15,966**	13,988
	17,737	14,847	**17,027**	13,988

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Current				
Nimoveri Loan Notes	**100**	100	**-**	**-**
Lease liabilities	**146**	431	**-**	**-**
	246	531	**-**	-

The carrying value is not materially different to the fair value of these liabilities.

In January 2019 the Company issued £5.3 million of secured loan notes with a six-year term and a 12% coupon which is compounded, rolled up and payable at the end of the term ("Loan Notes"). In February and March 2019, a further £4.7 million in total of secured Loan Notes were issued. The Loan Notes carry an arrangement fee of 2.5 per cent., payable at the end of the term, and an exit fee of 2.5 per cent., also payable at the end of the term. The security comprises a debenture over all the assets of the Group.

In December 2019 the Company issued an additional £1.5 million of Loan Notes (with the same terms as those issued in the first quarter of the year).

The Loan Notes are held at amortised cost using the effective interest rate method. The effective interest rate for the Loan Notes has been calculated to be 18%.

On 1 June 2020 the Group completed the acquisition of Nimoveri Holdings Limited for £100,000 paid in cash on completion and the issue of £100,000 0% loan notes by IDE Group Limited, a Group company (the "Nimoveri Loan Notes"). The Nimoveri Loan Notes are secured over the assets of Nimoveri Holdings Limited and redeemable on 31 December 2021. On 13 December 2021 both parties agreed the Nimoveri Loan Notes would be repaid in four equal monthly instalments commencing 31 January 2022.

The Company issued a further loan note ("Loan Note 2025") net of expenses for proceeds of £1m on 1 December 2021. The terms of the loan were that the rate of interest is 1.5% per month if repaid by 31 January 2022, 2.5% per month if repaid by 28 February 2022 and 3% per month if repaid by 31 March 2022. If not repaid by 31 March 2022 the amount due at that date including fees (£1.1875m) is then subject to interest at 20.4% per annum compound. The maturity date is 23 December 2025. At the year end management intended to settle the loan notes before 31 March 2022 and accordingly, they are classified as current liabilities.

Notes to the Consolidated Financial Statements *(continued)*

21 Borrowings (continued)

Lease liabilities

The present value of lease liabilities is as follows:

31 December 2021	**Gross contractual amounts**		**Carrying**
Group	**payable**	**Interest**	**amount**
	2021	**2021**	**2021**
	£000	**£000**	**£000**
Less than one year	**214**	**68**	**146**
Between one and five years	**829**	**150**	**679**
Greater than five years	**32**	**1**	**31**
	1,075	**219**	**856**

31 December 2020	Gross contractual		
Group	amounts		Carrying
	payable	Interest	amount
	2020	2020	2020
	£000	£000	£000
Less than one year	522	91	431
Between one and five years	836	201	635
Greater than five years	242	18	224
	1,600	310	1,290

The Company has no lease liabilities at 31 December 2021 (31 December 2020: nil)

Reconciliation of borrowings:

Group	Non-currentLease liabilities	Current Lease liabilities	Non-current Borrowings	Convertible Loan Notes	Supplier Finance	Current Borrowings	**Total Borrowings**
	£000	£000	£000	£000	£000	£000	**£000**
Balance at 1 January 2021	859	431	13,988	1,983	2,199	100	**19,560**
Non-cash changes							
Transfer from non-current to current	(149)	149	-	-	-	-	**-**
Loan note interest	-	-	2,039	80	-	-	**2,119**
Interest	-	-	-	-	242	-	**242**
Lease interest	-	84	-	-	-	-	**84**
Conversion	-	-	-	(1,932)	-	-	**(1,932)**
Cash flows							
Lease interest paid	-	(84)	-	-	-	-	**(84)**
Repayment	-	-	-	-	(550)	-	**(550)**
Interest paid	-	-	-	-	(242)	-	**(242)**
Loan, net of expenses	-	-	1,000	-	-	-	**1,000**
Repayment of lease liabilities	-	(434)	-	-	-	-	**(434)**
Balance at 31 December 2021	710	146	17,027	131	1,649	100	**19,763**

The total cash outflow for leases in the year including interest was £518,000 (2020: £1,946,000).

Notes to the Consolidated Financial Statements *(continued)*

Company	Lease liabilities	Current Borrowings	Non-current Borrowings	**Total Borrowings**
	£000	£000	£000	**£000**
Balance at 1 January 2021	**-**	**-**	13,988	**13,988**
Non-cash changes				
Loan note interest	**-**	-	2,039	**2,039**
Cash changes				
Proceeds of Loan Note 2025	**-**	-	1,000	**1,000**
Balance at 31 December 2021	**-**	-	17,027	**17,027**

22 Convertible loan notes

Group and Company

	£000
Balance at 1 January 2021	1,983
Interest unwound	80
Issue of new shares	(1,932)
Balance at 31 December 2021	**131**

On 21 August 2018, as part of a wider fundraising, the Company issued £2.55 million of unsecured loan notes, which have a term of 5 years and a zero per cent coupon (“CLNs”). The CLNs can be converted into new ordinary shares in the capital of IDE at a price of 2.5 pence per share. Conversion is at the option of the holder at any time during the 5-year term. At the end of the term, if the holder has not chosen to convert the CLNs, the CLNs will be settled with a cash repayment. At issue, the CLNs have a fair value of £2.54 million, split into an equity component (£0.96 million) and a debt component (£1.58 million).

On 7 June 2021 £2,397,519 of the unsecured convertible loan notes issued in August 2018 were converted into 95,900,760 Ordinary shares of 2.5p each, at a conversion price of 2.5p per share.

23 Financial instruments by category

The objectives of the Group’s treasury activities are to manage financial risk, secure cost-effective funding where necessary and minimise adverse effects of fluctuations in the financial markets on the value of the Group’s financial assets and liabilities, on reported profitability and on cash flows of the Group.

The Group’s principal financial instruments for fundraising are convertible loan notes and loan notes. The Group has various other financial instruments such as cash, trade receivables and trade payables that arise directly from its operations.

Group

	2021	2020
Assets	**£000**	£000
Amortised cost:		
Trade receivables net of credit loss provision	**2,677**	4,079
Contract assets	**837**	178
Other receivables	**226**	264
Cash and cash equivalents	**349**	693
Total	**4,089**	5,214

Notes to the Consolidated Financial Statements *(continued)*

23 Financial instruments by category *(continued)*

Company

	2021	2020
Assets	**£000**	£000
Amortised cost:		
Amounts due from subsidiary undertakings	**16,842**	16,137
Cash and cash equivalents	**2**	7
Total	**16,844**	16,144

The carrying amount of these assets is equivalent to their fair value. At 31 December 2021, trade receivables are reported net of the expected credit loss provision of £nil (2020: £0.5 million), amounts due from subsidiary undertakings are reported net of the expected credit loss provision of £48.7 million (2020: £50.7 million)

Group

	2021	2020
Liabilities at amortised cost	**£000**	£000
Trade payables	**3,809**	7,187
Accruals and other payables	**1,486**	1,393
Lease liabilities	**856**	1,290
Loan, net of expenses	**1,061**	-
Convertible loan notes	**131**	1,983
Loan Notes	**16,066**	14,088
Total	**23,409**	25,941

Company

	2021	2020
Liabilities	**£000**	£000
Trade payables	**948**	518
Accruals and other payables	**293**	108
Intercompany payables	**1,203**	1,204
Loan, net of expenses	**1,061**	-
Convertible loan notes	**131**	1,983
Loan Notes	**15,966**	13,988
Total	**19,602**	17,801

The carrying amount of these liabilities is equivalent to their fair value.

The Group has not entered into any derivative financial instruments in the current or preceding period.

Notes to the Consolidated Financial Statements *(continued)*

24 Financial risk management

The Group's activities are exposed to a variety of financial risks: market risk (including cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out centrally under policies approved by the Board of Directors. Management identifies, evaluates and seeks to mitigate financial risks. The Board of Directors provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investments of excess liquidity.

Cash flow interest risk
The Group pays interest on its borrowings.

The Group has no borrowings at variable rates which would expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group does not enter into derivatives.

Price risk
The Group is not exposed to significant commodity or security price risk.

Credit risk
Credit risk is managed at a subsidiary level. Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables. Individual risk limits are set based on internal and external ratings and reviewed by management. The utilisation of credit limits is regularly monitored with appropriate action taken by management in the event of the breach of a credit limit. The Group has applied the simplified approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses and after taking into account customers with different credit risk profiles and current and forecast trading conditions. The Group has recognised a provision in respect of trade receivables of £nil (2020: £0.5 million).

Liquidity risk
Management reviews cash forecasts of trading companies of the Group in accordance with practice and limits set by the Group. The Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these.

The parent company's operations expose it to the following risks:

Interest rate risk
The Company pays interest on its loan note borrowings. These are at fixed rates and therefore there is no exposure to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company does not enter into derivatives.

Credit risk
The Company is exposed to credit risk mainly in respect of inter-company receivables. Details of the approach to credit loss provisions in respect of intercompany receivables is set out in note 16 and note 29.

The tables below analyse the Group and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. These amounts disclosed in the table are the contracted undiscounted cash flows. Balances within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

	Within 1 year	1-2 years	More than 2 years	Total
At 31 December 2021	£000	£000	£000	**£000**
Trade and other payables	6,379	730	-	**7,109**
Lease liabilities	214	415	446	**1,075**
Loan Note 2025	-	-	1,061	**1,061**
Convertible loan notes	-	-	152	**152**
Loan Notes	100	-	16,517	**16,617**
	6,693	**1,145**	**18,176**	**26,014**

Notes to the Consolidated Financial Statements *(continued)*

24 Financial risk management *(continued)*

Group

	Within 1 year	1-2 years	More than 2 years	Total
At 31 December 2020	£000	£000	£000	£000
Trade and other payables	6,996	2,034	-	**9,030**
Lease liabilities	522	215	864	**1,601**
Convertible loan notes	-	-	2,550	**2,550**
Loan Notes	100	-	16,517	**16,617**
	7,618	**2,249**	**19,931**	**29,798**

Company

	Within 1 year	**1-2 years**	**More than 2 years**	**Total**
At 31 December 2021	**£000**	**£000**	**£000**	**£000**
Trade and other payables	2,414	-	-	**2,414**
Intercompany payables	1,203	-	-	**1,203**
Convertible loan notes	-	-	131	**131**
Loan Notes	-	-	17,578	**17,578**
	3,617	-	**17,709**	**21,326**

Company

	Within 1 year	1-2 years	More than 2 years	Total
At 31 December 2020	£000	£000	£000	£000
Trade and other payables	633	-	-	**633**
Intercompany payables	1,204	-	-	**1,204**
Convertible loan notes	-	-	2,550	**2,550**
Loan Notes	-	-	12,860	**12,860**
	1,837	**-**	**15,410**	**17,247**

25 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's future growth and its 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. The Group operates in the network and cloud hosting sector, which, from time-to-time requires substantial fixed asset investments, but the Group is financed predominately by equity.

In order to maintain or adjust the capital structure, the Group has previously both issued new shares, bank debt and bank facilities, and both unsecured and secured loan notes. The Group monitors capital on the basis of the ratio of net debt to Adjusted EBITDA. As at 31 December 2021 the ratio was 3.1. Net debt as at 31 December 2021 is calculated as total bank borrowings, as at 31 December 2021 nil, and loan notes (including 'current and non-current borrowings' as shown in the consolidated balance sheet) ,plus loans, less cash and cash equivalents. Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, impairment charge, non-underlying items, (loss)/gain on disposal of fixed assets and share-based payments.

The loan note instrument under which the Secured Loan Notes were issued does not contain any covenants, however, the Group continues to carefully monitor its capital position. The Group adopts a risk-averse position with respect to borrowings and maintains significant headroom to ensure that any unexpected situations do not create financial stress.

The Group has not proposed a dividend for the current or prior year.

Notes to the Consolidated Financial Statements *(continued)*

26 Called up share capital – Group and Company

Shares issued and fully paid	**2021**	2020
	£000	£000
Beginning of the year	**10,020**	10,020
Issued during the year on redemption of £2,397,519 of convertible loan notes	**2,398**	-
Shares issued and fully paid	**12,418**	10,020

Share capital allotted, called up and fully paid	**2021**	2020
	No. Ordinary Shares	No. Ordinary Shares
Beginning of the year	**400,802,032**	400,802,032
Issued of 95,900,760 shares at 2.5p on redemption of convertible loan notes	**95,900,760**	-
End of the year	**496,702,792**	400,802,032

The par value of the shares is 2.5p.

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.

On 11 May 2021 95,900,760 new ordinary shares of 2.5p each were issued following the receipt of conversion notices from Kestrel Opportunities and Kestrel Partners LLP for the conversion of 78,638,640 and 17,262,120 new ordinary shares of 2.5p respectively.

27 Share-based payment

The share-based payment charge comprises:

	2021	2020
	£000	£000
Equity-settled share-based charges arising from warrants	**16**	32
Total charge	**16**	32

Notes to the Consolidated Financial Statements *(continued)*

27 Share-based payment (*continued*)

	MXC warrants
	Number
Warrants as at 1 January 2021 and 31 December 2021	**20,040,101**

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in warrants during the year:

	2021	**2021**	2020	2020
	Number	**WAEP**	Number	WAEP
Opening balance	**20,040,101**	**£0.17**	20,040,101	£0.17
Granted during the year	**-**	**-**	-	-
Lapsed during the year	**-**	**-**	-	-
Closing balance	**20,040,101**	**£0.17**	20,040,101	£0.17

There were 20,040,101 warrants exercisable at 31 December 2021 (2020: 10,036,456).

The exercise price for warrants outstanding at the end of the year ranges from £0.025 - £0.325 (2020: ranged from £0.025 - £0.325). There are 10,036,456 warrants with an exercise price of £0.30 to £0.325 which had a vesting date of 31 December 2018 and expiry date of 31 December 2022 and a further 10,003,645 warrants have an exercise price of £0.025, a vesting date of 1 August 2021 and an expiry date of 31 December 2022.

The fair value of the equity-settled warrants granted is estimated at the date of grant using a Black Scholes model to take into account market conditions attaching to the options granted.

Volatility of 146% was calculated based upon the change in the daily share price of the company over the previous 24 months. The risk-free rate of return of -0.14% is the yield of zero-coupon UK government bonds of a term consistent with the assumed life of the warrant.

The total fair value of the award is charged to the income statement over the vesting period of the warrants.

The amount charged to the income statement in respect of the share-based payments was £16,000 (2020: £32,000).

28 Pensions

The Group operates a defined contribution pension schemes for eligible employees. The charge for the year ended 31 December 2021 relating to continuing operations is £0.4 million (continuing operations 2020: £0.5 million). An amount of £0.06 million is included in creditors being outstanding contributions at 31 December 2021 (2020: £0.06 million)

29 Related parties

Key management comprise of the Directors, Chief Financial Officer, the Group Managing Director, and the Group Director. Directors' emoluments are disclosed in note 10.

Key management personnel

Total remuneration for key management personnel	**2021**	2020
	£000	£000
Compensation	**1,187**	521
Social security	**134**	34
Pension contributions to money purchase pension scheme	**30**	24
Total	**1,351**	579
Number of key management personnel accruing benefits under defined contributions	3	3

Ian Smith, Executive Director at 31 December 2021, is Chief Executive Officer and a substantial shareholder of MXC Capital Limited (MXC). MXC owned 34.8% of the issued share capital of the Company at 31 December 2021.

During the year, the Group and Company paid MXC Capital Markets LLP, a subsidiary of MXC, for corporate finance advice and other services amounting to £29,000 (2020: £29,000). The balance owed to MXC Capital Markets LLP as at 31 December 2021 was £91,800 (2020: £55,800).

In addition, the Group paid MXC Advisory Limited, a subsidiary of MXC, fees of £200,083 (2020: £242,505) in respect of the services of Ian Smith as Executive Director and the services of an Interim Chief Financial Officer for the year ended 31 December 2021. The balance owed to MXC Advisory Limited as at 31 December 2021 was £612,123 (2020: £349,923).

The Group also paid MXC Guernsey Limited, a subsidiary of MXC Capital Limited in the past in respect of underwriting of loan notes and guarantee fee of the finance leases with Lombard. The balance owed to MXC Guernsey as at 31 December 2021 was £29,560 (2020: £29,560).

At 31 December 2021, in addition to owning shares in the Company, MXC Capital Limited held warrants over 20,040,101 shares in the Company (2020: 20,040,101 warrants).

During the year, Kestrel Partners LLP invoiced the Company £2,500 (2020: £30,000) in respect of the services of Sebastian White as Non-Executive Director. The balance owed to Kestrel Partners LLP as at 31 December 2021 was £nil (2020: £6,000).

The Company had the following balances with its subsidiary companies:

	2021	2020
Receivables	**£000**	£000
IDE Group Limited	**53,664**	53,652
IDE Group Manage Limited	**11,846**	11,027
IDE Group Connect Limited	**-**	1,975
Assistance Genie Logiciel	**-**	151
IDE Group Voice Limited	**3**	3
IDE Group Protect Limited	**9**	9
IDE Group Financing Limited	**52**	52
IDE Group Subholdings Limited	**1**	1
Total	**65,575**	66,870

Notes to the Consolidated Financial Statements *(continued)*

There was a reduction of £2.0 million (2020: provision increase of £1.7 million) made in respect of the IDE Group Connect Limited receivable as a result of the sale of the Connect business in the year.

	2021	2020
Payables	**£000**	£000
Cupid.com inc	**1,033**	1,033
Castle Digital services inc	**61**	61
Selection Services Limited	**61**	61
Hooya Digital Limited	**42**	42
Connexions4London Limited	**5**	6
Aggregated Telecom Limited	**1**	1
Total	**1,203**	1,204

30 Contingent liabilities

There is a contingent liability in respect of tax owed of £819,047 by a former owner, when the business was privately owned relating to a tax scheme from 2006. We expect this to be settled by the individual in 2022. The Board is confident there will be no recourse to the Group as the Group would only have a liability if the individual is unable to pay, which management considers highly unlikely.

31 Other commitments

As part of the transaction to dispose of IDE Group Connect Limited, IDE Group Holdings plc have agreed to provide CloudCoCo Group plc with a working capital facility of up to £500,000 to help fund the initial restructure of the CloudCoCo Connect Limited business. Amounts drawn would be convertible into new ordinary shares of CloudCoCo Group plc at 1 pence per share, if not repaid by 19 October 2022. This facility has not been utilised to date.

32 Prior year adjustment

In the prior year the deferred tax liability and asset were shown separately in the Group statement of financial position. The balances should have been netted off against each other as the Group has a legal right of set off, management intends to settle the balances net and they arise in the same jurisdiction. There is no effect on the Consolidated Statement of Comprehensive Income.

The impact on the Group statement of financial position at 31 December 2020 is as follows:

	As previously reported	**Adjustment**	**As restated**
	£'000s	**£'000s**	**£'000s**
Deferred tax asset at 31 December 2020	3,439	(1,786)	1,653
Deferred tax liability at 31 December 2020	1,786	(1,786)	-