TRACSIS

Annual Report
& Accounts 2021

Technology Makes It Possible, People Make It Happen

Contents

Our Business at a Glance

Who we are

Tracsis' purpose is to develop innovative technology-driven solutions that solve complex problems which maximise efficiency in regulated industries. Our approach focuses on combining leading edge software and hardware knowledge, data capture, analytics and industry expertise to generate insights and fast-to-market products and services.

Key Group locations

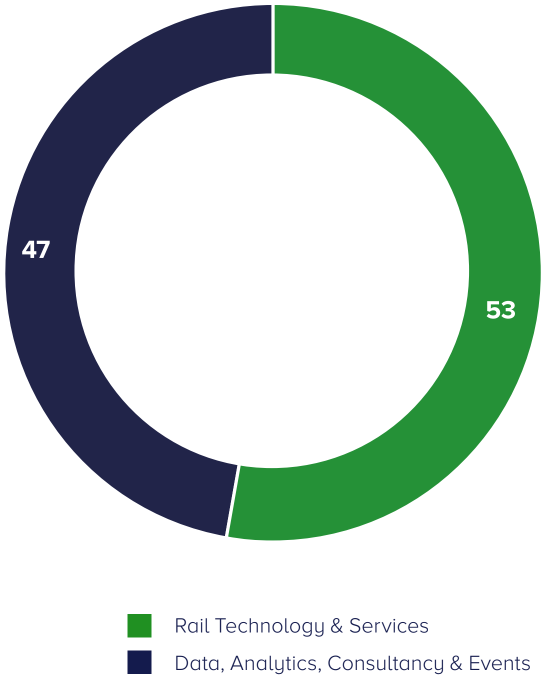
Tracsis plc was founded in January 2004 to commercialise world class research and expertise developed in the field of transport scheduling and software optimisation technologies. Since then the Group has grown rapidly, diversified into related transport technologies, and successfully executed a strategy that has seen it make a total of sixteen acquisitions and three investments. Today Tracsis is a leading provider of software, hardware, data analytics/GIS and services for the rail, traffic data and wider transport industries.

Tracsis' products and services are used to increase efficiency, reduce cost and improve the operational performance and decision making capabilities for its customers. The Group has a blue chip client base which includes the majority of UK transport operators. We also work extensively with large transport authorities and infrastructure operators such as Network Rail, the Department for Transport, a wide range of government agencies and local authorities, a variety of large engineering and infrastructure companies, plus event organisers.

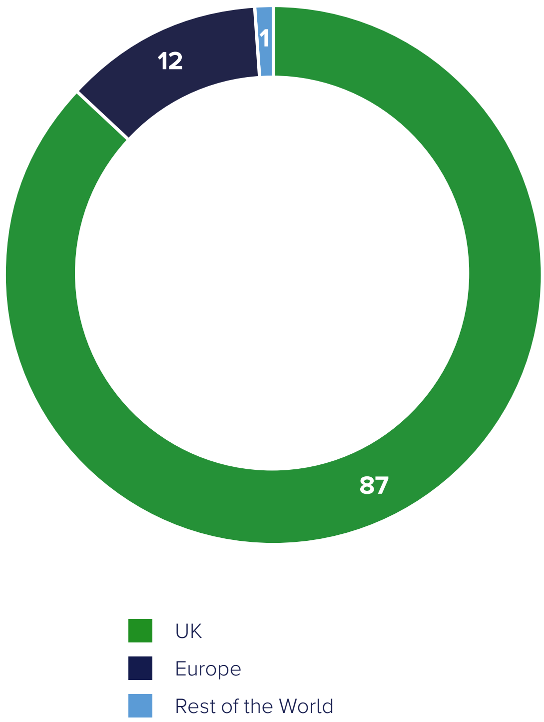
The Group today has c.500 permanent employees serving its growing customer base from offices in the UK and Ireland.

For the financial year ended 31 July 2021, the Group has been reorganised into a new Divisional structure in order to better align with key areas of future growth.

Revenue by Division
%

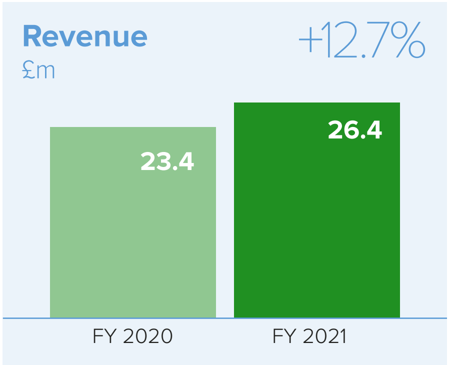


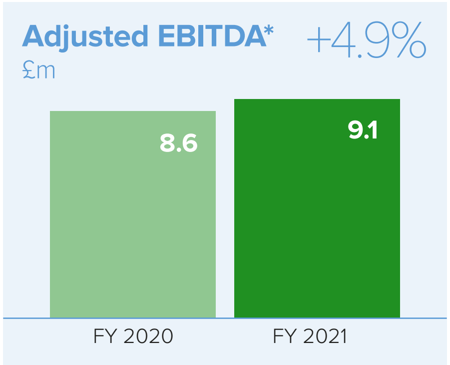
Global Sales Revenue
%

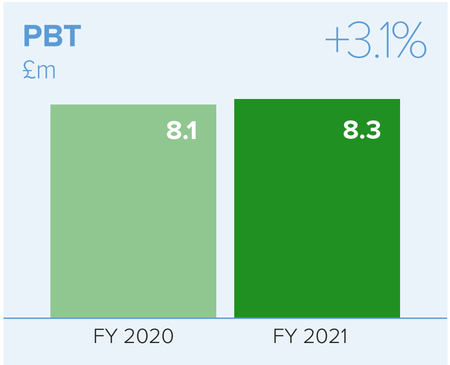


Our Divisions

Rail Technology & Services







Core activities:

Operations and Planning

Supplies a range of software products to passenger and freight operators that enable them to increase the efficiency of their operations and provide an enhanced experience for their customers. The product suite covers all aspects of transport operations including timetabling, resource and rolling stock planning & optimisation, real time performance and control, service recovery, incident management, retail services and asset management. Products include TRACS, ATTUne, Compass, and Retail & Operations product suites. TRACS Enterprise is a high availability, cloud hosted, enterprise-wide modular planning and delivery system for passenger and freight operators providing a single source of information for all timetable, resource planning, work allocation and control decision support.

Customer Experience

Transit and Ticketing Solutions (iBlocks)

Provides smart-ticketing solutions and bespoke software development of mission-critical back office solutions used by train operators and the Rail Delivery Group ("RDG"). smartTIS is a unique account based ticketing product already deployed on about 20% of the UK rail network, that offers a flexible, multi-modal, tap and travel system with a best fare guarantee, and is the only RDG accredited pay-as-you-go solution on the UK rail network. It is capable of performing the full cycle from token-agnostic tap capture through to fare generation, payment collection and revenue settlement. Capable of applying all rail fare types, railcard discounts, weekly capping and flexible ticketing, it is uniquely placed to facilitate the move towards a paperless, pay-as-you-go smart ticketing environment.

Automated Delay Repay (iBlocks and TCS)

Provides automated delay-repay claim assessment on the UK rail network for train operators, including claim decision, fulfilment and fraud detection.

Digital Railway / Infrastructure

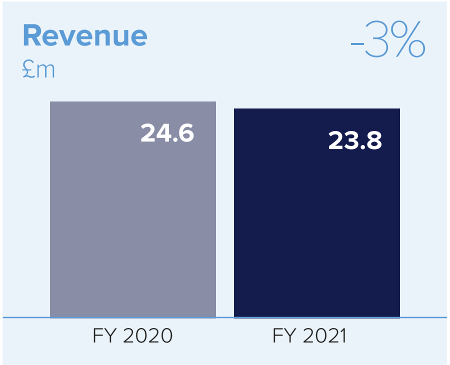
Remote Condition Monitoring (MPEC)

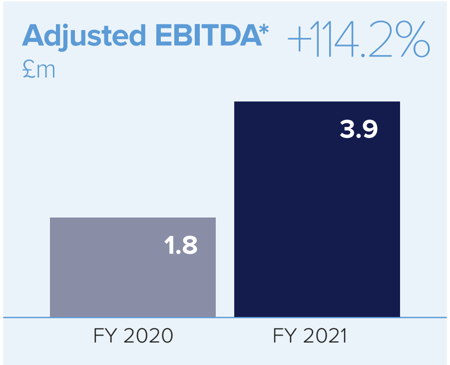
Provides hardware and software solutions that enable reactive, condition-based and predictive maintenance of critical infrastructure assets, improving their performance and life cycle. We are a leading provider of rail approved data loggers and sensors to monitor asset performance within level crossings, switch machines, track circuits, wiring and signalling systems. Supported by our own web-based data acquisition software platform Centrix, we offer infrastructure owners a complete solution to deliver operational efficiencies.

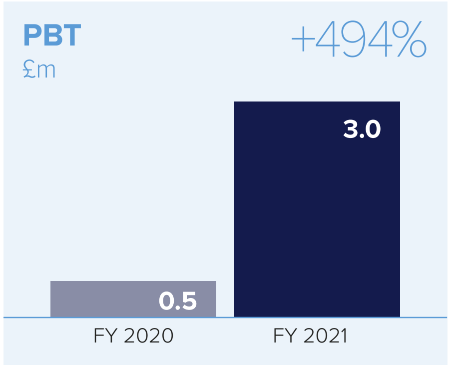
Safety and Risk Management (OnTrac)

Supplies software solutions that allow infrastructure providers and maintainers to plan and deliver safe work on the railways by automating heavily regulated business processes, by enabling users to plan and execute work collaboratively, and by providing better quality and more visual information. Our flagship product RailHub is a digital platform with unique capabilities including schematics on demand, live work site monitoring and digital sign-offs, that ensure work being carried out on or near the line is done so safely and productively. Accessible simultaneously across smartphones, tablets and desktops, our software solutions are part of the move to a more digital railway.

Data, Analytics, Consultancy & Events







Core activities:

Data Informatics

(Compass Informatics and Icon GEO)[1]

Provides location-related technologies including geographical information systems (GIS) and Earth Observation, as well as analytics solutions and services, to assist government and commercial organisations to deliver more efficient operations, protect their assets and meet regulatory requirements. Application sectors are primarily regulated industries including transportation, utilities, environment and planning. The focus on location technology creates particularly valuable insights for planning transport services and assets, protecting and enhancing natural resources, and ensuring and facilitating regulatory compliance. Headquartered in Dublin, the business has a strong client base in Ireland and UK.

Transport Insights

(Tracsis Transport Consultancy)[1][2]

Provides consultancy, training and technology-related professional services to support operational, commercial, customer service and strategic planning activities in Rail, Bus and the wider transport industry. Our unique offering combines sector-specific expertise with innovative bespoke software tool development and passenger analytics capabilities including access to the range of products and services offered across the Tracsis Group.

Traffic Data

Provides transport data collection and analysis for local authorities, transport planners and operators, highways authorities, and large engineering consultancies. Through the application of automatic data collection systems, video with machine learning AI, and manual survey methods, we provide temporary or permanent data collection in any traffic environment and for any class of traffic including motor vehicle type, cyclists and pedestrians. The insights we offer are deployed by industry-leading public and private sector clients to improve the flow of traffic and trade throughout the UK and Ireland.

Event Traffic Management

(SEP and CTM)

Deliver traffic management solutions and event admission control services for large, complex operations including cultural and sporting events, festivals, large retail sites and other ad hoc activities. We support our customers with all aspects of planning, control, signage, traffic management and car parking. Technologies such as Tracsis Live Technology (TLT) offer improved traffic monitoring and traffic flow in and out of major event venues.

(*) This report provides Alternative Performance Measures ("APMs") which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"). The Group uses these APMs to improve the comparability of information between reporting periods and Divisions, by adjusting for certain items which impact upon IFRS measures, to aid the user in understanding the activity taking place across the Group's businesses. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes. A summary of APMs used and their closest equivalent statutory measures is given in note 31 to the Consolidated Financial Statements on pages 96 and 97.

(1) Data Informatics and Transport Insights operate across the whole of the Group, but are reported within the Data, Analytics, Consultancy & Events segment.

(2) The Group's previous segmental structure included Rail Consultancy within the Rail Technology & Services segment. This is now reported as part of Transport Insights in the Data, Analytics, Consultancy & Events segment.

Our Businesses

Rail Technology & Services

Operations & Planning

- Operational Planning and Rail Performance Software.

22% of revenue

Digital Railway/ Infrastructure

- Remote Condition Monitoring Hardware and Data Acquisition.
- Safety and Risk Management Software and Asset Visualisation.

26% of revenue

Customer Experience

- Transit and Ticketing Solutions.
- Automated Delay Repay.

5% of revenue

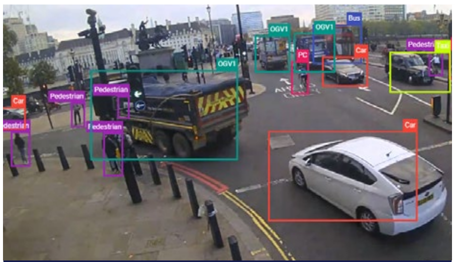
Data Informatics

- Location Technologies and Analytics Solutions

Transport Insights

- Consultancy, Passenger Analytics and Bespoke Software Solutions

Data, Analytics, Consultancy & Events



Traffic Data

- Traffic Data Capture and Analysis (Video, ANPR, Machine Learning).

15%
of revenue

Event Traffic Management

- Event Transport Planning and Management.

14%
of revenue

11%
of revenue

7%
of revenue

Our Brands

RAIL OPERATIONS – Rail Planning and Performance Software

BELLVEDI – Timetable and Control Software

MPEC TECHNOLOGY – Remote Condition Monitoring

ONTRAC – Rail Safety Software

iBLOCKS – Transit and Ticketing

TCS – Delay Repay Solutions

TRAFFIC DATA – Transport Data Collection and Analytics

SEP – Event Traffic Management

CTM – Event Traffic Management

CONSULTANCY – Insights and Bespoke Development

COMPASS INFORMATICS – Information and Location Insights

ICON GEO – Earth Observation

Investment Case

Strong Market Fundamentals →	Our products and services enable our customers to deliver mission-critical activities with increased efficiency, enhanced performance, higher productivity, and improved safety. This is well aligned with industry drivers in the short, medium and long term. The Williams-Shapps Plan for UK Rail issued in May 2021 outlined a strategic vision for the rail industry in the UK, with a greater focus on passenger and freight customers, the delivery of an increasingly safe and reliable rail network, and greater integration across different transport modes whilst prioritising innovation in new technologies. Tracsis is well aligned to help deliver this strategic vision. With the rail industry focused on improving safety, improving timetabling and on-time train performance, increasing pre-emptive and asset-condition maintenance, and accelerating innovation in areas like pay as you go smart ticketing and delay repay, the Group is well positioned to benefit from the commitment to greater innovation and investment in a digital railway.
High Value Products and Services →	Our products and services offer compelling value propositions for our customers. They are well differentiated, and in several cases are unique. We have strong, long-term relationships with our customers, which support a high level of recurring and repeat revenue and provide valuable insight in developing the next generation of products. This is underpinned by sector-specific expertise that allows us to provide expert advisory support and consultancy to our customers, and to fully understand their challenges and how best to provide a solution.
Multiple Growth Vectors →	Our growth strategy is focused on five core areas. In the Rail Technology & Services segment, these are: 1. Operational performance software; 2. Remote condition monitoring hardware and software; 3. Risk management and safety software; and 4. Smart ticketing and customer experience software. In the Data, Analytics, Consultancy & Events segment, the fifth growth vector is: 5. 'Big Data' (data informatics and GIS) These multiple vectors ensure diversification of our growth opportunities across customers and industry drivers, which supports our confidence that the Group can deliver further significant value for shareholders and provides some resilience against short-term market volatility.
Strong Balance Sheet →	The Group has net cash of £25.4m at 31 July 2021, with no debt and high levels of operating cash generation. Our strong balance sheet enables us to invest for future growth and gives the financial flexibility to support investment in innovation and the development of our business infrastructure to deliver this.
M&A Opportunities →	We are actively pursuing M&A opportunities to expand our addressable markets and increase our technical capabilities. In the year to 31 July 2021 we completed the acquisition of Flash Forward Consulting Ltd to enhance our Transport Consultancy offering, and post year end we acquired Icon Group which will be integrated into our Data Informatics business.
A Resilient Business Model →	Our business model is highly resilient, and is built upon long-term customer relationships, well differentiated products and services that deliver compelling value propositions, high levels of recurring and repeat revenue, and strong cash generation. Our Rail Technology & Services products principally support the operational requirements of running and maintaining the railway and are therefore largely resilient against changes in passenger numbers, as demonstrated during the Covid-19 pandemic. The wider focus on investing in modernising and digitising the UK railway is an important long-term trend that will support growth. The Covid-19 pandemic did reduce activity levels in certain parts of our business, most significantly in the Events, Traffic Data and Delay Repay businesses. We successfully implemented cost reduction actions in response, whilst at the same time protecting jobs. This has enabled these businesses to respond quickly to increasing activity levels as Covid-related restrictions have eased.

Strategy and Business Model

Our vision for Tracsis is to become a leading provider of high value, niche technology solutions and services that solve complex problems which maximise efficiency in regulated industries.

Our business model remains focussed on specialist offerings that have high barriers to entry, are sold on a recurring basis under contract, and to a retained customer base that is largely blue chip in nature.
Our strategy to achieve this vision is focused in four areas, as outlined below. We believe this strategy will allow Tracsis to continue the growth trajectory it has achieved since IPO in 2007 and to deliver further significant value to shareholders in the short, medium and longer term.

	Strategic Priority	Progress in 2021	Future Focus
1	**Organic Growth** *Delivery of our pipeline, continual innovation of products and services, flawless high quality delivery and an excellent close working relationship with our customers*	• 5% revenue growth for the Group; 13% growth in Rail Technology & Services • Awarded multi-year significant contract in UK for RailHub software suite • Record year for Remote Condition Monitoring product sales • Large pipeline of multi-year contract opportunities for TRACS Enterprise and smart ticketing • Activity levels in Events, Traffic Data and Delay Repay impacted by Covid-19	• Delivery of pipeline of large multi-year software contracts • Continued investment in software & technology products • Support UK Rail Industry to deliver the strategic vision outlined in the Williams-Shapps Plan • Complete post-Covid recovery in affected business units
2	**Expand Addressable Markets** *Selling our products and services into new markets, including overseas, and expansion into select sectors that share problems with the industries we currently serve*	• Remote Condition Monitoring hardware and software contract win with major transit agency in North America • Further growth from Compass Informatics in Ireland and mainland UK	• Continued growth in data informatics and GIS • Targeted growth opportunities overseas or in adjacent market segments
3	**Acquisitions** *Reinvesting Group profits to fund further accretive acquisitions that meet our disciplined investment criteria*	• Acquisition of Flash Forward Consulting Ltd to strengthen the Group's Transport Insights offering • Post year end acquisition of Icon Group to enhance the Group's Data Informatics capabilities • Further potential targets evaluated during the year	• Active pursuit of M&A to extend rail software and data informatics footprint – focus on recurring revenue growth
4	**Integration and Capability** *Enhanced integration and collaboration across the Group, increasing management capability and bandwidth, and improving our systems and processes, as key foundations to deliver our growth strategy*	• Launch of Group-wide Tracsis branding • ISO 27001 certification secured across all Rail Technology & Services businesses • Shared service model implemented in core functions • Investment in training and development	• R&D collaboration via Innovation Hub • Enhance management capability & bandwidth • Continued alignment of Group-wide systems and processes • Focused people development

Growth Drivers

The Group's organic growth strategy is focused on five core areas

Product/Software based

	1. Operational Performance Software	2. Remote Condition Monitoring Hardware and Software
Industry Drivers →	• Increasing demand from Government and train operators to deliver cost, efficiency and performance improvements • Legacy systems are under-invested and poorly integrated	• Operational efficiencies from real-time asset tracking and condition-based maintenance • Improvements in asset and rail network performance and availability
Tracsis Solution →	• TRACS Enterprise is a high availability, cloud hosted, enterprise-wide modular planning and delivery system for rail operators built around existing Tracsis standalone software products • Products sold as three modules: 1. Short and Long Term Train Planning 2. Roster and Resourcing 3. Control • Single source of information for all timetable, resource planning, work allocation and control decision support • Delivers significant cost savings	• Our Remote Condition Monitoring products enable both reactive and predictive maintenance of rail industry assets, improving their performance and lifecycle • Hardware: rail approved data loggers and sensors monitor asset performance and predict failure modes within level crossings, switch machines, track circuits, wiring and signalling systems • Software: our own web-based data acquisition, diagnostics and performance analysis software called Centrix
Progress →	• First passenger operators due to go live with TRACS Enterprise in 2022 • Record pipeline of UK opportunities with passenger and freight operators	• Continued growth in UK installed base: – 20,000 data loggers installed – 30,000 assets monitored – 5 million events recorded – 19,000 alarms raised • Hardware and software contract win with major transit agency in North America

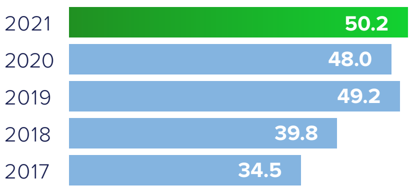
Capability based

3. Risk Management and Safety Software	4. Smart Ticketing and Customer Experience	5. Data Analytics and GIS
• Improving safety, specifically to reduce the number of near-miss incidents and fatalities when working on or near the railway • Software solutions in safety and risk management are part of the move to a more digital railway, removing complex paper processes	• Ensuring customers can purchase flexible, multi-modal tickets and have access to the best value fares via Pay-as-you-Go technology • Key theme of the Willams-Shapps Plan for Rail recommendations	• Data rich organisations seeking greater insights into how they can facilitate better and faster decision-making utilising 'big data' • Market regulated industries requiring GIS solutions to demonstrate ongoing compliance
• The RailHub platform has been developed to change the way the rail industry approaches the management and planning of work on the railway, and provides access to a range of digital applications • Functionality includes: 1. Safe work packs 2. National hazard directory 3. Access points 4. Person-in-charge electronic approval 5. Digital asset schematics 6. Work package plans / task briefing forms	• smartTIS is a unique Account Based Ticketing product. Token agnostic journey taps are captured and virtual tickets are created that are electronically billed to the customer post completion of their journey • Capable of applying all rail fare types, railcard discounts, weekly capping - the customer always pays the cheapest fare • Delay repay compensation automatically calculated • It is the only UK rail accredited Account Based Ticketing solution	• Our Compass Informatics business based in Ireland has capabilities in the following areas: – Geographical Information Systems (GIS) – Earth Observation (EO) – Data analytics and field computing – Mobile app development • Customer base across transport, utilities and environmental sectors
• Large, multi-year RailHub contract win in UK which will double user base to over 30,000 individuals	• smartTIS already deployed on around 20% of the UK rail network (GTR, South Western Railway) • Secured another smartTIS contract award post year-end • Opportunities for growth with ITSO smartcard, EMV contactless and mobile app / barcode deployment	• Continue to launch innovative new products (BIO used by three water utilities) • Ongoing expansion of Irish customer base with opportunity to grow into the EU market • Post year-end acquisition of the Icon Group has enhanced our capabilities in this growing market

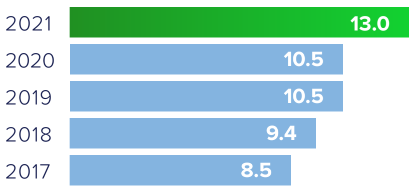
Financial Highlights

- Strong financial performance with growth in revenue and profit despite continued Covid-19 challenges
- Revenue increased to £50.2m (2020: £48.0m) with growth in the higher margin Rail Technology & Services Division and in Data Analytics/GIS offset by lower sales in our Events and Traffic Data businesses as expected due to ongoing Covid-19 restrictions on their end markets
  - Revenue growth of 12.7% in Rail Technology & Services Division
  - Revenue decrease of only 3.0% in Data, Analytics, Consultancy & Events Division which was impacted by Covid-19
- Adjusted EBITDA* of £13.0m (2020: £10.5m) reflects growth in software revenue and the positive impact of cost reduction actions taken in response to the pandemic
- PBT increased to £4.6m (2020: £4.1m)
- Cash balances of £25.4m (31 July 2020: £17.9m) with no Covid deferrals due to be paid
- The Board is not declaring a final dividend but expects to restore the progressive dividend policy for the year to 31 July 2022

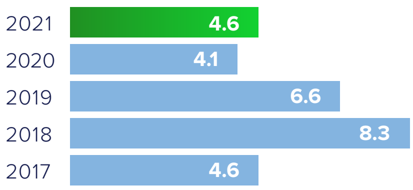
Revenue
£50.2m



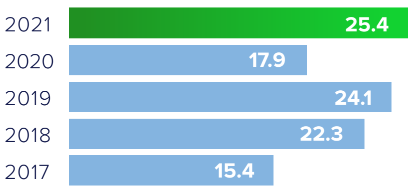
Adjusted EBITDA*
£13.0m



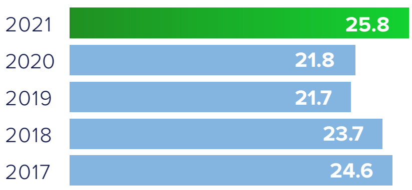
PBT
£4.6m



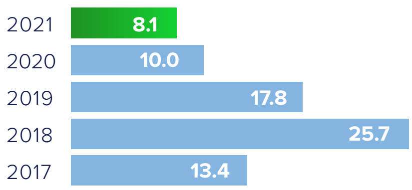
Cash
£25.4m



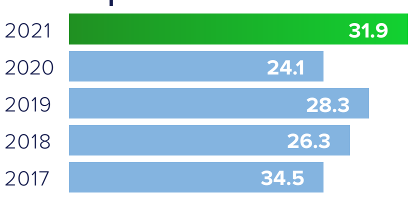
Adjusted EBITDA Margin*
25.8%



Basic EPS
8.1p



Adjusted Basic EPS
31.9p



* Earnings before finance income & expense, tax, depreciation, amortisation, exceptional items, other operating income, share-based payments charges and share of results of equity accounted investees. See note 31 for reconciliation.

Operational Highlights

Large RailHub Enterprise Software Contract Win

Our safety and risk management software business, OnTrac, was awarded a significant multi-year contract in the UK that will double the user base of its RailHub product to over 30,000 individuals. This reflects the growing momentum in UK rail's shift to digital and underpins our confidence in the future of the RailHub platform with both rail infrastructure providers and maintainers.

Strong Post Covid recovery

Our highest priorities through the pandemic have been to look after the wellbeing of our employees and to protect as many jobs as possible. We have achieved this through a number of measures, which included utilising the Government Coronavirus Job Support Scheme and delivering cost reduction actions in line with expectations. Any salary reductions taken by our teams to support these initiatives were repaid. The vast majority of our teams have been working from home, and we are currently transitioning to a hybrid working model. We have been able to respond quickly as activity levels have started to increase in those markets that were impacted by the pandemic.

Acquisition of Flash Forward Consulting

The Groups' Transport Insights offering was strengthened through the acquisition of Flash Forward in February 2021. This has been fully integrated with the Group's existing Rail Consultancy and Passenger Analytics businesses to create a consolidated Tracsis Transport Consultancy business offering products and services that cover all areas of the Group.

- Continued to implement a number of large multi-year TRACS Enterprise rail contracts won in previous years
- Continued growth of pipeline of other multi-year rail contract opportunities
- Well positioned to benefit from the strategic direction outlined for the UK Rail industry in the Williams-Shapps plan for Rail
- Continued investment in Group integration, management capability, processes and systems, including launch of new groupwide branding and securing ISO27001 certification across all our rail businesses

Post Year End Highlights

- Rebound of activity levels in Events and Traffic Data with both markets expected to recover to full activity levels through the course of the coming year
- Acquisition of Icon Group to enhance the Group's Data Analytics/GIS capabilities
- Secured another smart ticketing contract award in the UK

Chairman & Chief Executive Officer's Report

Introduction

The Group has performed well during the year ended 31 July 2021, delivering growth in revenue and adjusted EBITDA*, and making further progress in executing its strategy, despite ongoing Covid-19 driven revenue challenges.

Activity levels in the Rail Technology and Services Division remain high and this part of the Group has demonstrated the resilience of its business model in supporting the operational requirements of running and maintaining the railway. The Division has won some key contracts during the year, and there has been good progress in delivering large multi-year contracts won in previous years. Our focus on these projects is to work closely with our customers as a partner to deliver significant value over the long-term. Delivery timelines here are determined in partnership with our customers.

The release of the Williams-Shapps Plan for Rail in May 2021 has provided clarity on the strategic direction of the UK rail industry, with a greater focus on passenger and freight customers, the delivery of an increasingly safe and reliable rail network, and greater integration across different transport modes whilst prioritising innovation in new technologies. The Directors believe that Tracsis is well positioned to help deliver this strategic vision. With the rail industry focused on improving safety, improving timetabling and on-time train performance, increasing pre-emptive and asset-condition maintenance, and accelerating innovation in areas like pay as you go smart ticketing and delay repay, the Group is well positioned to benefit from the commitment to greater innovation and investment in a digital railway.

Our pipeline across the Rail Technology and Services Division is at record levels, and the diversification of our revenue streams provides some mitigation against any potential short-term volatility as the industry transitions to a new Great British Railways-led operating model.

As anticipated, there were continued Covid-related challenges in the Events and Traffic Data businesses. Cost reduction actions taken in summer 2020 in response to these challenges were delivered in line with expectations. By taking these actions, we were able to protect jobs and both businesses were able to respond quickly when activity levels in their end markets increased as Covid restrictions were eased. We anticipate a continued recovery in these markets through the coming year. There was further growth in Data Analytics/GIS during the year, and our Transport Insights offering has been significantly enhanced with the acquisition of Flash Forward Consulting in February 2021 and the subsequent consolidation of our rail consultancy and passenger analytics businesses into Tracsis Transport Consultancy.

The Group has made good progress in implementing a more integrated business model and adopting common processes and systems. Key achievements in the year include securing ISO27001 certification across all our rail businesses, rolling out new Group-wide branding, launching the Innovation Hub to drive 'next generation' R&D and implementing a shared services model across core support functions.

The Board would like to recognise the outstanding contribution that Tracsis' people have made during the year, especially during the unprecedented Covid pandemic. Our highest priorities through this period were to safeguard our employee's health and welfare and to protect as many jobs as possible. The response of our teams to these unique challenges was outstanding and it is pleasing to see high activity levels across all parts of the Group.

Financial Summary

Group revenues of £50.2m (2020: £48.0m) were £2.2m (4.7%) higher than prior year. Revenues in the Rail Technology and Services segment grew by £3.0m (12.7%), with the impact of Covid-19 limited only to reduced delay repay transaction revenues which were a direct result of lower passenger numbers. In the Data, Analytics, Consultancy and Events segment revenue was £0.7m (3.0%) lower than prior year as a result of the continued impact of Covid-19 restrictions on end markets in our Events and Traffic Data businesses. The adverse year-on-year revenue performance across the Events, Traffic Data and Delay Repay businesses was £2.1m (12.3%). Across the rest of the Group, there was organic revenue growth of £2.4m (7.7%) after adjusting for a net £1.9m year-on-year benefit from acquisitions.

Adjusted EBITDA* of £13.0m was £2.5m (24.0%) higher than prior year (2020: £10.5m). This includes increased revenue from software and the positive impact of cost reduction actions taken in response to the pandemic, which delivered a benefit to EBITDA versus the comparative period of £1.8m. In addition, the Group has claimed through the Coronavirus Job Retention Scheme ("CJRS") in respect of furloughed staff in the year, with support to the income statement of £0.9m (2020: £0.7m[1]).

Statutory profit before tax of £4.6m is £0.5m higher than prior year (2020: £4.1m). In addition to the increase in adjusted EBITDA* described above, this reflects the following items:

- £1.6m depreciation charge (2020: £1.9m) which includes a net charge of £1.0m (2020: £1.0m) in relation to right of use assets in accordance with IFRS accounting standards;
- £4.3m amortisation of intangible assets (2020: £3.6m) reflecting a full year charge following the acquisition of iBlocks in March 2020 and the initial charge for the five month period following the acquisition of Flash Forward Consulting in February 2021;
- £1.3m share-based payment charges (2020: £1.1m) which principally relate to employee participation in the Group share option schemes as summarised in note 8 to the Consolidated Financial Statements;
- £1.1m exceptional items (2020: £0.1m credit) reflecting £0.7m unwinding of previously discounted contingent consideration balances in accordance with IFRS accounting standards; a £0.3m net increase in the assessed fair value of contingent consideration based on the future expectations of performance from previous acquisitions; and £0.1m of transaction costs associated with the acquisition of Flash Forward Consulting;
- £0.4m other operating income (2020: £0.4m) relating to a credit in respect of research and development costs for Corporation Tax purposes;
- £0.1m net finance expense (2020: £nil) representing the interest charge on lease liabilities in accordance with IFRS accounting standards; and
- £0.4m charge (2020: £0.3m) relating to the share of the result of equity accounted investees

The Group continues to have significant levels of cash and remains debt free. At 31 July 2021, the Group's cash balances were £25.4m (2020: £17.9m). Cash generation remains strong. The Group has paid all contingent consideration, VAT, PAYE and Corporation Tax due in the period and has not taken advantage of any Government support in respect of taxes.

Trading Progress and Prospects

Rail Technology & Services

Summary segment results:	2021	2020
Revenue	£26.4m	£23.4m
Adjusted EBITDA *	£9.1m	£8.6m
Profit before Tax	£8.3m	£8.1m

The Division has delivered further revenue growth in the year and continues to benefit from high levels of recurring software revenue, including that from multi-year contract wins in previous years. Annual recurring and routinely repeating revenue for the year to 31 July 2021 was approximately 70%. Underlying organic revenue growth, after adjusting for the effect of acquisitions and the impact of Covid-19 on delay repay revenue, was £2.4m (10.9%).

We continue to see good growth in our Operations & Planning product suites, where work continues on implementing our TRACS Enterprise product suite with Train Operating Companies ("TOCs"). Our digital railway and infrastructure businesses delivered record revenue in the year, and secured notable contract wins for our remote condition monitoring and risk and safety management products. The impact of Covid-19 in this Division was limited to delay repay revenues, with fewer passengers travelling due to Government restrictions. This was more than offset by the contribution from iBlocks, acquired in March 2020, where the pipeline for its smart ticketing technology is growing strongly.

Rail Operations & Planning

Total revenues from the Group's rail operations & planning software and hosting offerings were £10.9m (2020: £10.5m). This takes account of the various revenue streams from our TRACS, ATTUne, COMPASS, and Retail & Operations product suites. Software sales continue to benefit from high renewal rates from existing customers, and also from multi-year contract wins from previous years which we are currently implementing for our clients. Work continues on implementing our TRACS Enterprise product with TOCs which were secured in previous years. Delivery timelines here are determined in partnership with our customers, and we expect two major TOC's to go-live in the early stages of 2022. An update on timing for a third TOC will be

(*) Earnings before finance income, tax, depreciation, amortisation, exceptional items, other operating income, and share-based payment charges and share of result of equity accounted investees – see note 31 for reconciliation.

(1) Total received under the CJRS for the year ending 31 July 2020 was £2.4m, of which £1.7m was paid directly to casual labour leaving a balance of £0.7m which represents the true support to the Income Statement regarding permanent employees.

provided in due course. We have a strong pipeline of new large multi-year TRACS Enterprise opportunities in both the passenger and freight sectors of the industry. Bellvedi continues to perform well, and the ATTUne product forms an integral part of the overall TRACS Enterprise solution.

Digital Railway & Infrastructure

Total revenues across the Digital Railway and Infrastructure offerings increased by 19% to a record £13.0m (2020: £11.0m). Our remote condition monitoring business MPEC had a very strong year. It has continued to see strong demand from our core UK client base and during the year was awarded new contracts for the supply of remote condition monitoring hardware and software to a major North American transit agency which will expand our installed base in this market.

Our safety and risk management software business OnTrac also had a very strong year. Activity here was dominated by design and development work on our RailHub product suite as part of a funded enterprise licence project. The completion of this work led to the award of a significant multi-year contract in the UK that will double RailHub's user base to over 30,000 individuals. This reflects the growing momentum in UK rail's shift to digital, and underpins our confidence in the future of the RailHub platform with both rail infrastructure providers and maintainers. The contract award delivered a non-repeat high-margin licence contribution in the year to 31 July 2021, and will deliver additional recurring annual software revenue in future years in this part of the Group.

Both businesses have a good pipeline of large contract opportunities.

Customer Experience

Revenue of £2.5m increased by £0.5m versus prior year (2020: £2.0m). As anticipated, the reduction in rail passenger numbers as a result of Covid-19 restrictions resulted in lower delay repay transaction revenues. This business continues to operate from a modest cost base. The decrease in delay repay revenue was more than offset by the revenue contribution from iBlocks that was acquired in March 2020. We are seeing good levels of interest in iBlocks' smart ticketing product offering, which is well aligned with future passenger requirements as Covid-19 restrictions are lifted and with the UK Government's strategic intent to deliver increased Pay As You Go (PAYG), multi-modal ticketing as outlined in the Williams-Shapps Plan for Rail. Post year-end we were awarded another contract to supply this technology in the UK.

Data, Analytics, Consultancy & Events

Summary segment results:	2021	2020
Revenue	£23.8m	£24.6m
Adjusted EBITDA *	£3.9m	£1.8m
Profit before Tax	£3.0m	£0.5m

As anticipated, Covid-19 restrictions had a significant impact on the end markets of our Events and Traffic Data businesses in the year. In both cases, demand for our products and services remains strong and we have seen activity levels progressively recover as restrictions have been lifted. Our primary objective throughout the Covid pandemic was to protect jobs and employee wellbeing, as a result of which we have been well positioned to respond quickly to this increase in demand. We anticipate further recovery in activity levels in these markets through the year to 31 July 2022, supported by the Government-backed insurance scheme for the live events sector.

The Data Analytics/GIS market continues to offer attractive opportunities for growth and has been largely unaffected by Covid-19. We have a strong pipeline of opportunities in this area and post year-end we enhanced our product offering with the acquisition of Icon Group. Our Transport Insights business continues to perform well and was strengthened in the year by the acquisition of Flash Forward Consulting and the subsequent launch of a broader Transport Consultancy offering.

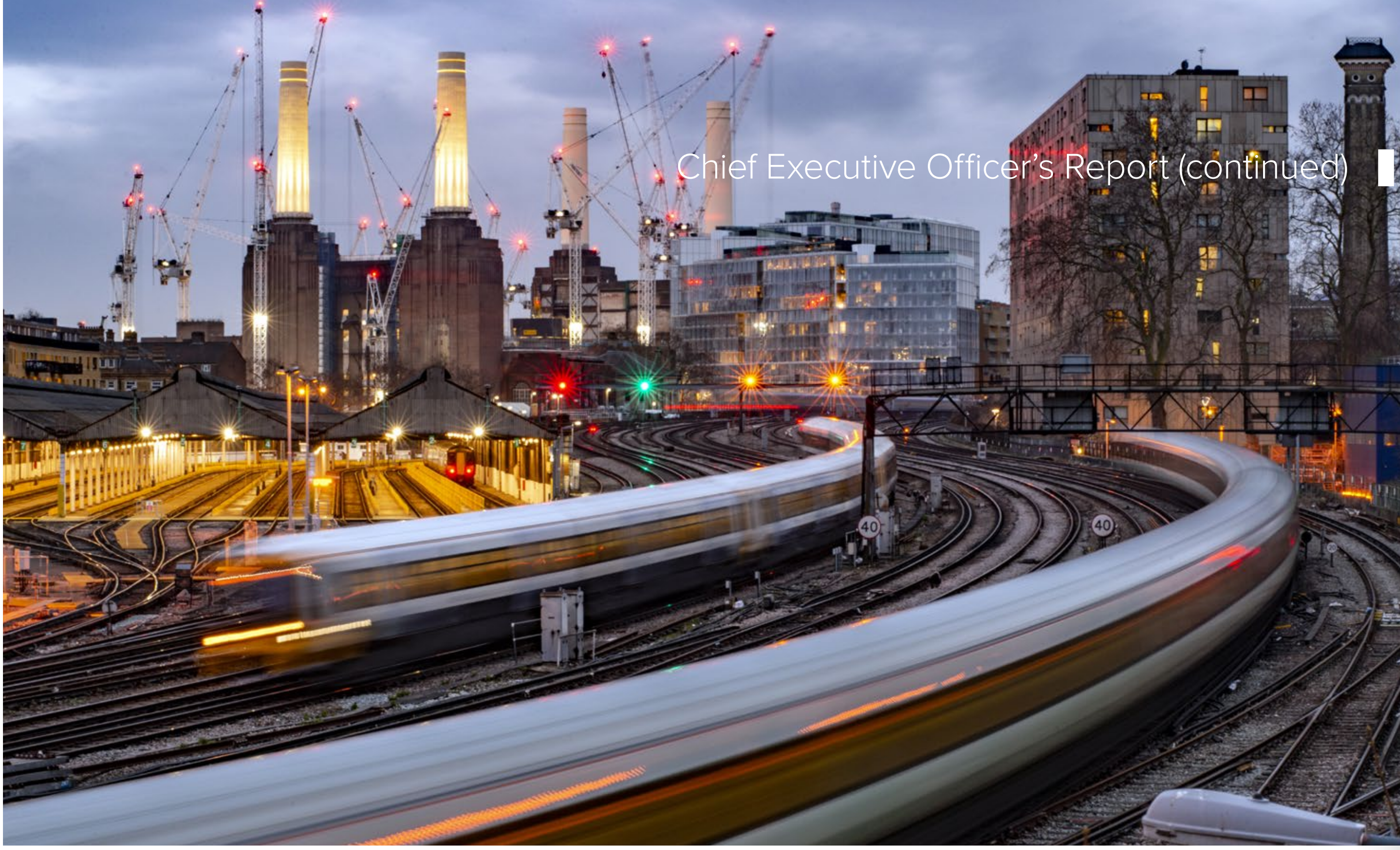
Despite lower revenue, adjusted EBITDA* increased by £2.1m which includes the £1.8m benefit from cost reduction actions taken in response to the pandemic.

Data Analytics/GIS

Revenue increased to £5.7m for the year (2020: £5.4m) with high activity levels across Irish and UK customers. During the year the business went live with an innovative new product that is now used by three water utilities to manage the regulated use of biosolids in agriculture, and continued to develop a range of innovative mobile apps and data analytics tools for other clients across the rail, bus, environmental and utilities sectors. The business has a strong pipeline of new opportunities. Post year-end, the acquisition of Icon Group has further enhanced our product offering in this growing market by adding earth observation capabilities. Icon Group will be integrated with Tracsis' existing Data Analytics/GIS solutions provider Compass Informatics to create an Irish-based Data Analytics centre of excellence specialising in providing location-related technologies and analytics solutions to government and commercial organisations. The combined Irish business will have c.130 staff and will work across a variety of sectors deriving most of its revenue from regulated industries including transportation, asset management, environmental and utilities.

Transport Insights

Revenue of £3.5m was broadly similar to the prior year (2020: £3.4m). The Flash Forward Consulting business acquired at the end of February 2021 was fully integrated during the second half of the year with the Group's existing Rail Consultancy and Passenger Analytics businesses to create a consolidated Tracsis Transport Consultancy business delivering an enhanced offering to customers that covers all areas of the Group. This is already delivering a growing pipeline of opportunities and expanding our reach outside of rail into other transport industry sectors.



Rail Consultancy revenue increased versus the prior year, and there was further incremental contribution from Flash Forward. This was offset by lower activity in Passenger Analytics which was impacted by lower rail passenger numbers.

Traffic Data

Revenue of £7.7m was £1.0m lower than the prior year (£2020: £8.7m) due to the impact of Covid-19 related restrictions, which resulted in work being postponed or cancelled as the prevailing traffic conditions were not representative of client needs. The main exception was the National Road Traffic Census which continued and was a valuable source of revenue in the year. Cost reduction measures were implemented in this part of the Group, including utilising the CJRS to protect jobs. This has left the business well placed to respond to increasing activity levels as Covid-related restrictions have eased. We anticipate a full recovery in activity levels through the coming financial year, although the timing of this remains uncertain.

Event Transport Planning & Management

Revenue of £6.9m was very close to the prior year (2020: £7.0m) despite continued headwinds in the first half of the year from events being cancelled or postponed due to the Covid pandemic. This reflects the business winning additional work with new and existing customers, as well as a recovery in underlying activity levels in the final months of the financial year as Covid restrictions were lifted. New work secured included contracts to support Covid test and vaccination centres which delivered £1.3m revenue in the year. Similar to the Traffic Data business, the CJRS scheme enabled us to both protect jobs and to respond quickly to the rapid increase in demand towards the end of the year. The demand for sporting events and music festivals remains strong and we anticipate a full recovery in activity levels through the coming financial year.

Acquisitions

The Group acquired Flash Forward Consulting Limited ("FFC") on 26 February 2021, which has enabled it to consolidate and expand its Transport Insights offering. Established in 2012, FFC is a London-based consultancy business that operates predominantly across the rail and bus sectors. It has a well-established senior level network across the transport owning groups, local and central transport governing authorities and Network Rail, and offers a range of strategic and practical technical consultancy services. Alex Warner, FFC founder, has joined the Group to lead our consolidated consultancy business which combines FFC with our existing Rail Consultancy and Passenger Analytics offerings. The consolidated business delivers an expanded offering to customers across the transport industries and offers consultancy services that cover all areas of the Group.

The acquisition consideration comprised an initial cash payment of £1.1m to reflect the net current asset position of the business which was funded out of Tracsis cash reserves and the issue of shares in Tracsis to a value of £0.1m. Deferred consideration totalling £0.9m is payable in three equal instalments on the first, second and third anniversary of the acquisition. Additionally the sellers were allotted 10,225 "A" shares in Tracsis Rail Consultancy Limited which have an assessed fair value of £0.6m at the acquisition date. The "A" shares have full dividend and capital distribution rights attached but do not have any voting rights attached to them. The Group holds a call option to re-purchase the full amount of "A" shares for a pre-determined multiple of Profit Before Tax from two years after the acquisition date.

Post year end the Group acquired Icon Group ("Icon") on 3 November 2021. Headquartered in Dublin, Icon is an interdisciplinary geoscience business who specialise in earth observation (EO), GIS and spatial data analytics. Icon Group has several long-term repeat contracts and employs around 60 full-time staff, all of whom will remain with the business post transaction.

The acquisition consideration comprises an initial cash payment of £1.9m which was funded out of Tracsis cash reserves and the issue of 68,762 new ordinary shares in Tracsis to a value of £0.6m. An additional payment of approximately £1.7m will be made on a euro for euro basis to reflect the net current asset position of the business (above a working capital hurdle) at completion and will be finalised in due course. Additional contingent consideration of up to £1.5m is payable subject to Icon Group achieving certain stretched financial targets in the three years post acquisition.

People

The Group is thankful to the whole team for their hard work during the year, especially during the unprecedented Covid pandemic. Our priorities throughout this period have been to safeguard the health, welfare and safety of our people, and to protect as many jobs as possible. The response of our teams has been outstanding. We largely moved to remote homeworking across the Group, whilst ensuring that our product and service offerings have continued. As Covid restrictions have eased, we have re-opened all of our offices with safe working practices in place and we are transitioning to a hybrid working model with most employees spending some time in the office and some time working from home.

The Board believes that the long-term success of the Company depends on the engagement and commitment of its employees. We consider our employees to be some of the best in the sector, and we strive to provide them with opportunities for personal development, career progression, and a safe and inclusive working culture. The Group hired a Director of People in July 2021. This role is part of the senior leadership team and will ensure we have the processes, learning & development frameworks, and robust succession plans in place to continue to offer a compelling proposition to current and future employees, and to ensure we have the capabilities and talent to deliver our growth strategy.

Operations

The Group has made progress in implementing a more closely integrated operating model, as we continue to implement best practice across the Group and to lay the foundations to deliver further growth. A shared services structure has been adopted in core support functions including health & safety, HR, bid management, finance, IT security, risk management and quality. New Group-wide branding was implemented in the second half of the year, ensuring that all parts of the Group share a consistent brand identity. This will broaden the awareness of the Group's breadth of products and services, whilst enhancing collaboration across the business. ISO27001 certification has been secured for all Rail Technology & Services businesses.

Dividends

As detailed above, certain of the Group's businesses were adversely impacted by the Covid-19 pandemic. In order to protect jobs in the Group that would otherwise have been at risk, the Group utilised the Coronavirus Job Retention Scheme ("CJRS") in respect of furloughed staff in the year. In this context, the Board does not consider it appropriate to pay a final dividend this year. The Board expects to restore the progressive dividend policy for the year ending 31 July 2022.

Board

On 1 February 2021 Andy Kelly was appointed Chief Financial Officer, replacing Max Cawthra. The Board would like to thank Max for his significant contribution to Tracsis over the past decade. Mac Andrade resigned from the Board on 31 July 2021 to focus on other interests and the Board would like to thank Mac for his contribution. Post year-end Dr James Routh was appointed to the Board as a Non-Executive Director and Senior Independent Director on 29 September 2021.

Summary and Outlook

Our end market drivers are strong, and Tracsis' products and services are well aligned with these drivers as they enable our customers to deliver mission-critical activities with increased efficiency, enhanced performance, higher productivity, and improved safety.

The Group has a clear growth strategy and has a strong balance sheet to support its delivery. We continue to implement a number of large multi year enterprise software contracts and have a record pipeline of future opportunities. Whilst the timing of these remains difficult to predict, the Directors believe they establish a strong foundation for future growth. In addition to delivering organic growth, M&A remains a core part of our strategy. We also recognise the need to continue to enhance integration and collaboration across our businesses, increase senior management bandwidth and talent, and improve our systems and processes as we prepare for scalable growth. We have made good progress in the year and will continue to invest in this area.

Q1 trading has been in line with the Board's expectations, and we have seen further recovery in activity levels in those parts of the Group that have been previously impacted by Covid-19. We believe that activity levels will progressively return to normal through the rest of the financial year, although the timing of this remains uncertain.

The Board believes that the Group is well positioned to deliver further growth in the coming financial year and beyond.

Chris Cole,
Chairman

Chris Barnes,
Chief Executive Officer

9 November 2021

Case study

TRACSIS TRAFFIC DATA
Transport Data Collection and Analytics

Tracsis Traffic Data Deliver Data Dashboard

Tracsis Traffic Data developed an interactive public-facing dashboard for Scottish Borders Council, via their Data Solutions Team. The software displayed transport data through an integrated map and enabled comparison of before and after 20mph implementation as well as a central hub for all the data collected across recent years. The cloud hosted data enabled it to be readily accessible, saving the Council time and cost and increasing the value of the past and present data.

Risk Management

Improving the way we manage our risks

The Group continues to grow rapidly including through acquisition, which brings additional challenges for managing risk. We have implemented a risk management model to systematically capture and evaluate risk at both the operating business and the Group level. The Group's ability to effectively manage risk within a defined framework is maturing including the use of risk-based management systems such as ISO9001 and ISO27001. The key risks facing the Group are reviewed by the Board on a regular basis.

Key risks

The key risks currently facing the Group, and a summary of the mitigation measures in place, are set out below:

Description/Potential impact:	Mitigation:	Change in the year:
Coronavirus (Covid-19) The business, like most businesses in the UK and the wider World, was impacted by the Covid-19 pandemic. The main effect was a significant decrease in activity levels in our end markets, most notably in the Events and Traffic Data businesses. There remains a risk of a re-emergence of Covid-related restrictions in the UK and globally. There is a risk that another global event, as yet unforeseeable, could have a similar adverse impact on our markets.	Implement remote working and Covid-safe working environments, consistent with evolving Government advice. Regular monitoring of staff health and wellbeing. Access Government support schemes where available to help protect jobs. Implement cost reduction measures. Redeploy staff across the Group where possible.	Decreased. Covid-related restrictions are easing globally, and mitigating actions have proved to be effective.
Project Delivery The Group has several significant contracts with major UK Train Operating Companies and Infrastructure Providers which contain a number of deadlines for implementation, in accordance with the contractual requirements and timeframes. The scale and complexity of these projects require careful management to ensure delivery. Certain events within the Data, Analytics, Consultancy and Events Division are significant and require large staff deployments and delivery.	The Group continues to deploy an extensive delivery team and works with clients to establish a programme and project plan to ensure that deliverables can be achieved. Best practice is shared across the operating businesses and is co-ordinated from the Group centre where appropriate. Event related work is subject to significant advance planning.	Increased in Rail Technology & Services in the year due to additional contracts secured and growing pipeline of large, multi-year software opportunities.

Description/Potential impact:	Mitigation:	Change in the year:
Rail industry structure changes The Group continues to derive a significant proportion of its revenue from the UK rail industry. The current UK Government have indicated a strategic intention to change the present structure and organisation of the UK rail industry. Legislation to enact this has yet to be passed. A future Government may introduce further changes.	Several of the Group's products and services are expected to still be required regardless of any changes to the structure of the industry as they have a clear value proposition and return on investment. These products and services are predominantly focused on improving the efficiency, health and safety, and customer experience on the UK railway, which are all well-aligned with the strategic goals of the Williams-Shapps Plan for UK Rail published in May 2021. In some parts of the Group there is a risk that competitor products could be adopted as an industry-wide solution.	Decreased in the year due to the publication of the Williams-Shapps Plan for UK Rail which has clarified the current Government's strategic plan for the railways. This aligns well with the Group's product and service offering in the Rail Technology & Services Division.
Cyber Security Incident A malicious cyber-attack or security breach on the Group's IT systems. National Cyber Security Centre (NCSC) information and guidance to UK businesses, indicates that such an incident should attract a high probability rating. Any such incident could disrupt business continuity or impact contracted delivery requirements.	ISO27001 certification has been achieved during the year for certain parts of the Group. All of our Rail Technology & Services business now have this certification. Cyber Essentials Certification has been maintained as a baseline for the remainder of the Group. The Group's outsourced IT Services Provider manages some elements of operational risk within the framework required by ISO27001. The Group has a Head of Quality, Risk, Safety & Compliance. Business continuity plans are in place, tested and maturing as a result of implementing ISO27001. The Group is currently engaged in developing an integrated IT strategy.	No change
Downturn or Instability in Major Markets The Group derives revenues directly and indirectly from the UK and Irish governments, and would be significantly impacted if these public funding streams were reduced as a result of spending reviews or a change in Government.	As the Group grows and diversifies its revenue streams, the exposure to government spending should reduce. It will always be a risk for parts of the Data, Analytics, Consultancy & Events Division due to the nature of its customer base. For the Rail Technology & Services Division, the Group seeks to ensure that its offerings have a clear return on investment and value proposition, to ensure demand remains high.	No change in the year

Description/Potential impact:	Mitigation:	Change in the year:
Reliance on certain key customers The Group has a large number of customers but derives a significant amount from one key customer for a large part of its Rail Technology & Services offering. There can be no guarantee as to the timing or quantum of any potential future orders from this customer. There is therefore some exposure to the largest customer's funding cycles and procurement processes. In addition, the Group's Data, Analytics, Consultancy and Events Division operates under a number of Framework Agreements with one large customer from whom a significant amount of revenue is obtained. Across the Group, there are a number of key customers which contribute to large amounts of revenue.	As the Group continues to grow both organically and by acquisition, the exposure to and reliance on any one customer will reduce, relative to total Group revenue. Although there will always be an exposure to certain key customers, it manages this risk by managing customer requirements proactively to understand their needs and respond to them to ensure that its products and services are embedded with the customer as much as possible.	No change in the year Total revenues from the Group's largest customer were 17% of Group revenue (2020: 21%).
Attraction and retention of key employees The Board believes that the long-term success of the Group depends on the engagement and commitment of its employees. The Group has a number of key individuals, plus a wide and diverse workforce. Skills and expertise in the Group's key markets are specialist and can be difficult to find or develop, and so growth of the business may be impacted should key individuals leave employment, or if the business is unable to attract, recruit and develop staff for its growth plans.	The Group seeks to offer competitive remuneration packages, and also offers various share incentive schemes to staff in order to attract and retain good calibre employees. The Group seeks to offer career development opportunities in order to offer its staff with opportunities to progress within the business. The Group has recruited a Director of People during the year to ensure we continue to offer a compelling proposition to current and future employees, and to ensure we have the capabilities and talent to deliver our growth strategy.	Increased in the year due to increased competition in the post-Covid jobs market
Competition The success of the Group could lead to increased competition, in particular in Data, Analytics, Consultancy and Events where our products and services can be more easily replicated. The Group has a wide range of product and service offerings and some are more exposed to more competition than others.	The Group pays close attention to pricing and customer satisfaction for areas subject to the most competition and seeks to be competitively priced where possible. The Group attempts to ensure its products and services have a clear value proposition and return on investment, and seeks to build long-term customer relationships that reduce the exposure to potential new entrants.	Unchanged in the year.

Description/Potential impact:	Mitigation:	Change in the year:
Technological changes The Group has a variety of product and service offerings which may be threatened should competitors or other new market entrants develop rival technology or develop more effective ways of doing things.	The Group continues to invest in its technology product development to ensure that they remain up to date and also relevant to the customer base. It also receives feedback from its clients about their requirements from the products which helps to ensure that they remain relevant. Some of the Group's offerings continue to be protected by customer relationships, Framework Agreements, contractual terms and also a barrier to entry is the significant development costs required to enter the market, which provides some protection. The Group's 'Innovation Hub' provides a forum for cross-Divisional collaboration to help identify opportunities and drive future product development	Unchanged in the year.
Health & Safety The Group has a large number of employees operating at a variety of temporary and permanent locations across the UK and Ireland. Some employees fulfil established high-risk and safety critical worker roles	Dedicated Group led Health & Safety team trained to IOSH & NEBOSH standards, as well as 24/7 access to external Health & Safety consultancy support, retained by contract. Structured Health & Safety processes, policies and procedures are in place, led by a dedicated and appropriately-trained Health & Safety team. Dashcams and tracker devices installed in white fleets, whilst an external provider manages driver risk, licence and competence checks. On-site risk-based internal assurance activity is provided by dedicated Group resource. All work activity is assessed for risk and subject to a documented safe system of work.	No change in the year
Customer pricing pressure Price pressure from customers may potentially result in margins being reduced over time if lower revenues are achieved than those which were achieved historically.	The Group seeks to operate a lean organisation structure in order to mitigate pricing pressure, and ensures that its cost base operates efficiently and effectively. Pricing for large tenders and enquiries is reviewed at Group level prior to commitment. The Group is committed to ensuring customer satisfaction and offering a compelling return on investment for its products with a clear long-term value proposition to our customers.	No change in the year

Description/Potential impact:	Mitigation:	Change in the year:
Brand reputation Any adverse publicity concerning the Group, or any of its subsidiary businesses may have an impact on future trading prospects if the Group's brand is adversely affected as a result of this.	There is a broad range of preventative measures in place across the Group that contribute to reducing this risk, including: Environmental, Social and Governance (ESG) policies, principle and ethos; structured risk management processes; internal reporting mechanisms; embedded health & safety policy, processes and culture; and an internal compliance function. As part of its Corporate Governance, the Board maintains regular dialogue with Operational staff and Heads of Department and so is made aware of any issues so that corrective action can be taken if necessary. Trained and qualified staff are in key appointments, there is an internal incident reporting mechanism, and structured risk management model.	No change in the year.
Regulatory breach Deviation from regulatory compliance leading to a fine, sanction of enforcement order imposed on the business by a Court or Regulatory body (including but not limited to FCA, HSE, ICO, etc). Any security incident leading to a data breach could undermine trust and confidence in the Group's ability to meet the requirements of the Privacy regulatory environment.	Effective Group level Corporate governance mechanisms exercised. Directors briefed on AIM rules in conjunction with Nominated Advisor, and regular dialogue maintained with our broker finnCap throughout the year. Group controlled Privacy Programme in place designed to demonstrate regulatory compliance. The programme is benchmarked against the International Association of Privacy Professionals (IAPP), Certified Information Privacy Managers (CIPM) principles and doctrine. Appointed PECB trained and certified Data Protection Officer to provide guidance, advice and support.	No change in the year
Integration risk The Group has made one acquisition in the year, and has further M&A as a core part of its growth strategy. It plans to integrate each acquired business to deliver synergies and ensure compliance with all required governance policies and procedures.	Comprehensive due diligence processes are undertaken prior to acquisition. A Group-controlled integration plan is developed for each acquisition, under the direction of the Group Operations Director, linked to the mitigation of risk and delivering synergies and growth.	No change in the year.

Environmental, Social & Governance (ESG) Strategy

The Group is committed to the development and implementation of an effective ESG strategy that will be at the heart of how we operate

Responsibility

Tracsis' objective is to deliver sustainable growth that benefits the communities in which we, and our customers, operate. As we execute our growth strategy, Environmental, Social and Governance (ESG) initiatives are at the heart of how we operate. We recognise that this is increasingly important to our customers, employees and shareholders, and the Group is committed to providing greater transparency of our policies, practices and performance in this regard.

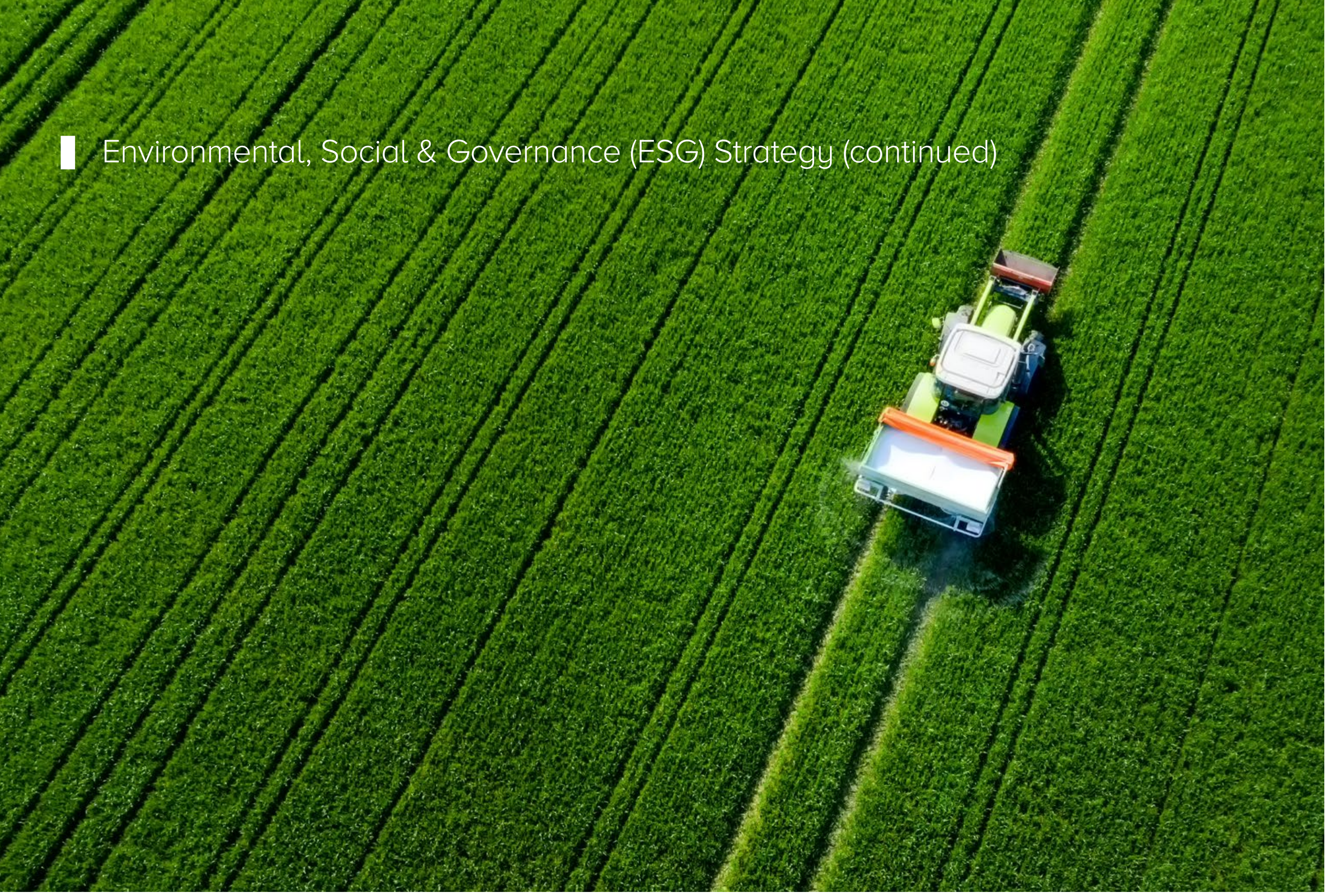
We have made good progress this year towards formalising an ESG strategy that will establish our operating framework and shape our business culture. This strategy is being set by the Board, who are monitoring the Group's performance in delivering these objectives. This section of the Annual Report provides an overview of our purpose, our approach, our core principles and our objectives for the next 12 months.

In formalising our ESG strategy, we are building from a robust foundation:

- Our corporate governance frameworks are well established and details of these are provided on pages 41 to 42 of this report
- Our products and services deliver positive efficiency/performance, environmental and health and safety outcomes for our customers and for their end-users, and our growth strategy is focused in these areas
- Our energy and water consumption and CO_2 production are low given the nature of our business
- The Group is focused on offering a compelling proposition to current and future employees. As an example, we already offer a share option scheme to all UK employees that enables them to share in the success of the business
- We have good gender diversity for our industry. At senior levels we have 33% Board gender diversity, and at 31 July 2021 the total Female/Male mix of permanent employees was 25%/75%
- Our effective tax rate is in excess of 19% with £1.4m corporation tax paid in the year

Progress made during the year includes:

- Establishing an ESG working group with representation from a diverse range of employees from across the Group and at different levels of the organisation. This team have clear objectives to help identify what is most important and meaningful to our employees and our communities, and how Tracsis can best support making a positive impact in these areas
- Rolling out the first set of groupwide policies that enable our people to make an active contribution to the Group's environmental and social impact including:
  - Volunteer & Community Outreach Policy that provides paid time off to enable and encourage our people to volunteer their time and skills to support community and charitable initiatives
  - Energy Suppliers Policy through which the Group will transition to suppliers who generate energy from sustainable sources
  - Waste Management Policy to reduce the amount of waste the Group produces, and to increase the amount of re-use and recycling of waste materials
- Recruiting the Group's first Director of People to drive initiatives to further enhance equality, diversity and inclusion, and to ensure that we have the learning and development frameworks in place to help our people to progress their careers within Tracsis.



We have a number of focus areas for the next 12 months as we continue to formalise our strategy and embed it within our operating processes. These include:

- Establishing a set of KPIs linked to our strategic objectives that will increase the transparency of our performance
- Creating an Equality, Diversity and Inclusion forum to drive further improvements and awareness in these areas
- Formalising further groupwide policies to shape how the Group operates and how it engages with the wider community
- Putting in place a roadmap for developing our climate-related reporting with reference to the Greenhouse Gas Protocol and the Taskforce of Climate-related Financial Disclosures ("TCFD")

Making a positive difference

We are proud that our products and services enable our customers to make a positive environmental and social difference in the sectors and communities where they operate. These include:

Safety and Risk Management

Our **RailHub** digital platform was developed to change the way the rail industry approaches the management and planning of work on the railway. It has been designed to ensure work is carried out safely hence reducing the number of accidents and fatalities on the railway.

Modern, Low Carbon Transportation

Our **TRACS Enterprise** and **Remote Condition Monitoring** solutions enable passenger and freight operators, and rail infrastructure owners, to achieve cost, efficiency and performance improvements in operating the railway. Our **Smart Ticketing** products are helping to support increasing post-Covid rail passenger numbers by facilitating flexible, paperless, pay-as-you-go ticketing. By helping to deliver an efficient, modern railway with high levels of availability, we support our customers in providing a low carbon transport service for millions of users

Reuse of Biosolids in Agriculture

Compass BIO is a bioresources operations management and compliance platform developed by our Data Analytics / GIS business Compass Informatics, which is used by water utilities to monitor the regulated use of biosolids generated in waste and wastewater treatment plants for safe reuse in agriculture. It allows for regulatory compliance for the multiple steps between the treatment plant and the field, to ensure that this resource is re-used in a safe and sustainable manner.

Monitoring Biodiversity

The National Biodiversity Data Centre, the national hub for biodiversity data and information in Ireland, makes extensive use of informatics and digitised data sets developed by Compass Informatics to mobilise biodiversity data that resides in archives, museums and libraries. This helps to support conservation initiatives and to track changes in the environment.

Optimising Traffic Flow at Major Events

Tracsis Live Technology is a bespoke digital offering to deliver optimised monitoring, management and control of traffic accessing major events (musical festivals, sports etc.). It enables an event organiser to efficiently and safely manage large volumes of traffic whilst minimising the environmental impact on the local community.

Traffic Data Monitoring

Transport data collection and analysis to help highways/local authorities, transport planners and operators deliver optimised transport infrastructure solutions which contribute to sustainable transport initiatives and CO_2 reduction.

Our Purpose

Is straightforward: to develop innovative technology driven solutions that solve complex problems which maximise efficiency in critical/regulated industries.

Our Approach

Focuses on combining leading edge software and hardware knowledge, data capture, analytics, and industry expertise to generate insights and fast-to-market products and services. Our products and services are used to increase efficiency, reduce cost and improve the operational and decision making capabilities for our customers. We see ourselves as an enabler, helping clients achieve their own ESG goals, as our products and services contribute to reduced energy consumption/carbon footprint and deliver positive environmental impacts, whilst also improving health and safety outcomes

Our Objectives

The following objectives will be progressed during the next 12 months:

- Strategy: Formalise and articulate a comprehensive groupwide ESG strategy that identifies key focus areas and objectives
- Measurement: Adopt an appropriate ESG scorecard that applies across the Group
- Reporting: Establish a standard set of KPIs linked to our strategic objectives that will increase transparency of our performance, and establish a roadmap for maturing our climate-related reporting
- Standards: Benchmark performance against appropriate industry standards
- Engagement: Maximise opportunity and ability for our people to participate in shaping and delivering our ESG activities

ESG Core principles

Our principles reflect our values:

- We recognise that an effective ESG culture evolves through participation and engagement, starting with our employees, whilst any progress must be measurable
- We believe that a responsible ESG approach towards the Group's customers, employees, suppliers, local communities, the environment, and wider society, is essential to our commercial success
- By embedding ESG principles in our business cycles, we seek to ensure prominence is given to creating value for all our stakeholders
- Fundamentally, we are committed to building a sustainable business that grows at pace, and generates economic benefit and employment, whilst ensuring that it does so in a sustainable, environmentally friendly, and socially responsible manner
- Our approach will be managed and controlled within a defined corporate governance model, with regulatory compliance as a baseline

Key Performance Indicators

The KPIs used to monitor the financial performance of the Group are set out below.

These KPIs give insight into the growth, profitability and financial position of the business and therefore enable progress on the implementation of the Group strategy to be monitored.

KPI	Definition	Performance	Comment
Revenue (£m)	Value of goods sold and services provided to customers, net of sales taxes	2021: 50.2 2020: 48.0 2019: 49.2 2018: 39.8 2017: 34.5	Growth in Rail Technology & Services Division partly offset by lower sales in our Events and Traffic Data businesses as expected due to the effect of Covid-19 restrictions on their end markets
Adjusted EBITDA (£m)	Earnings before finance income, tax, depreciation, amortisation, exceptional items, other operating income, share-based payment charges and share of result of equity accounted investees. See note 31 for reconciliation	2021: 13.0 2020: 10.5 2019: 10.5 2018: 9.4 2017: 8.5	Strong performance from higher margin Rail Technology & Services Division. Includes the benefit from management's cost saving actions in response to the Covid pandemic
Adjusted EBITDA margin (%)	Adjusted EBITDA divided by revenue	2021: 25.8 2020: 21.8 2019: 21.7 2018: 23.7 2017: 24.6	Reflects the increased weighting of Rail Technology & Services revenue and the benefit from management's cost saving actions
Profit Before Tax (£m)	Earnings before Taxation	2021: 4.6 2020: 4.1 2019: 6.6 2018: 8.3 2017: 4.6	Reflects increased adjusted EBITDA, partly offset by higher amortisation of intangible assets, share based payment charges and exceptional items
Basic Earnings per Share (p)	Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue	2021: 8.1 2020: 10.0 2019: 17.8 2018: 25.7 2017: 13.4	Increase in profit before tax is more than offset by a higher tax charge, principally reflecting the movement in deferred tax balances as a result of the future increase in the UK corporation tax rate from 19% to 25%
Cash (£m)	Value of cash and cash equivalents	2021: 25.4 2020: 17.9 2019: 24.1 2018: 22.3 2017: 15.4	Continued strong cash generation across the Group

2017 to 2018 financial statements prepared under IAS 18 ('Revenue'). 2019, 2020 and 2021 financial statements prepared under IFRS 15 ('Revenue from Contracts with Customers').

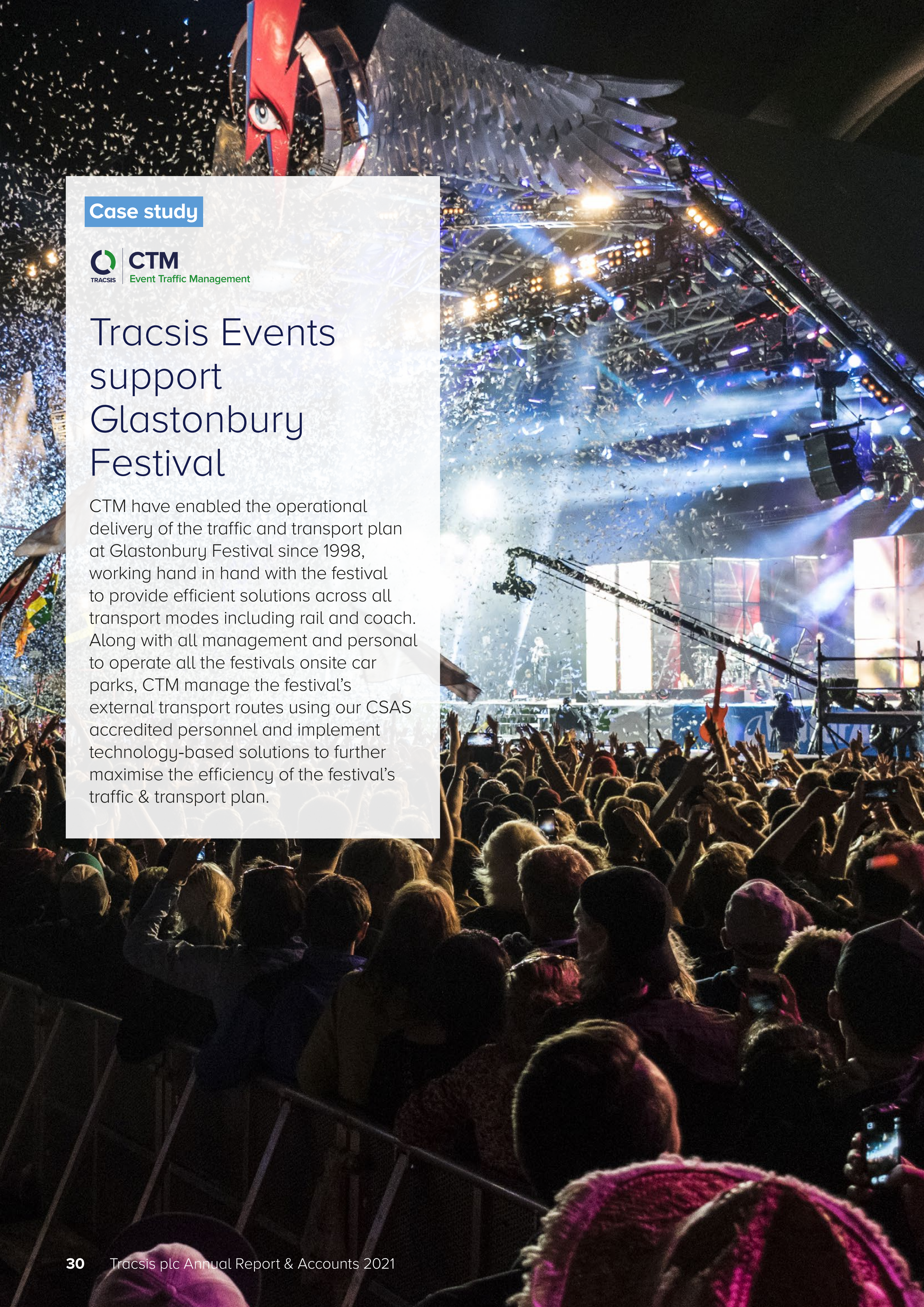
2016 to 2019 financial statements prepared under IAS 17 ('Leases'). 2020 and 2021 financial statements prepared under IFRS 16 ('Leases').

Case study

RAIL OPERATIONS
Rail Planning and Performance Software

CrossCountry implements its first TRACS Enterprise module

Joining Transport for Wales Rail Limited and c2c Rail in the revolution to significantly improve performance and efficiency across its operations, CrossCountry has successfully implemented the Tracsis Information Manager (TIM) system. A communications module of the revolutionary end-to-end resource planning and management system, TRACS Enterprise, TIM enables CrossCountry to use state-of-the-art messaging and communications features that are significantly more advanced than any current control log system in the UK. The system saves time and cost and increases the availability of accurate real-time information.



Case study

TRACSIS CTM Event Traffic Management

Tracsis Events support Glastonbury Festival

CTM have enabled the operational delivery of the traffic and transport plan at Glastonbury Festival since 1998, working hand in hand with the festival to provide efficient solutions across all transport modes including rail and coach. Along with all management and personal to operate all the festivals onsite car parks, CTM manage the festival's external transport routes using our CSAS accredited personnel and implement technology-based solutions to further maximise the efficiency of the festival's traffic & transport plan.

Section 172 Statement

Broader Stakeholder Interests

Directors of the Group must consider Section 172 of the Companies Act 2006 which requires them to act in the way that would most likely promote the success of the Group for the benefit of all its stakeholders. The Board and its committees consider who its key stakeholders are, the potential impact of decisions made on them taking into account a wider range of factors, including the impact on the Group's operations and the likely consequences of decisions made in the long term. The Group's key stakeholders, material issues and how the Board and the Group have engaged with them during the year is set out below.

The Directors promote a culture within Tracsis of treating everyone fairly and with respect and this extends to all principal stakeholders including shareholders, employees, consultants, suppliers, customers and the communities where it is active.

Long Term Decision Making

The Directors have acted in a way that they consider, in good faith, to be most likely to promote the long-term success of the Company and to deliver long-term shareholder value. The Board has a structured governance model in place with scheduled Board meetings and clear documentation. Detailed budgets and forecasts are prepared to enable the Board to monitor performance and to ensure that mitigation steps are taken as appropriate. During the year to 31 July 2021 the Board paid particularly close attention to the impact of Covid-19 on performance. Measures were taken to reduce costs to mitigate lower revenue, and these were reported in detail to the Board on a regular basis. The Board did not lose sight of the importance of ensuring that long-term prospects for the business were not harmed. This notably included ensuring that as many jobs as possible were protected during the pandemic, which has enabled those businesses affected to respond quickly to increases in activity levels as Covid-related restrictions were eased.

Details of the Group's long term strategy are provided on page 9. The Board believes that this strategy will lead to further growth in the future and will deliver further value to shareholders. The Board reviews this strategy on an annual basis, the most recent review being in September 2021.

Employees

The Board believes that the long-term success of the Group depends on the engagement and commitment of its employees. We consider our employees to be some of the best in the sector, and we strive to provide them with opportunities for personal development, career progression, and a safe and inclusive working culture.

Our employees have continued to be impacted by Covid-19 through the year, and it has been our primary objective to support them through this by prioritising employee wellbeing and protecting jobs. The vast majority of our people have been working from home through this time. As Covid restrictions have eased, we have re-opened all of our offices with safe working practices in place and we are transitioning to a hybrid working model with most employees spending some time in the office and some time working from home. We continued to claim support from the Coronavirus Job Retention Scheme (CJRS) through the year in order to protect jobs. The number of staff on 'furlough' under this scheme progressively reduced as activity levels in the affected markets recovered. By 31 July 2021 we were no longer accessing this scheme.

As part of cost-reduction measures to mitigate the impact of Covid-19 on revenue, certain employees took a salary reduction for a period of time through the year. This included members of the senior team including the CEO and CFO. As activity levels returned in those markets that were impacted by the pandemic, the Board reviewed the situation and decided that the Company had sufficient headroom to repay all of the salary reduction that employees had taken whilst working.

The CEO and CFO provide regular updates to each member of the Senior Leadership Team throughout the Group to keep them informed of what is happening across the wider Group. Since Covid restrictions have been eased, they have also been making regular visits to our offices which provide opportunities for all staff to engage with them and to ask questions in a more informal setting. We have continued to hold regular 'lunch and learn' sessions via videoconference which offer all employees the opportunity to learn about the Group's various product and service offerings.

The Group hired a Director of People in July 2021, to ensure we have the processes, learning & development frameworks, and robust succession plans in place to continue to offer a compelling proposition to current and future employees, and to ensure we have the capabilities and talent to deliver our growth strategy.

The health and safety of all employees is a top priority for the Board. Health and safety activities are co-ordinated centrally by the Group Health & Safety Manager and are reported to senior management on a monthly basis. The Group's Traffic Data and Event based work are considered to carry the highest risk from a Health & Safety perspective, as the majority of the Group's other functions are office-based which is deemed to be lower risk. Risk assessments have been completed for all the Group's offices as staff have returned to work, to ensure they are Covid safe. During the year there were five RIDDORs.

Business conduct, ethics and regulation

The Group is committed to high standards of business conduct and ethics. Further details are provided in the Governance section on pages 34 to 43.

Tracsis is required to comply with all AIM rules and has done so during the year. Information on the Company's compliance with AIM Rule 26 is available on the Group website, www.tracsis.com, on the Investors page. Some of the Group's subsidiary companies are certified for ISO 27001, and certain ones are also certified for ISO 9001. During the year the Group completed an initiative to obtain

ISO 27001 certification for all of its Rail Technology & Services businesses.

Clients

The Group has a wide range of current and prospective clients across its various Divisions and business units. Regular contact is maintained through a variety of relationships at all levels throughout the organisation. The Group has a number of large projects that are ongoing at any point in time which require regular dialogue and close liaison with the customer base. Our products and services offer a compelling value case for our customers, and we seek to develop strong, long-term relationships with them to become trusted partners and innovators who can help them to address future challenges.

Suppliers

The majority of the Group's costs are staff costs. In respect of external suppliers, the Group has a policy of treating all suppliers fairly and paying in accordance with agreed payment terms which are generally within 30 days of invoice. The Group provides details of its payment practices twice a year and the January 2021 report indicated that the average time taken to pay invoices was 21 days, and that 79% of invoices were paid within 30 days. The July 2021 report indicated that the average time taken to pay invoices was 21 days and that 85% of invoices were paid within 30 days.

Community & Environment

The Board are increasingly aware of the need to ensure that the Group's operations, products and services positively contribute to the communities within which the Group operates. In the main, the individual businesses hold these relationships at a local level. During the year the Group has articulated its approach to ESG, which is set out in more detail on pages 25 to 27. This will be rolled out fully over the coming year.

Investors

Responsibility for managing shareholder relationships rests with CEO and CFO, with the support and assistance of the Company's broker. Two investor roadshows were completed in the year for the final results from the previous year and interim results from the current year, and also various ad hoc meetings throughout the year covering both UK and overseas investors. Both roadshows were held virtually given the travel restrictions imposed by Covid-19. These roadshows cover both existing and potential new investors.

The Board is committed to communicating openly with shareholders to ensure that its strategy and performance are understood. This is achieved through the Annual Report and the Interim Statement, face-to-face and online investor presentations for both institutional and private retail shareholders given by management, trading and other announcements made on RNS, and at the Annual General Meeting ("AGM"). The Group encourages all shareholders to attend the AGM. Full year and Interim results presentations and Q&A sessions are provided for private investors and for institutional shareholders, and overviews are available on the Company website. The Chairman has also had some contact with institutional shareholders.

The Group discloses contact details on its website and on all announcements released via RNS. In addition, investor relations queries may be routed via the Group's broker, finnCap Ltd.

Each of the Board members consider that they have acted together, in good faith in a way most likely to promote the success of the Group for the benefit of its broader range of stakeholders as a whole taking into account section 172 (1) (a-f) of the Companies Act 2006.

The strategic report has been approved by the Board of Directors and signed on their behalf.

Andy Kelly
Director Tracsis plc
Nexus
Discovery Way
Leeds,
United Kingdom
LS2 3AA

Governance

Board of Directors

Chris Barnes (46)
Chief Executive Officer

Chris was appointed as Chief Executive Officer on 1 May 2019. Prior to joining Tracsis, Chris was Managing Director of Ricardo UK Limited's automotive consulting division, and had previously held a number of senior roles within Ricardo plc. Before joining Ricardo he held positions at Ford Motor Company and at A.T. Kearney. Chris has a Master's degree in Engineering, Economics and Management from the University of Oxford and is an alumnus of Harvard Business School.

Andy Kelly (44)
Chief Financial Officer

Andy was appointed as Chief Financial Officer on 1 February 2021. Prior to joining Tracsis he spent eight years at The Vitec Group plc in a number of senior roles including Group Financial Controller and Divisional Finance Director. Before joining Vitec he held positions in finance and strategy at Anglo American plc and Carphone Warehouse plc. Andy is a Chartered Accountant, having qualified with Deloitte, and holds a first class degree in Natural Sciences from the University of Cambridge.

Chris Cole (75)
Independent Non-Executive Chairman

Chris is Non-Executive Chairman of WSP Global Inc. (listed on the Toronto Stock Exchange), a leading global engineering and environmental consultancy. Chris held the post of Chief Executive Officer at WSP between 1987 and 2012, and in that time grew the Company both organically and by acquisition to become a market leader employing over 10,000 people across 40 countries. Most recently, Chris led the merger of WSP with Genivar Inc and has become the Chairman of the enlarged entity, now named WSP Global Inc. WSP Global now trades on the Toronto Stock Exchange under the ticker WSP with turnover in excess of CAD $2bn. Chris is a Chartered Engineer and Chairman of the Association of Consulting Engineers.

Chair of Nomination Committee.

Other Directors serving in the year:

Executive Directors
Max Cawthra (43)
Chief Financial Officer

Max was Chief Financial Officer of Tracsis from August 2011 until his resignation on 1 February 2021. He is a Chartered Accountant, having trained with EY in Leeds.

Max resigned as Chief Financial Officer on 1 February 2021 and remained working with the Group until 5 March 2021.

Non-Executive Directors
Mac Andrade (45)
Independent Non-Executive Director

Mac was appointed to the Board on 1 November 2018 and served as a Non-Executive Director during the year until his resignation on 31 July 2021. Mac served as a member of the Audit Committee, Remuneration Committee and Nomination Committee during the year.

Lisa Charles-Jones (50)
Independent Non-Executive Director

Lisa is currently HR Director for Parkdean Resorts. She is an HR professional and worked for LSL Property Services plc for 13 years, which is listed on the Main Market of the London Stock Exchange, firstly as Head of HR and for the last ten years as Group HR Director. Lisa is also a Trustee for the Percy Hedley Foundation. She is a member of the Chartered Institute of Personnel and Development and holds an MBA from the University of Durham.

Chair of Remuneration Committee. Member of Audit Committee and Nomination Committee.

Dr James Routh (48)
Senior Independent Non-Executive Director

James was appointed to the Board on 29 September 2021. He is currently Chief Executive Officer of AB Dynamics plc, having held the position since 2018. Prior to this he was Group Managing Director at FTSE 250 listed Diploma PLC for six years where he delivered a series of successful international acquisitions. His previous career involved leadership positions predominantly in the aerospace and defence industry, including senior roles at Chemring Group PLC and Cobham PLC. James holds a PhD in engineering and is a Chartered Mechanical Engineer and Fellow of the Institution of Mechanical Engineers.

Member of Audit Committee, Remuneration Committee and Nomination Committee.

Liz Richards (63)
Independent Non-Executive Director

Liz is a highly experienced executive and non-executive director with a career spanning the Financial Services, Data and Software sectors. She was previously Chief Financial Officer of CallCredit (now Transunion), a successful consumer data business where, as a founder member, she oversaw its rapid growth from start-up in 2000 to a £150m revenue business by 2015. Liz currently also holds Non-Executive Director and Audit Committee Chair positions at both LINK Scheme Ltd and dotdigital plc, as well as two pro bono roles – Governor and Chair of Audit for Leeds Trinity University and Trustee and Chair of Finance and Investment for Yorkshire Cancer Research.

Chair of Audit Committee. Member of Remuneration Committee and Nomination Committee.

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 July 2021.

Tracsis plc ('the Company') is a public limited company incorporated and domiciled in the United Kingdom and under the Companies Act 2006. The address of the Company's registered office is Nexus, Discovery Way, Leeds, United Kingdom, LS2 3AA.

The Company is listed on AIM, part of the London Stock Exchange.

The Group financial statements were authorised for issue by the Board of Directors on 9 November 2021.

Further information on the activities of the business, the Group strategy and an indication of the outlook for the business are presented in the Chairman and Chief Executive Officer's Statement and the Strategy and Business Model sections of the report. The Corporate Governance statement included on pages 41 to 42 forms part of the Directors' Report.

Financial results

Details of the Group's financial results are set out in the Consolidated Statement of Comprehensive Income, other primary statements and in the Notes to the Consolidated Financial Statements on pages 54 to 109.

Dividends

The Board does not consider it appropriate to pay a final dividend this year as the Group utilised the Coronavirus Job Retention Scheme ("CJRS") in respect of furloughed staff. The Board expects to restore the progressive dividend policy for the year ending 31 July 2022.

Directors

The directors who serve on the Board and on Board Committees during the year are set out on pages 34 to 35. Max Cawthra resigned as Chief Financial Officer on 1 February 2021. Andy Kelly was appointed as Chief Financial Officer on 1 February 2021. Mac Andrade resigned as a Director on 31 July 2021. Dr James Routh was appointed as a Director on 29 September 2021.

Under the Articles of Association of the Company, one third of the directors (excluding those being re-elected for the first time by shareholders) are subject to retirement by rotation at the forthcoming Annual General Meeting ("AGM"), notice of which accompanies this Report and Accounts. Accordingly, Liz Richards retires by rotation and, being eligible, offers herself for re-election. The Company's Articles of Association also require any person who has been appointed as a director since the date of the Company's last AGM to retire at the next AGM following their appointment. Accordingly, Andy Kelly and Dr James Routh will retire from office at the forthcoming AGM and will stand for re-election. In relation to the re-elections of each of the directors, the Board is satisfied that each of these directors continues to be effective and to demonstrate commitment to the Company.

Information in respect of directors' remuneration is given in the Directors' Remuneration Report on pages 38 to 40.

Directors' shareholdings

Directors' beneficial interests in the shares of the Company, including family interests, at 31 July 2021 and 2020 were as follows:

	31 July 2021		31 July 2020	
	Number of shares	**% of issued share capital**	Number of shares	% of issued share capital
Chris Barnes	-	-	-	-
Andy Kelly	-	-	-	-
Chris Cole	**7,000**	**0.02%**	7,000	0.02%
Lisa Charles-Jones	-	-	-	-
Liz Richards	-	-	-	-
James Routh	-	-	-	-

None of the Directors had any interests in the share capital of subsidiaries. Further details of share options held by the Directors are set out in the Directors' Remuneration Report.

Substantial shareholdings

At 31 October 2021, being the latest practicable date prior to the publication of this document, the Company has been advised of the following shareholdings of 3% or more in the issued share capital of Tracsis plc:

	Number of shares	**% of issued shares**
Schroder Investment Management	2,205,647	7.5%
Unicorn Asset Management	1,998,766	6.8%
Charles Stanley	1,886,888	6.4%
Canaccord Genuity Wealth Management	1,650,000	5.6%
AXA Framlington Investment Managers	1,507,273	5.1%
Franklin Templeton Fund Management	1,470,000	5.0%
Downing	1,323,962	4.5%
Premier Miton Investors	1,204,181	4.1%
Investec Wealth & Investment	1,189,917	4.1%
Rathbones	1,129,821	3.9%
Berenberg Asset Management	983,495	3.4%

Payment of suppliers

It is the Group's policy to pay suppliers in accordance with the terms and conditions agreed in advance, providing all trading terms and conditions have been met. All payments are made in the ordinary course of business and the Group expects to pay all supplier debts as they become due.

Trade payable days for the Group at 31 July 2021 were 56 days (2020: 42 days).

Our approach to engagement with suppliers is detailed further in the section 172 statement on page 31 to 32.

Research and development

During the year the Group incurred £3,383,000 (2020: £3,048,000) of expenditure on research and development activity mainly relating to software development, which has been charged to the Income Statement in accordance with the Group's accounting policy.

Financial instruments

Details of the Group's exposure to financial risks are set out in Note 26 to the financial statements.

Employment policy

It is the policy of the Group to operate a fair employment policy. No employee or job applicant is less favourably treated than another on the grounds of their sex, sexual orientation, age, marital status, religion, race, nationality, ethnic or national origin, colour or disability and all appointments and promotions are determined solely on merit. The Directors encourage employees to be aware of all issues affecting the Group and place considerable emphasis on employees sharing in its success through its employee share option schemes. In addition, the Group is committed to training courses, with a number of staff undertaking apprenticeships and other technical training, and is also to career development and internal promotion where possible within the Group. Further details on employee engagement is provided in the Section 172 statement on pages 31 and 32.

Environment

The Group adheres to all environmental regulations and has, where possible, utilised environmental-sustaining policies such as recycling and waste reduction. Further details of the Group's Environmental, Social & Governance strategy are provided on pages 25 to 27.

The Group is classed as large under the Companies Act 2006 and therefore falls under the scope of the Streamlined Energy & Carbon Reporting (SECR) requirements. The Group is exempt from disclosure related to SECR as no individual UK registered subsidiary is a large company and the parent company itself consumes less than 40,000 KWH of energy per year.

Future business developments

Details of these are provided in the strategic report, and the Chairman & Chief Executive Officer's report on pages 14 to 18.

Significant Contracts

There are a number of significant contracts in operation across the Group.

- Tracsis plc has some large contracts with Train Operating Companies from which it derives significant amounts of revenue;
- MPEC Technology Limited, a subsidiary company, has a significant Framework Agreement with a major railway infrastructure provider, from which it has historically derived a significant amount of business;
- Tracsis Traffic Data Limited, another subsidiary company, has a significant contract with a major worldwide engineering consultancy company from which it has historically derived a significant amount of business;
- Ontrac Limited has a large contract with a major railway infrastructure provider, from which it derives a significant amount of business;
- SEP Limited, and Cash & Traffic Management Limited both have a number of significant, multi-year contracts with a number of key clients;
- Compass Informatics Limited has a range of contracts with government bodies and private sector organisations; and
- iBlocks Limited has some significant contacts with Train Operating Companies and also industry association bodies

Auditor

A resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

Provision of information to auditor

All of the current Directors have taken all steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

Anti-bribery and corruption

The Group is committed to conducting business with honesty and integrity. We have a policy on anti-bribery and corruption measures that sets out a zero-tolerance approach to these matters, and identifies the responsibilities and behaviours expected of all Tracsis employees in this regard.

Third party indemnity provisions

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Events after the Balance Sheet date

The Group acquired Icon Group ("Icon") on 3 November 2021. Headquartered in Dublin, Icon is an interdisciplinary geoscience business who specialise in earth observation (EO), GIS and spatial data analytics. Icon will be integrated with Tracsis' existing Compass Informatics business to create an Irish-based Data Analytics centre of excellence specialising in providing location-related technologies and analytics solutions and services to government and commercial organisations. The acquisition of Icon adds EO capabilities that enhance our offer in this growing market, and has a customer base that is complementary to Tracsis'.
The acquisition consideration comprises an initial cash payment of £1.9m which was funded out of Tracsis cash reserves and the issue of 68,762 new ordinary shares in Tracsis to a value of £0.6m. An additional payment of approximately £1.7m will be made on a euro for euro basis to reflect the net current asset position of the business (above a working capital hurdle) at completion and will be finalised in due course. Additional contingent consideration of up to £1.5m is payable subject to Icon Group achieving certain stretched financial targets in the three years post acquisition.

By order of the Board

Andy Kelly
Company Secretary

9 November 2021

Nexus, Discovery Way
Leeds
United Kingdom
LS2 3AA

Directors’ Remuneration Report

As a company listed on AIM, the Company is not required to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013 (the “Regulations”), nor is it required to comply with the principles relating to directors’ remuneration in the UK Corporate Governance Code 2018 (the “Code”).

Unaudited information:

Tracsis plc, presents its remuneration report below.

Remuneration committee

The Remuneration Committee is described in the Report on Corporate Governance. The remuneration for each Executive Director is determined by the Remuneration Committee. None of the committee members has any personal financial interest, other than as shareholders, in the matters to be decided.

Activities during the year

- Reviewed the remuneration for the CEO and CFO in light of Covid-19 and approved appropriate reductions
- Reviewed the remuneration package to attract the right calibre of candidates for the appointment of a new CFO following the departure of Max Cawthra
- Reviewed the remuneration package for the CEO to ensure that it remains competitive to attract and retain the right calibre of individual
- Appointed FIT Remuneration Consultants LLP to review the fees for the Chairman to ensure that it remains competitive to attract and retain the right individuals. Although not under the Committee’s remit, Non-Executive Director fees were also reviewed
- Reviewed performance against the 2020/21 annual bonus plan targets and resulting awards and agreed the metrics for the 2021/22 bonus plan; and
- Reviewed LTIP award levels and performance metrics / targets for the 2021 LTIP awards

Service contracts

It is the Group’s policy to enter into service contracts or letters of appointment with all Directors. Specific terms are:

	Date of contract	Commencement date	Unexpired term	Notice period
Executive Directors				
Chris Barnes	04.02.19	04.02.19	Indefinite	6 months
Andy Kelly	01.02.21	01.02.21	Indefinite	6 months
Non-Executive Directors				
Chris Cole	28.04.14	28.04.14	Indefinite	3 months
Lisa Charles-Jones	25.08.16	25.08.16	Indefinite	3 months
Liz Richards	01.09.16	01.09.16	Indefinite	3 months
James Routh	29.09.21	29.09.21	Indefinite	3 months

None of the service contracts or letters of appointment provide for any termination payments.

Remuneration policy

The remuneration packages for Directors and senior management have been structured so as to fairly compensate them for their contribution to the Group and to encourage them to remain within the Group, as well as motivating them to deliver the Group’s strategy. In determining the level of remuneration for each Director, the Remuneration Committee considers remuneration packages at companies of a similar size and market capitalisation that are of similar complexity to Tracsis. The Remuneration Committee aims to position and maintain the total remuneration package for each Director within the market range.

Basic salary and bonus arrangements

Each Director receives an annual salary or Directors’ fee for his/her services. These salaries are reviewed annually by the Remuneration Committee and take into account the financial performance of the Group and market conditions. The Group operates a bonus scheme, which is based on profit related targets and also personal objectives. The Remuneration Committee is entitled to decide whether any bonuses are payable, and if so, what amounts should be granted to Executive Directors.

Performance Outcomes

The bonus scheme for Executive Directors pays out a maximum bonus of 80% of salary for financial performance against sliding scale profit targets and 20% of salary for personal objectives. The bonus award for each Executive Director for the year to 31 July

Strategic Report
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2021 will be 42% of a maximum 100% of salary. 26% of salary will be paid in respect of financial performance which reflects the fact that the bonus target was partially achieved. 16% of salary will be paid in respect of personal objectives which were based on continuing to execute the Group's growth strategy.

External appointments

The committee recognises that its Directors may be invited to become executive or non-executive directors of other companies or to become involved in charitable or public service organisations. As the Committee believes that this can broaden the knowledge and experience of the Directors to the benefit of the Group, it is the Group's policy to approve such appointments provided that there is no conflict of interest and the commitment is not excessive. The Director concerned can retain the fees relating to any such appointment.

Pensions and benefits in kind

All staff, Executive Directors and senior management are entitled to participate in the stakeholder pension plan established by the Group. Benefits are provided to certain Executive Directors, including private health cover. The Group does not provide any company cars to any of its Directors. The Group makes employer pension contributions to the pension schemes at a rate of 10% of basic salary for Chris Barnes and for Andy Kelly. Chris Barnes elected to exchange employer pension contributions for additional salary. There was no additional cost to the Group in respect of this arrangement.

Directors' remuneration

Directors' remuneration for the year ended 31 July 2021 is set out below

	Basic salary £000	Pension Conts £'000	Bonus £000	Benefits in kind £000	Total 2021 £000	Total 2020 £000
Executive Directors						
Chris Barnes	282	-	109	1	**392**	300
Andy Kelly (from 1 February 2021)	88	9	37	-	**134**	-
Max Cawthra (to 1 February 2021)	75	4	34	-	**113**	178
	445	13	180	1	**639**	478
Non-Executive Directors						
Chris Cole	60	-	-	-	**60**	60
Lisa Charles-Jones	33	-	-	-	**33**	33
Liz Richards	33	-	-	-	**33**	33
Mac Andrade	30	-	-	-	**30**	30
	156	-	-	-	**156**	156

Directors' interests in share options in the Executive Share Option Schemes

	At 1 August 2020	Granted (note c)	Lapsed	Exercised	At 31 July 2021	Exercise price pence	Date from Which Exercisable	Expiry date
Executive Directors								
Chris Barnes (note a)	60,378	40,891	-	-	101,269	0.4p	04/02/2022	01/05/2029
Andy Kelly (note b)	-	21,174	-	-	21,174	0.4p	01/02/2024	01/02/2031
Non-Executive Directors								
Chris Cole	-	-	-	-	-	-	-	-
Lisa Charles-Jones	-	-	-	-	-	-	-	-
Liz Richards	-	-	-	-	-	-	-	-
James Routh	-	-	-	-	-	-	-	-

In accordance with Corporate Governance best practice, the Group no longer grants stock options to Non-Executive Directors. This ensures objectivity and independence within the Board's decision making process.

From 1 August 2021 shareholding objectives exist to ensure Executive Directors build up to a minimum of 100% of salary within five years.

Note a

In connection with Chris Barnes' appointment as a Director of the Group, the Remuneration Committee agreed a share option award to compensate Chris for unvested incentives forfeited from his previous employer on joining Tracsis. As such, Chris was awarded 21,417 share options in Tracsis plc with an exercise price of 0.4p, that can be exercised on or after 4 February 2022 being three years since Chris joined the Group.

'2019 LTIP'

- Chris Barnes granted a maximum of 38,961 options
- Full award is only payable should statutory diluted EPS for the year ending 31 July 2022 be 25.92p, and TSR versus the peer group is in the top quartile
- Should statutory diluted EPS for the year ending 31 July 2022 be less than 22.92p, and TSR versus the peer group is less than the median, no options will be awarded
- For scenarios between the above range, the options will be exercisable on a sliding scale basis in both instances
- Any options vesting will be able to be exercised from 3 December 2022 onwards, being three years from the grant date

Note b

In connection with Andy Kelly's appointment as a Director of the Group, the Remuneration Committee agreed a share option award to compensate Andy for unvested incentives forfeited from his previous employer on joining Tracsis. As such, Andy was awarded 7,692 share options in Tracsis plc with an exercise price of 0.4p, that can be exercised on or after 1 February 2024 being three years since Andy joined the Group.

Note c

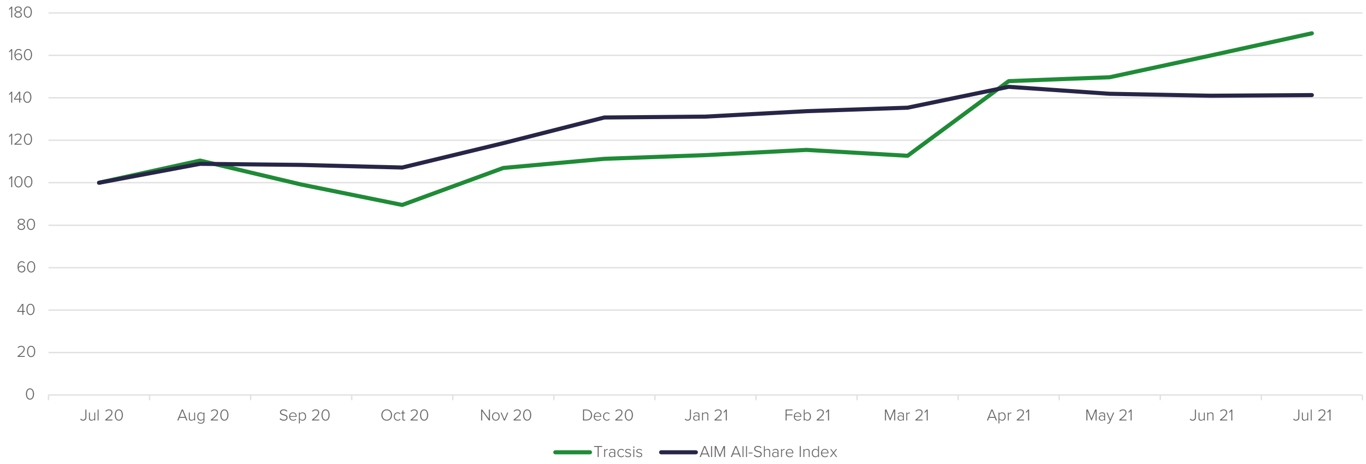
'2020 LTIP'

- Chris Barnes granted a maximum of 40,891 options, Andy Kelly granted a maximum of 13,482 options
- Full award is only payable should statutory diluted EPS for the year ending 31 July 2023 be 23.78p, and TSR versus the peer group is in the top quartile
- Should statutory diluted EPS for the year ending 31 July 2023 be less than 20.78p, and TSR versus the peer group is less than the median, no options will be awarded
- For scenarios between the above range, the options will be exercisable on a sliding scale basis in both instances
- Any options vesting will be able to be exercised from the following dates:
  - Chris Barnes: 29 December 2023 onwards, being three years from the grant date
  - Andy Kelly: 5 February 2024 onwards, being three years from the grant date

The aggregate amount of pre-tax gains made by Directors on the exercise of share options was £nil (2020: £nil). No Directors received or were due to receive any shares under long term incentive schemes other than under the share options schemes set out above.

Performance graph

The following graph shows the Company's share price (rebased) compared with the performance of the FTSE AIM all-share index (rebased) for the period from 1 August 2020 to 31 July 2021.



The committee has selected the above index because it is most relevant for a company of Tracsis's size and sector

On behalf of the Board

Lisa Charles-Jones
Chair of the Remuneration Committee
9 November 2021

Corporate Governance

Tracsis plc was listed on AIM on 27 November 2007. The Group recognises the importance of, and is committed to, high standards of corporate governance. Tracsis plc, as an AIM Company, adopts the Quoted Company Alliance's Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 (updated April 2018) (the "QCA Code") which supports the Group's long term success and strategy for growth. The Board believes that the Group currently complies with the provisions of the QCA Code in all areas with the exception of the formal board evaluation. Further details of the Group's compliance with the QCA code can be found on the Group's website https://www.tracsis.com/investors/corporate-governance..

The Board

There are currently six Board members, comprising two Executive Directors and four Non-Executive Directors. The role of the Non-Executive Directors is to bring independent judgement to Board deliberations and decisions. Chris Cole was appointed as a Non-Executive Chairman of the Board in 2014 to oversee Board meetings and field all concerns regarding the executive management of the Group and the performance of the Executive Directors. A biography of each Director appears on pages 34 and 35. The Directors each have diverse backgrounds and a wide range of experience is available to the Group. The Board meets ten times a year to review the Group's performance and to review and determine strategies for future growth. The Board has delegated specific responsibilities to its committees as set out below.

Each of the Directors is subject to either an executive services agreement or a letter of appointment as set out on page 38. Tracsis plc's Articles of Association require directors to retire from office and submit themselves for re-election on a one third rotation at each Annual General Meeting ("AGM"). It also requires any person who has been appointed as a director by the Board since the date of the Company's last AGM to retire at the next AGM following their appointment. Accordingly, Liz Richards, Andy Kelly and Dr James Routh will be retiring at the Annual General Meeting and submitting themselves for re-election.

Board meetings and attendance

Board meetings were held on 10 occasions during the year. The table below shows attendance at the meetings whether in person or by telephone. The Company Secretary records attendance at all Board meetings including where attendance is by telephone conference.

Independence of Non-Executive Directors

The Directors consider all Non-Executive Directors to be independent.

Board committees

Nomination Committee

The Nomination Committee comprises Chris Cole as Chairman, Lisa Charles-Jones, Liz Richards, and James Routh (from 29 September 2021). Mac Andrade served on the Nomination Committee until his resignation on 31 July 2021. The committee's primary responsibilities are to make recommendations to the Directors on all new appointments of Directors and senior management, interviewing nominees, to take up references and to consider related matters.

Remuneration Committee

The Remuneration Committee comprises Lisa Charles-Jones as Chairperson, Liz Richards, and James Routh (from 29 September 2021). Chris Cole is an attendee. Mac Andrade served on the Remuneration Committee until his resignation on 31 July 2021. The committee's primary responsibilities are to review the performance of the Executive Directors and to determine the terms and conditions of service of senior management and any Executive Director appointed to the Board (including the remuneration of and grant of options to any such person under any share scheme adopted by the Group).

Audit Committee

The Audit Committee comprises Liz Richards as Chairperson, Lisa Charles-Jones and James Routh (from 29 September 2021). Chris Cole is an attendee. Mac Andrade served on the Audit Committee until his resignation on 31 July 2021. The Audit Committee's primary responsibilities are to monitor the financial affairs of the Group, to ensure that the financial performance of the Group is properly measured and reported on, and to review reports from the Group's auditor relating to the accounting and internal controls. The significant issues considered by the Audit Committee relating to the Group's financial statements include Revenue recognition, Intangible Assets, and Contingent Consideration, as detailed in note 4 to the financial statements.

Non audit services

In accordance with its policy on non audit services provided by the Group's auditor, the Audit Committee reviews and

	Board Meetings (total/poss)	Nomination Committee Meetings	Remuneration Committee Meetings	Audit Committee Meetings
Chris Barnes	10/10	-	-	3/3
Andy Kelly	6/6	-	-	1/1
Max Cawthra	4/4	-	-	2/2
Chris Cole	10/10	1/1	3/3	3/3
Lisa Charles-Jones	10/10	1/1	3/3	3/3
Liz Richards	10/10	1/1	3/3	3/3
Mac Andrade	10/10	1/1	3/3	3/3

approves the award of any such work. The Audit Committee refers to the Board for approval of any work comprising non audit services where the fees for such work represent more than 25% of the annual audit fee. During the year, £5,000 was paid to Grant Thornton UK LLP in respect of non audit work (2020: £nil). This non audit work comprised the review of the half-yearly financial statements.

Auditor independence and conflicts of interest

The Audit Committee continues to evaluate the independence and objectivity of the external auditor and takes into consideration all United Kingdom professional and regulatory requirements. Consideration is given to all relationships between the Group and the audit firm (including in respect of the provision of non audit services). The Audit Committee considers whether, taken as a whole, and having regard to the views, as appropriate, of the external auditor and management, those relationships appear to impair the auditor's judgement or independence. The Audit Committee feels they do not. In reaching this conclusion the Audit Committee considered the Group's acquisition of Flash Forward Consulting Ltd ("FFC") on 26 February 2021.

Alex Warner was a director and owner of FFC until its acquisition by Tracsis Rail Consultancy ("TRC") on that date. Since then he has remained a director of FFC and TRC, and he holds shares in both Tracsis plc and TRC. Alex's brother, Ed Warner, was an independent non-executive director and independent Chair of the Partnership Governance Board at Grant Thornton UK LLP until 31 March 2021. Alex and Ed Warner are considered Close Family Members under the FRC Ethical Standard (2019) but are not Persons Closely Associated and Ed Warner was neither a Partner nor a Covered Person for Grant Thornton UK LLP's audit or other public interest assurance engagements. Further, there was no ongoing work in relation to audit or other public interest assurance engagements by Grant Thornton UK LLP during the 33-day crossover period to 1 April 2021. The Audit Committee is therefore satisfied that the external auditor has remained independent and objective.

Internal audit

The Audit Committee agrees that there should be no internal audit function of the Group at this time considering the size of the Group and the close involvement of senior management over the Group's accounting systems. However, the Committee will keep this matter under review in the event that circumstances warrant an internal function for the Group in the future.

Control procedures

The Board approves the annual budget each year. This process allows the Board to identify key performance targets and risks expected during the upcoming year. The Board also considers the agreed budget when reviewing trading updates and considering expenditures throughout the year. Progress against budget is monitored via monthly reporting of actual financial performance against budget and prior year actual results. The Group has clear authority limits deriving from the list of matters reserved for decision by the Board including capital expenditure approval procedures.

Relations with shareholders

The Board recognises and understands that it has a fiduciary responsibility to the shareholders. The Chairman's Statement and Chief Executive's Statement include detailed analysis of the Group's performance and future expectations. The Group's website (www.tracsis.com) allows shareholders access to information, including contact details and the current share price. The Chief Executive is responsible for on-going dialogue and relationships with shareholders, alongside the Chief Financial Officer and Chairman. The Annual General Meeting will be a platform for the Board to communicate with shareholders and the Board welcomes the attendance and participation of all shareholders.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue for at least twelve months from the signing of the financial statements in operational existence and have therefore adopted the going concern basis in preparing the accounts. The Group is debt free and has substantial cash resources. At 31 July 2021 the Group had net cash and cash equivalents totalling £25.4m. The Board has prepared cash flow forecasts for the forthcoming year based upon assumptions for trading and the requirements for cash resources including contingent consideration. These forecasts take into account reasonably possible changes in trading financial performance, and indicate that it is appropriate to use the going concern basis for the preparation of the consolidated financial statements. Further to this, management prepared a severe but plausible scenario, reducing revenues from budget and including a more pessimistic view of working capital. There was still ample headroom under this scenario. A reverse stress test was also considered. The revenue and cashflow assumptions required to eliminate any headroom under the reverse stress test are considered by the Board to be highly unlikely and particularly given trading performance to date.

Board evaluation process

The Board completed a formal evaluation process in a previous financial year which resulted in charges to the Board but has not completed a formal board evaluation process during the year. The Board collectively has skills in the areas of strategy, finance, human resources and global commercial experience to assist with the implementation of our strategy. Directors keep their skills and knowledge up to date through relevant training and development courses including from the Company's advisors. All directors are encouraged to use their independent judgement and to constructively challenge other directors where appropriate.

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the Companies Act 2006 ("IFRSs") and they have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 and profit or loss of the parent Company and Group for that period. Note that where the exemption has been taken under section 408, Companies Act 2006 not to publish the parent Company's profit and loss account, section 408(3) states that the Directors must still prepare and approve the parent company's profit and loss account even though it is not published. In preparing each of the Group and Parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, and prudent;
- for the Group financial statements, state whether applicable International Accounting Standards in conformity with the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the parent Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the parent Company's auditor is aware of that information.

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

Independent auditor's report to the members of Tracsis plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Tracsis plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2021, which comprise the Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement, Company balance sheet, Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 the 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included evaluation of management's cashflow forecast for at least 12 months from date of approval of the financial statements, along with challenge and assessment of the inputs and assumptions used to prepare the forecast. We tested management's severe but plausible case to check that there is adequate headroom in the forecast to cover unforeseen costs or reduced revenues.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures, and we analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 and 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our approach to the audit

Overview of our audit approach

Overall materiality:
Group: £220,000, which represents approximately 5% of the group’s profit before taxation.
Parent company: £135,000, which represents 3% of the parent company’s revenue.

Key audit matters were identified as:
- Revenue recognition (same as previous year);
- Impairment of goodwill and other intangible assets (same as previous year);
- Valuation of intangible assets arising on acquisition (same as previous year); and
- Valuation of contingent consideration payable (same as previous year).

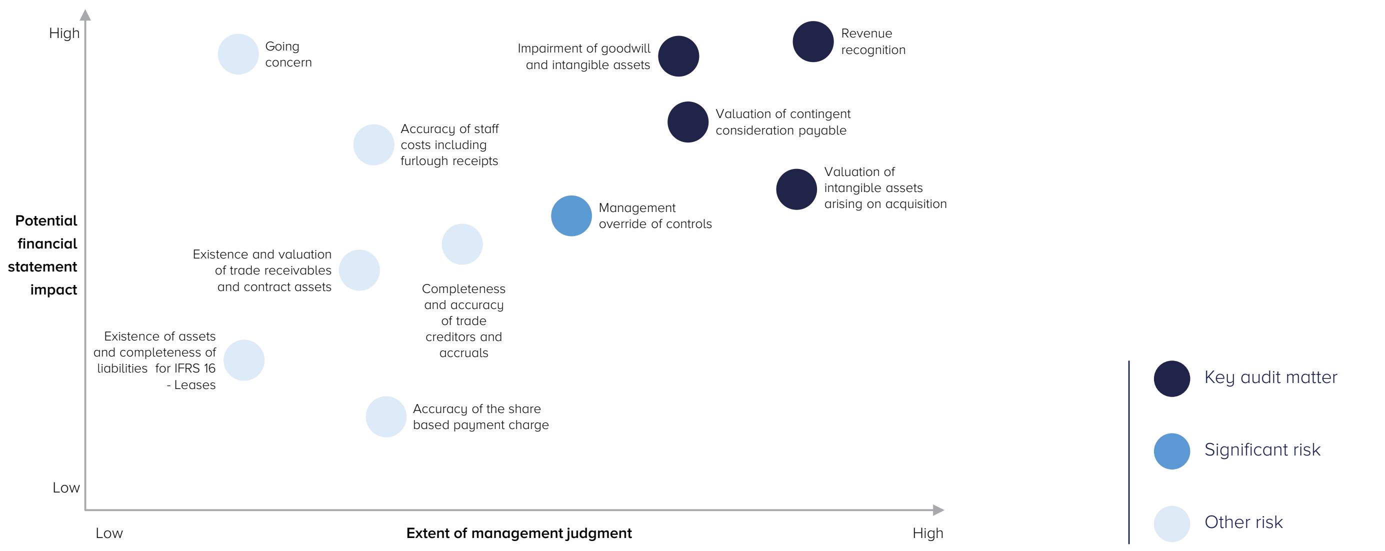
Our auditor’s report for the year ended 31 July 2020 included one key audit matter that has not been reported as a key audit matter in our current year’s report. This relates to going concern which is not a key audit matter this year as the level of uncertainty in the assumptions and forecasts used to assess the future prospects of the group and the parent company has reduced.

Scoping has been determined to ensure appropriate coverage of the significant risks as well as coverage of the key results in the financial statements:
We performed an audit of the financial information of five components using component materiality (full-scope audit) and an audit of one or more account, balances, classes of transactions or disclosures of the component (specific-scope audit) for four components.
We performed analytical procedures at group level (analytical procedures) on the financial information of all the remaining group components. In the previous year, we performed full-scope audits on all components. The scope has been changed in the current year to include only those components with a material impact on the group results or that are materially exposed to the significant risks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter – Group

Revenue recognition
We identified the risk that the revenue cycle includes fraudulent transactions as one of the most significant assessed risks of material misstatement due to fraud.

We determined that the risk of material misstatement lies within the two types of revenue recognised as follows:

Revenue recognised over time
Management allocate amounts of consideration to performance obligations and assess the stage of completion within a contract. This area includes judgments in relation to incomplete contracts at the year-end in accordance with International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers'. The significant risk is in relation to this and could occur through manipulation or error in revenue or deferred income which could be inaccurate or incomplete.

Total revenue recognised over time is £12.2m (2020: £10.5m).

Revenue recognised at a point in time
The significant risk identified is in relation to the acceleration of revenues that should be recognised in FY22 into FY21. This primarily impacts revenue recognised at the end of the financial year.

Total revenue recognised at a point in time is £38.1m (2020: £37.5m).

How our scope addressed the matter – Group

In responding to the key audit matter, we performed the following audit procedures:

- evaluating the revenue recognition policies for consistency with IFRS 15, through assessment of management's IFRS 15 paper including, specifically, consideration of management's identification of performance obligations and allocation of the transaction prices to the performance obligations;
- performing analytical procedures through comparing revenue earned in the year to the prior year and budget, corroborating management's explanation for significant or unusual variances;
- recalculating IFRS 15 adjustments made by management based on the supporting documentation of contracts and proof of acceptance used to make these adjustments, in order to gain assurance over the accuracy of IFRS 15 adjustments made;
- testing a sample of revenue transactions through to supporting documentation, checking the revenue in the selected item is recognised as per the group's accounting policy, and performing a recalculation of the revenue recognised in the year to determine the amount of revenue, if any, that should be deferred;
- recalculating the year-end deferred revenue balance in full based on management's schedules, and performing procedures on a sample basis to ensure schedules were complete and accurate. To further assess completeness, we used our revenue sample to determine whether a deferred income balance should be recorded;
- sampling from sales made around the period end and determining whether cut-off procedures are appropriate by agreeing to evidence of performance;
- checking a sample of credit notes raised throughout the year and post year end to ensure revenue is not being artificially inflated at the year-end. Where we identified unusual credit notes, we tested them to supporting evidence to confirm the credit note should have been raised; and
- testing a sample of manual journals posted to revenue by agreeing to supporting documentation, in order to gain an understanding of the rationale for these entries to check that they were not indicative of management override of controls.

Relevant disclosures in the Annual Report and Accounts 2021

- Financial statements: Note 4 Critical Accounting Estimates and Judgements
- Financial statements: Note 6 Revenue and Segmental analysis

Our results
Based on our audit work performed, we have not identified any material misstatements relating to revenue recognition.

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Key Audit Matter – Group	How our scope addressed the matter – Group
Impairment of Goodwill and Intangible Assets We identified impairment of goodwill and intangible assets as one of the most significant assessed risks of material misstatement due to error. The group recorded goodwill and other intangible assets with a carrying value of £51.7m as at 31 July 2021 (2020: £54.4m). There is an increased risk that the goodwill and intangibles held by the group are impaired as per International Accounting Standard (‘IAS’) 36 ‘Impairment of Assets’ because of the high level of estimation uncertainty in assessing the future performance of the group using operating cash flows and long-term growth rates and also in assessing the appropriate discount rate to apply in calculating the ‘value in use’ of the cash generating units (CGUs). Our significant risk relates to the iBlocks and Tracsis Travel Compensation Services (TTCS) CGUs as these represent £19.7m of intangible assets and one has seen a delay in certain contracts and the other is reliant on rail passenger numbers. Furthermore, there has been a change in the CGUs reported in the year which could increase the risk of error.	In responding to the key audit matter, we performed the following audit procedures: • assessing and challenging management’s impairment review, checking whether appropriate costs are included or excluded, that cash flows included in the model are appropriate, and that the methodology used is in accordance with the requirements of IAS 36; • utilising internal valuation experts to independently determine a weighted average cost of capital (WACC) for the group and to assess whether the WACC used by management as determined by the management expert, is appropriate; • assessing the competence of management’s expert through reference to their qualifications and experience; • performing sensitivity analysis on the forecast cash flows, long term growth rates and discount rates and determining their impact on the carrying value of the intangible assets; • evaluating historical forecasting accuracy by comparing results achieved in prior years to budgets; • evaluating whether the goodwill and intangible assets are allocated to the CGUs appropriately and challenging whether the CGUs identified are appropriate; and • assessing whether the disclosure included for the headroom sensitivities is appropriate and assessing whether the accounting policy is in line with IAS 36.
Relevant disclosures in the Annual Report and Accounts 2021 • Financial statements: Note 4 Critical Accounting Estimates and Judgements • Financial statements: Note 15 Intangible assets	**Our results** From our audit work performed we are satisfied with management’s judgement that the goodwill and intangibles allocated to the iBlocks CGU and TTCS CGU are not materially impaired.
Valuation of Intangible Assets arising on acquisition We identified valuation of intangible assets arising on acquisition as one of the most significant assessed risks of material misstatement due to error. The group acquired Flash Forward Limited in the year resulting in additions of £1.7m to intangible assets, of which £0.7m is allocated to customer related intangibles and £1.0m allocated to goodwill. IFRS 3 ‘Business Combinations’ requires most newly acquired assets and liabilities to be recorded at fair value. There is significant management judgement involved in determining the fair value of the assets and liabilities acquired and consideration, including the calculation of the fair value of technology and customer related intangibles acquired, and the discount rate and long-term growth rates used in the valuation.	In responding to the key audit matter, we performed the following audit procedures: • utilising our valuation experts to assist in assessing the work performed by management’s valuation expert in relation to the valuation of acquired intangible assets and consideration paid. This included challenging whether the methodology used in the valuation is in line with acceptable valuation methods and whether inputs such as future profits, attrition rates and discount rates used are appropriate; • assessing the competence of management’s expert through reference to their qualifications and experience; • challenging management’s rationale and calculations behind the fair values of any contingent consideration, including the assessment of the value and classification of an option in favour of Tracsis plc over the shares issued in a subsidiary as consideration; • testing of the acquisition balance sheet by agreeing material balances to supporting evidence, including cash balances on acquisition; • reperforming the calculation of goodwill and comparing to the figure as determined by management to gain assurance over the mathematical accuracy of the calculation; • agreeing the consideration paid, by reference to acquisition agreement, to bank statements; and • assessing the adequacy of the accounting policy and relevant disclosures made in the financial statements with respect to the acquisition to determine whether they are complete, accurate and in line with IFRS 3
Relevant disclosures in the Annual Report and Accounts 2021 • Financial statements: Note 4 Critical Accounting Estimates and Judgements • Financial statements: Note 5 Acquisitions and investments in the current year	**Our results** Based on our audit work performed we have not identified any material misstatements relating to the valuation of intangible assets arising on acquisition.

Key Audit Matter – Group	How our scope addressed the matter – Group
Valuation of Contingent Consideration payable We identified the valuation of contingent consideration payable as one of the most significant assessed risks of material misstatement due to error. As at the year end, the group has total contingent consideration payable of £7.9m (2020: £7.3m). iBlocks and Bellvedi account for £7.2m of the total balance and there were material movements in the underlying profit estimates for both. The valuation of contingent consideration at fair value involves a significant degree of management judgement and is a material accounting estimate with a high degree of estimation uncertainty.	In responding to the key audit matter, we performed the following audit procedures: • agreeing contingent consideration per management's workings to the trial balance and financial statements, and agreeing brought forward contingent consideration to prior year financial statements; • checking the mathematical accuracy of the schedules provided to us by performing recalculations of contingent consideration due; • testing the movement in contingent consideration payable year on year, through agreeing payments made to bank records and checking whether any changes to the fair value of existing contingent consideration agreed to supporting documentation, including correspondence with the relevant individuals, and that the assumptions behind the changes to fair value are appropriate; • challenging management's rationale and assumptions used in calculations behind the fair values of any contingent consideration, including the assessment of the range of possible outcomes and the probability of each of these. This included a focussed assessment of the discounting used in measuring fair value of the contingent consideration; • assessing whether contingent consideration due in more than one year has been discounted at an appropriate rate and performing a recalculation of the contingent consideration due after discounting; and • assessing the adequacy of the accounting policy and relevant disclosures made in the financial statements to ensure they are complete, accurate and in line with IFRS 9 'Financial Instruments'.
Relevant disclosures in the Annual Report and Accounts 2021 • Financial statements: Note 4 Critical Accounting Estimates and Judgements • Financial statements: Note 21 Contingent consideration	**Key observations** Based on our audit work performed we have not identified any material misstatements relating to the valuation of contingent consideration payable.

We did not identify any key audit matters relating to the audit of the financial statements of the parent company.

Our application of materiality

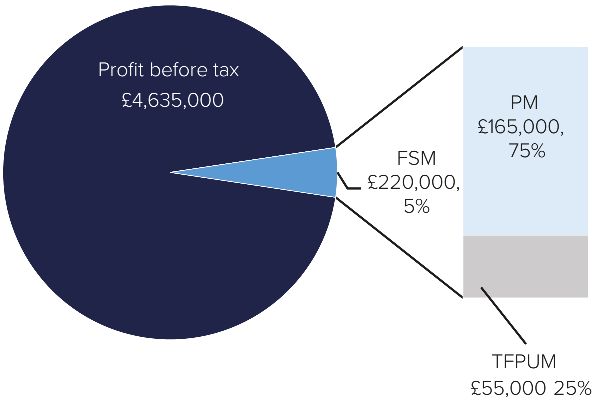
We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

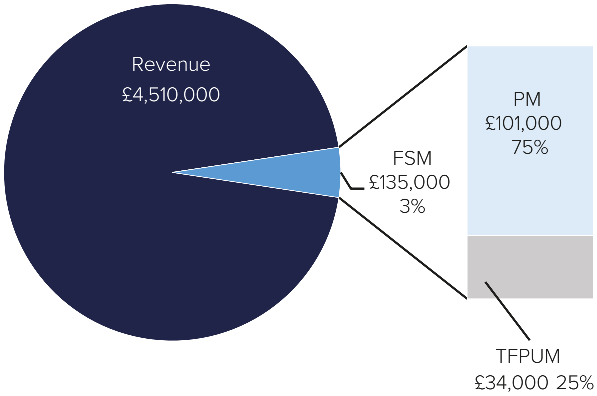
Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£220,000, which is approximately 5% of the group's profit before tax.	£135,000, which is 3% of the parent company's revenue.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: • Profit before tax is a key performance indicator for the group. Materiality for the current year is higher than the level that we determined for the year ended 31 July 2020 to reflect the increase in the group's profit before tax for the year.	In determining materiality, we made the following significant judgements: • This benchmark is considered the most appropriate because the parent company is a trading company, and the revenue figure is less volatile than profit before tax. Materiality for the current year is higher than the level that we determined for the year ended 31 July 2020 to reflect the increase in the parent company's revenue for the year.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£165,000, which is 75% of financial statement materiality.	£101,000, which is 75% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: • Based on prior experience, we have not identified a significant number of uncorrected misstatements or significant control deficiencies in respect of the group.	In determining performance materiality, we made the following significant judgements: • Based on prior experience, we have not identified a significant number of uncorrected misstatements or significant control deficiencies in respect of the parent company.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Related party transactions outside of the normal course of business.	We determined a lower level of specific materiality for the following areas: • Directors' remuneration; and • Related party transactions outside of the normal course of business.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£11,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£6,800 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- we obtained an understanding of the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level; and
- we obtained an understanding of the effect of the group organisational structure on the scope of the audit, for example, the level of centralisation of the group control function and the use of service organisations.

Identifying significant components

- we evaluated the identified components to assess their significance and determined the planned audit response based on a measure of materiality. Significance was determined as a percentage of the group's total revenue, profit before tax and total assets as well as considering qualitative factors, such as a component's specific nature or circumstances; and
- For five components we responded with a full-scope audit of their financial information and for a further four components we performed specific-scope audit. For the remaining ten components we performed analytical procedures.

Performance of our audit

- All four KAMs were addressed with the full-scope audit procedures and specific-scope audits where relevant to the component;
- Specific procedures were primarily designed to obtain further coverage of the KAMs;
- we performed the full-scope audit and specific-scope audits across the components in line with the scope described. We engaged with the component auditor to provide support to the group engagement team.

Changes in approach from previous period

- In the previous year, we performed full-scope audits on all components. The scope has been changed in the current year to include only those components with a material impact on the group results or that are materially exposed to the significant risks.

Audit approach	Number of components	% coverage Revenue	% coverage Loss before tax
Full-scope audit	5	55	67
Specified audit procedures	4	29	24
Analytical procedures	10	16	9
Total	**19**	**100**	**100**

Other information

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

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

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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 for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the parent company and determined that the most significant are applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 (for the group), United

Kingdom Generally Accepted Accounting Practice (for the parent company), AIM rules and relevant tax regulations.

- We assessed the susceptibility of the group's and the parent company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries that increased revenues or that reclassified costs from the income statement to the balance sheet that are posted by senior finance personnel;
  - potential management bias in determining accounting estimates, especially in relation to their assessment of the valuation of intangible assets and contingent consideration; and
  - transactions with related parties.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the group and the parent company operate; and
  - understanding of the legal and regulatory requirements specific to the group and the parent company.
- We had team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of deferred income.
- In assessing the potential risks of material misstatement, we obtained an understanding of the group's and the parent company's operations, including the nature of their revenue sources, products and services and of their objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- We obtained an understanding of the group's and the parent company's control environment, including the adequacy of the training to inform staff of the relevant legislation, the adequacy of procedures for authorisation of transactions and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.
- We made enquiries of the one component auditor, and requested that they confirm to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements.

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.

Mark Overfield BSc FCA
Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

9 November 2021

Financial Statements

Consolidated Statement of Comprehensive Income
for the year ended 31 July 2021

	Notes	2021 Group excluding in-year acquisitions £000	2021 Acquisitions in-year £000	**2021 Total £000**	2020 Total £000
Revenue	6	49,825	412	**50,237**	47,998
Cost of sales		(15,157)	(267)	**(15,424)**	(16,796)
Gross profit		34,668	145	**34,813**	31,202
Administrative costs		(29,390)	(267)	**(29,657)**	(26,779)
Adjusted EBITDA*	6, 31	12,941	37	**12,978**	10,463
Depreciation	14	(1,602)	(1)	**(1,603)**	(1,882)
**Adjusted profit ** **	31	11,339	36	**11,375**	8,581
Amortisation of intangible assets	15	(4,240)	(29)	**(4,269)**	(3,599)
Other operating income	9.4	440	-	**440**	376
Share-based payment charges	8	(1,276)	-	**(1,276)**	(1,050)
Operating profit before exceptional items		6,263	7	**6,270**	4,308
Exceptional items:					
Impairment losses	9.3	-	-	**-**	(1,155)
Other	9.3	(985)	(129)	**(1,114)**	1,270
Operating profit	9	5,278	(122)	**5,156**	4,423
Finance income	10	11	-	**11**	76
Finance expense	11	(98)	-	**(98)**	(79)
Share of result of equity accounted investees	16	(434)	-	**(434)**	(309)
Profit before tax		4,757	(122)	**4,635**	4,111
Taxation	12	(2,258)	(21)	**(2,279)**	(1,234)
Profit after tax		2,499	(143)	**2,356**	2,877
Other comprehensive (expense)/income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences		(126)	-	**(126)**	21
Total comprehensive income/(expense) for the year		2,373	(143)	**2,230**	2,898
Earnings per Ordinary Share					
Basic	13			**8.06p**	9.95p
Diluted	13			**7.82p**	9.67p

* Earnings before finance income, tax, depreciation, amortisation, exceptional items, other operating income, and share-based payment charges and share of result of equity accounted investees – see note 31.

** Earnings before finance income, tax, amortisation, exceptional items, other operating income, share-based payment charges, and share of result of equity accounted investees – see note 31.

The accompanying notes form an integral part of these financial statements

Consolidated Balance Sheet
as at 31 July 2021 Company number: 05019106

	Note	2021 £000	2020 £000
Non-current assets			
Property, plant and equipment	14	**3,540**	3,581
Intangible assets	15	**51,745**	54,376
Investments – equity	16	**50**	50
Investments in equity accounted investees	16	**605**	1,039
Deferred tax assets	22	**551**	877
		56,491	59,923
Current assets			
Inventories	17	**381**	430
Trade and other receivables	19	**11,263**	6,382
Cash and cash equivalents		**25,387**	17,920
		37,031	24,732
Total assets		**93,522**	84,655
Non-current liabilities			
Lease Liabilities	18	**1,131**	986
Contingent consideration payable	21	**3,220**	5,587
Deferred consideration payable	21	**584**	-
Deferred tax liabilities	22	**8,517**	8,234
		13,452	14,807
Current liabilities			
Lease liabilities	18	**928**	1,128
Trade and other payables	20	**17,007**	13,509
Contingent consideration payable	21	**4,689**	1,747
Deferred consideration payable	21	**308**	-
Current tax liabilities		**473**	439
		23,405	16,823
Total liabilities		**36,857**	31,630
Net assets		**56,665**	53,025
Equity attributable to equity holders of the company			
Called up share capital	23	**117**	116
Share premium reserve	24	**6,401**	6,373
Merger reserve	24	**5,525**	5,420
Retained earnings	24	**44,710**	41,078
Translation reserve	24	**(88)**	38
Total equity		**56,665**	53,025

The financial statements on pages 54 to 97 were approved and authorised for issue by the Board of Directors on 9 November 2021 and were signed on its behalf by:

Chris Barnes
Chief Executive Officer

Andrew Kelly
Chief Financial Officer

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Retained Earnings £'000	Translation Reserve £'000	Total £'000
At 1 August 2019	115	6,343	3,921	37,545	17	47,941
Adjustment on initial application of IFRS 16 (net of tax)	-	-	-	(106)	-	(106)
Profit for the year	-	-	-	2,877	-	2,877
Other comprehensive income	-	-	-	-	21	21
Total comprehensive income	-	-	-	2,877	21	2,898
Transactions with owners:						
Dividends	-	-	-	(288)	-	(288)
Share based payment charges	-	-	-	1,050	-	1,050
Exercise of share options	-	30	-	-	-	30
Shares issued as consideration for business combinations	1	-	1,499	-	-	1,500
At 31 July 2020	**116**	**6,373**	**5,420**	**41,078**	**38**	**53,025**

	Share Capital £'000	Share Premium £'000	Merger Reserve £'000	Retained Earnings £'000	Translation Reserve £'000	Total £'000
At 1 August 2020	116	6,373	5,420	41,078	38	53,025
Profit for the year	-	-	-	2,356	-	2,356
Other comprehensive income	-	-	-	-	(126)	(126)
Total comprehensive income	-	-	-	2,356	(126)	2,230
Transactions with owners:						
Share based payment charges	-	-	-	1,276	-	1,276
Exercise of share options (note 23)	1	28	-	-	-	29
Shares issued as consideration for business combinations	-	-	105	-	-	105
At 31 July 2021	**117**	**6,401**	**5,525**	**44,710**	**(88)**	**56,665**

Details of the nature of each component of equity are set out in Notes 23 and 24.

The accompanying notes form an integral part of these financial statements

Consolidated Cash Flow Statement
for the year ended 31 July 2021

	Notes	2021 £000	2020 £000
Operating activities			
Profit for the year		**2,356**	2,877
Finance income	10	**(11)**	(76)
Finance expense	11	**98**	79
Depreciation	14	**1,603**	1,882
Profit on disposal of plant and equipment	9.1	**(46)**	(12)
Non cash exceptional items	9.3	**985**	(320)
Other operating income	9.4	**(440)**	(376)
Amortisation of intangible assets	15	**4,269**	3,599
Share of result of equity accounted investees	16	**434**	309
Income tax charge	12	**2,279**	1,234
Share based payment charges	8	**1,276**	1,050
Operating cash inflow before changes in working capital		**12,803**	10,246
Movement in inventories		**49**	(49)
Movement in trade and other receivables		**(4,796)**	5,121
Movement in trade and other payables		**2,784**	(3,875)
Cash generated from operations		**10,840**	11,443
Interest received	10	**7**	76
Interest paid	11	**(74)**	(79)
Income tax paid		**(1,417)**	(908)
Net cash flow from operating activities		**9,356**	10,532
Investing activities			
Purchase of plant and equipment	14	**(400)**	(387)
Proceeds from disposal of plant and equipment		**88**	66
Acquisition of subsidiaries (net of cash acquired)	5	**127**	(13,852)
Payment of contingent consideration	21	**(410)**	(1,228)
Net cash flow used in investing activities		**(595)**	(15,401)
Financing activities			
Dividends paid	30	**-**	(288)
Proceeds from exercise of share options		**27**	30
Lease liability payments	18	**(1,260)**	(1,089)
Lease receivable receipts		**32**	11
Net cash flow used in financing activities		**(1,201)**	(1,336)
Net increase/(decrease) in cash and cash equivalents		**7,560**	(6,205)
Exchange adjustments		**(93)**	21
Cash and cash equivalents at the beginning of the year		**17,920**	24,104
Cash and cash equivalents at the end of the year		**25,387**	17,920

The accompanying notes form an integral part of these financial statements

Notes to the Consolidated Financial Statements

1 Reporting entity

Tracsis plc (the 'Company') is a public company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 05019106 and the registered address is Nexus, Discovery Way, Leeds, LS2 3AA. The consolidated financial statements of the Company for the year ended 31 July 2021 comprise the Company and its subsidiaries (together referred to as the 'Group') and equity account the Group's interest in associates. The parent company financial statements present information about the Company as a separate entity and not about its Group.

2 Basis of preparation

(a) Statement of compliance

The Group consolidated financial statements have been prepared in accordance with International Accounting Standards in conformity with the Companies Act 2006 ("IFRSs"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101. These parent company statements appear after the notes to the consolidated financial statements.

(b) Basis of measurement

The Accounts have been prepared under the historical cost convention, with the exception of the valuation of investments, contingent consideration, financial liabilities and initial valuation of assets and liabilities acquired in business combinations which are included on a fair value basis.

(c) Presentation currency

These consolidated financial statements are presented in sterling. All financial information presented in sterling has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRSs that have a significant effect on the Group financial statements and estimates with a significant risk of material adjustment in future years are disclosed in Note 4.

(e) Accounting developments

The Group and Company financial statements have been prepared and approved by the directors in accordance with International Accounting Standards in conformity with the Companies Act 2006 ("IFRSs"). The accounting policies have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise stated.

There are no new standards, amendments to existing standards or interpretations that are not yet effective that are expected to have a material impact on the Group.

(f) Going concern

The Group is debt free and has substantial cash resources. At 31 July 2021 the Group had net cash and cash equivalents totalling £25.4m. The Board has prepared cash flow forecasts for the forthcoming year based upon assumptions for trading and the requirements for cash resources, these forecasts take into account reasonably possible changes in trading financial performance and include an expectation of the Group's continued recovery from the impact of Covid-19 predominantly on entities within the Data, Analytics, Consultancy and Events segment. The Group's policies for financial risk management are detailed in note 26 to these financial statements.

Further to this, management prepared a severe but plausible scenario, reducing revenues from budget and including a more pessimistic view of working capital. There was still ample headroom under this scenario. A reverse stress test was also considered. The revenue and cashflow assumptions required to eliminate any headroom under the reverse stress test are considered by the Board to be highly unlikely and particularly given trading performance to date. Based upon this analysis, the Board has concluded that the Group has adequate working capital resources and that it is appropriate to use the going concern basis for the preparation of the consolidated financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of consolidation

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. The accounting policies of subsidiary companies have been changed where necessary to align them with the policies adopted by the Group. The Group entities included in these consolidated financial statements are those listed in note 29. All intra-group balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated fully on consolidation.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist either when the Group holds between 20 and 50 percent of the voting power of another entity or when the Group is deemed to have a significant influence by virtue of a Board position. Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

(b) Revenue recognition

The Group applies IFRS 15 "Revenue from Contracts with Customers". IFRS 15 established a comprehensive framework for determining whether, how much and when revenue is recognised.

The Group derives revenue from software licencing and bespoke development work, post contract customer support, sale of hardware & condition monitoring technology, consultancy and professional services, traffic data collection & capture, passenger counting, plus event planning, parking and traffic management services.

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies. Revenue is recognised when the performance obligation in the contract has been performed (either at a "point in time" or "over time" as control is transferred to the customer). Consideration received in advance of the performance obligation being satisfied by the Group is included as a contract liability on the balance sheet. An asset is recognised in accordance with IFRS 15:95 in relation to costs associated with incomplete performance obligations where the costs relate directly to the contract and can be specifically identified, the costs generate or enhance resources of the Group and the costs are expected to be recovered. Adjustments are made to allocate discounts relative to the stand-alone selling price of each performance obligation. The Group does not adjust the transaction price for the time value of money as it does not expect to have any contracts where the period between the transfer of the promised service to the client, and the payment by the client exceeds one year.

3 Significant accounting policies (continued)

(b) Revenue recognition (continued)

The details of the significant accounting policies under IFRS 15 are set out below for each of the two operating segments within the Group.

Rail Technology & Services

Revenue Stream	Recognition Policy
Software – perpetual and non-cancellable annual software licenses, and support and maintenance services associated with these licenses	The criteria under IFRS 15 have been considered to assess whether the software licenses and support and maintenance are distinct performance obligations. As the support and updates do not makes changes to the software that are so fundamental that the software would not be able to operate without them they are considered distinct. The Group recognises the revenue from the sale of perpetual and non-cancellable annual software licenses at the time that the license is made available to the customer as it is considered that control passes at that point in time. Additionally the Group does not undertake activities that significantly affect the license after the point at which it was provided to the customer. The allocation of the transaction price between the two performance obligations included in the contract is based on an expected cost plus margin approach as the stand-alone selling price is not observable. Revenue related to ongoing support and periodic updates is recognised over the license period as the Group is unable to predict at inception of the license when the support and updates will be required to be provided to the customer. As such, control is considered to pass over time.
Software as a service, and support services associated with these licenses	Under IFRS 15 two distinct performance obligations have been identified for these contracts. • Hosted software licenses • Maintenance and support Revenue from the provision of the hosted software license is recognised evenly over the period in which the license is hosted by the Group. This policy reflects the continuous transfer of the service to the customer throughout the contracted license period. For renewals of hosted licenses, the revenue is recognised over the period of the contract Revenue related to ongoing support and periodic updates is recognised over the license period as the Group is unable to predict at inception of the license when the support and updates will be required to be provided to the customer.
Bespoke software development work	Revenue in relation to bespoke development work is recognised on completion of the work in most contracts as it is considered that control of the work does not pass until all development work has been completed. The development work does not create an asset with an alternative use to the Group. In some contracts the Group does have an enforceable contractual right to payment for performance completed to date and revenue is recognised over time.

3 Significant accounting policies (continued)

(b) Revenue recognition (continued)

Revenue Stream	Recognition Policy
Hardware	Under IFRS 15, the Group has identified one performance obligation in relation to the sale of hardware items, being delivery to the customer, which is considered the point in time that control passes and revenue is recognised. Hardware items are also sold to the customer alongside a license for condition monitoring software however the license is considered to be distinct from the hardware under IFRS 15 criteria as the two can be sold and used separately from each other. The transaction price is allocated to the components of the contract based on an adjusted market assessment approach. Revenue recognition for the condition monitoring software license is recognised in line with the nature of the software (hosted Software as a Service) which is detailed further above. Provision is made for any returns by customers.

Data, Analytics, Consultancy & Events

Revenue Stream	Recognition Policy
Traffic data collection & capture and passenger counting	Revenue from traffic data collection & capture and passenger counting services deliverables is recognised on the provision of the contract deliverables as agreed with the customer, unless there is an enforceable right to payment under the contract, in which instance revenue would be recognised over the completion of the project based on actual costs compared to expected total project costs, the input method under IFRS 15.
Event planning, parking and traffic management services	There is considered to be one performance obligation in the completion of event planning, parking and traffic management, which is the completion of the service, and this is satisfied upon its completion of the service, being at a point in time.
Consultancy services	Consultancy service contracts are either contracted on a time and materials basis, or as fixed fee contracts. Time and materials contracts are recognised over time as services are provided at the fee rate agreed with the client where there is an enforceable right to payment for performance completed to date. Fixed fee contracts are recognised over time based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided where there is an enforceable right to payment, the output method under IFRS 15. In contracts where there is no enforceable right to payment for performance completed to date, revenue is recognised on completion of the contracted deliverables.

3 Significant accounting policies (continued)
(c) Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Items of property, plant and equipment are carried at depreciated cost.

Depreciation is provided on all items of property, plant and equipment so as to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Freehold buildings (excluding land)	4% on cost
Computer equipment	33 1/3% on cost
Office fixtures and fittings	0% – 20% on cost
Motor vehicles	20 – 25% per annum reducing balance basis

(d) Intangible assets
Goodwill

Goodwill arising on acquisitions comprises the excess of the fair value of the consideration for investments in subsidiary undertakings over the fair value of the net identifiable assets acquired at the date of acquisition. Adjustments are made to assess the fair value of net identifiable assets and liabilities in accordance with International Financial Reporting Standards. The costs of integrating and reorganising acquired businesses are charged to the post acquisition income statement. Goodwill arising on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. Each of those cash-generating units represents the lowest level within the Group at which the associated level of goodwill is monitored for management purposes and are not larger than the operating segments determined in accordance with IFRS 8 "Operating Segments".

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. When the recoverable amount of the CGU is less than the carrying amount including goodwill, an impairment loss is recognised. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Business Combinations

From 1 August 2009 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

For acquisitions on or after 1 August 2009, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Subsequent changes to the fair value of the contingent consideration are recognised in operating profit or loss as such changes are primarily as a result of operating performance. Settlement of contingent consideration is included within investing activities in the Statement of Cash flows.

For acquisitions prior to 1 August 2009, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amounts (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

3 Significant accounting policies (continued)

(d) Intangible assets (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of acquisition. An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Intangible assets, primarily customer relationships and technology related assets, acquired as part of a business combination are capitalised separately from goodwill and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using a straight line method over the estimated useful life of the assets of 10 to 20 years for customer related assets and 10 years for technology related assets. Impairment and amortisation charges are included within operating expenditure in the income statement.

(e) Impairment of property, plant and equipment

Where an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount (higher of fair value less cost to sell and value in use of an asset) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

(f) Research and Development Costs

Expenditure on internally developed products is capitalised as intangible assets if it can be demonstrated that:

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

At present, the Group has not considered that its development expenditure meets the criteria for capitalisation. Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the income statement as incurred. Capitalised development costs would be amortised over the periods the Group expected to benefit from selling the products developed.

(g) Financial instruments

i) Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets

Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.
A financial asset is measured at amortised cost if it meets both of the following conditions:

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

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

3 Significant accounting policies (continued)

(g) Financial instruments (continued)

Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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

Financial liabilities and equity

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

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
(b) where the instrument will or may be settled in the Group own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

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

iii) Impairment

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

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

Measurement of ECLs

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

Write-offs

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

(h) Taxation

The tax on the profit or loss for the year represents current and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying value in the financial statements. The principal temporary differences arise from depreciation on plant and equipment and share options granted by the Group to employees and directors. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Where the deferred tax asset recognised in respect of share-based payments would give rise to a credit

3 Significant accounting policies (continued)
(h) Taxation (continued)

in excess of the related accounting charge at the prevailing tax rate the excess is recognised directly in equity. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(i) Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, or in the case of interim dividends, when paid.

(j) Leases
The Group has applied IFRS 16 Leases throughout the financial year. For any new contracts entered into the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee
At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(k) Employee benefits
Wages, salaries, social security contributions, paid annual leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. Where the Group provides long term employee benefits, the cost is accrued to match the rendering of the services by the employees concerned.

(l) Share based payments
The Group issues equity-settled share based payments to certain employees (including directors). Equity-settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, together with a corresponding increase in equity, based upon the Group's estimate of the shares that will eventually vest.

3 Significant accounting policies (continued)

(l) Share based payments (continued)

Directors LTIPs have two conditions attached – Earnings per Share (non-market condition) and Total Shareholder Return (TSR – market condition). An assessment of the fair value is made when the options are granted and in respect of TSR/market conditions, no further adjustment is made regardless of whether the conditions are met or not.

In respect of share options which are not linked to TSR, which is the vast majority of share options for staff including EMI options and discounted LTIP, the fair value of the option is measured using the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it was granted, the cancelled and new transactions are treated as if they were a modification of the original transaction as described in the previous paragraph.

(m) Retirement benefits

Contributions to defined contribution pension schemes are charged to the income statement in the year to which they relate.

(n) Exceptional items

Items which are significant by virtue of their size or nature and/or which are considered non-recurring are classified as exceptional operating items. Such items, which include for example costs relating to acquisitions, contingent consideration credits, any goodwill impairments and profit/loss on disposal, are included within the appropriate consolidated income statement category but are highlighted separately. Exceptional operating items are excluded from the profit measures used by the board to monitor underlying performance.

(o) Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. The Group considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

(q) Operating segments

The Group has divided its results into two segments being 'Rail Technology and Services' and 'Data, Analytics, Consultancy & Events'. The level of disclosure of segmental and other information is determined by such assessment. Further details of the considerations made and the resulting disclosures are provided in note 6 to the financial statements.

(r) Inventories

Inventories are measured at the lower of cost and net realisable value. Provision is made for slow moving and obsolete inventories on a line by line basis.

(s) Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Pounds Sterling, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences that relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

3 Significant accounting policies (continued)

(t) Translation of financial statements of foreign entities

The assets and liabilities of foreign operations are translated using exchange rates at the balance sheet date. The components of shareholders' equity are stated at historical value. An average exchange rate for the period is used to translate the results and cash flows of foreign operations.

Exchange differences arising on translating the results and net assets of foreign operations are taken to the translation reserve in equity until the disposal of the investment. The gain or loss in the income statement on the disposal of foreign operations includes the release of the translation reserve relating to the operation that is being sold.

(u) Investments

Investments are carried at fair value. A review takes place each year to check for indicators of impairment and where a subsequent remeasurement is required, this is recognised in the Statement of Comprehensive Income

Where it is deemed that the Group has a significant influence over the investment, then the investment will be accounted for as an associated undertaking under the equity method.

(v) Equity accounted investees

Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

(w) Government grants

Grant income is recognised when work has been performed to be able to support making a claim under the terms of the grant, which could be linked to performance obligations or other milestones. In relation to the Coronavirus Job Retention Scheme grant from the UK Government, this is recognised in the period to which the employee cost relates.

4 Critical Accounting Estimates and Judgements

The Group's accounting policies are set out in Note 3. The Directors consider that the key judgements and estimates made in the preparation of the consolidated financial statements are:

Estimates

Intangible fixed assets

On acquisition, the Company calculates the fair value of the net assets acquired. Due to the nature of the companies acquired, this often requires the recognition of additional intangible assets, specifically in relation to technology or customer relationships. The assessment of intangible assets acquired is necessarily judgemental and has been performed using a discounted cash flow model. Significant judgement has been applied in assessing the future revenues to be achieved from that acquisition, the growth rate of that revenue, the associated costs and the discount factor to be applied. In addition, management make estimates as to the useful economic life of the resulting intangible assets, based on their industry expertise. These estimates affect the amount of amortisation recognised in each financial year. Total intangible assets of £1.6m were recognised in respect of the acquisition of Flash Forward Consulting Limited completed in the year, and the net book value of all intangible assets is £51.7m at the end of the financial year.

Estimation uncertainty exists due to the possibility that actual results may vary significantly from expectations in future years. Annual reviews of the Group's intangible fixed assets are carried out, using commercial judgements to determine whether there is any evidence that the useful economic life is no longer appropriate, or whether there are impairment indicators relating to specific intangible assets due to changes in circumstance during the financial year in question.

Contingent consideration

Within the share purchase agreements for the acquisitions of Compass Informatics Limited, Cash & Traffic Management Limited, Bellvedi Limited, iBlocks Limited and Tracsis Travel Compensation Services Limited and Delay Repay Sniper Limited, are various provisions relating to the payment of contingent consideration which are linked to financial performance post acquisition. There is a degree of estimation uncertainty in calculating the fair value of the contingent consideration as it is dependent on the future profit performance which results from assumptions about revenues and costs of the acquired businesses, and each of which is subject to a separate share purchase agreement and basis

4 Critical Accounting Estimates and Judgements (continued)

for calculating contingent consideration. Each Share Purchase Agreement contains different provisions for calculating contingent consideration, timeframes over which it is calculated and payable, and therefore sensitivities regarding the total amount to be paid. Included within the balance sheet is a total amount of £7.9m, which is management's best estimates of the fair value of the amount payable in respect of all of the acquisitions which have a remaining contingent consideration liability. Further details on management's assessment of this, including sensitivities, is provided in note 21 to these financial statements.

Judgements

Revenue Recognition

Judgements have been taken in the application of IFRS 15 "Revenue from Contracts with Customer". Performance obligations have been identified based on the contracts in place with customers in the accounting period, and because certain contracts include multiple performance obligations. Consideration has subsequently been allocated to these performance obligations. A judgement has been taken by the Group as to whether the performance obligations and subsequent revenue recognition is at a point in time or over a period of time. The criteria under IFRS 15 to recognise revenue over time are judgemental and the Group assesses on a contract by contract basis whether these are met. This includes considering for individual contracts whether there is an enforceable right to payment for work completed to date. There are judgements taken in allocating revenue recognised over time utilising the input and output methods under IFRS 15. Additionally judgements are made as to whether the performance obligation has been met prior to revenue being recognised.

Investments in Associates

Judgements have been taken in assessing the accounting for the investment in Vivacity Labs Limited applying IAS 28 Investment in Associates and Joint Ventures (2011). In the financial year the Group holding in Vivacity Labs Limited fell below 20% to 17.6%, however the Group continued to maintain a Board seat and take an active role in the future development of Vivacity Labs Limited. Considering the criteria set out in IAS 28 it was determined that the Group continues to exert significant influence over Vivacity Labs Limited and the investment continues to be accounted for using the equity method.

IFRS 16 Leases

Judgements have been taken in the application of IFRS 16 in assessing the existence of significant events (including the likelihood of break clauses being exercised by the Group) at the reporting date. Uncertainty existed at the end of the previous financial year due to the Covid-19 pandemic and a judgement was made by management that break clauses on certain properties would be utilised when calculating the IFRS 16 right of use asset and lease liabilities. These judgements have been re-assessed at 31 July 2021 with the increased certainty and lease modifications recognised where appropriate.

Right of Use Assets of £2.2m and Lease Liabilities of £2.1m have been included in the Balance Sheet at 31 July 2021.

5 Acquisitions and investments in the current year

On 26 February 2021 the Group acquired Flash Forward Consulting Limited ("FFC"), a UK based transport consultancy business that operates predominantly across the rail and bus sectors. It has a well established senior level network across the transport owning groups, local and central transport governing authorities and Network Rail and offers a range of strategic and practical technical consultancy services. The acquisition aligns with the strategic objective of the Group to expand the existing consultancy offering to customers across the transport industries. On completion of the acquisition FFC has been consolidated with the Group's existing Rail Consulting and Passenger Analytics businesses to form a new business unit "Tracsis Transport Consultancy" under the existing Tracsis Rail Consultancy Limited statutory entity.

The acquisition consideration comprised an initial cash payment of £1.1m to reflect the net current asset position of the business which was funded out of Tracsis cash reserves and the issue of shares in Tracsis to a value of £0.1m. Deferred consideration totalling £0.9m is payable in three equal instalments on the first, second and third anniversary of the acquisition. Additionally the sellers were allotted 10,225 "A" shares in Tracsis Rail Consultancy Limited which have an assessed fair value of £0.6m at the acquisition date. The "A" shares have full dividend and capital distribution rights attached but do not have any voting rights attached to them. "A" shares guarantee the holder a dividend each financial year.

5 Acquisitions and investments in the current year (continued)

The A ordinary shares are classified as financial liabilities due to the shares having no voting rights and the dividend rights attached to them. The financial liability is held at fair value with changes recognised in the profit and loss. The fair value of the A shares has been calculated with reference to discounted future cashflows from the Tracsis Transport Consultancy business unit which has been assessed as £590,000 at the acquisition date, which will be included at amortised cost going forward. The Group holds a call option to re-purchase the full amount of "A" shares for a pre-determined multiple of Profit before Tax from two years after the acquisition date, and which is accounted for at Fair Value through Profit and Loss (FVTPL).

The business is cash generative and debt free. In the period from acquisition to 31 July 2021 Flash Forward Consulting contributed revenue to the Group of £0.4m and pre tax profit of £36,000, before amortisation of associated intangible assets and exceptional deal costs. If the acquisition had occurred on 1 August 2020 management estimates that the contribution to Group revenue would have been £1.1m and Group pre tax profit for the period of £0.2m. The fair value of intangible assets will be assessed throughout the measurement period up to 12 months from the date of acquisition.

Pre-acquisition carrying amounts were determined based on applicable IFRSs, immediately prior to the acquisition. The values of assets and liabilities recognised on acquisition are the estimated fair values. The gross contractual amounts receivable for acquired receivables is consistent with fair value. Acquired receivables are expected to be collected in full following acquisition.

The goodwill that arose on acquisition can be attributed to a multitude of assets that cannot readily be separately identified for the purposes of fair value accounting.
The fair value adjustments arise in accordance with the requirements of IFRSs to recognise intangible assets acquired. In determining the fair values of intangible assets the Group has used discounted cash flow forecasts. The fair value of shares issued was based on market value at the date of issue. The Group incurred acquisition related costs of £0.1m which are included within administrative expenses.

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

	Pre-acquisition carrying amount	Fair value adjustments	Recognised value on acquisition
	£000	£000	£000
Intangible assets: Customer related intangibles	-	684	684
Tangible fixed assets	1	-	1
Cash and cash equivalents	1,269	-	1,269
Trade and other receivables	143	-	143
Trade and other payables	(157)	-	(157)
Income tax payable	(49)	-	(49)
Deferred tax liability	-	(130)	(130)
Net identified assets and liabilities	1,207	554	1,761
Goodwill on acquisition			954
			2,715

Consideration paid in cash	1,142
Consideration paid: fair value of shares issued	105
Present value of deferred consideration payable	878
Interest in Tracsis Rail Consultancy Limited	590
Total consideration	2,715

6 Revenue and Segmental analysis

a) Revenue

	2021 £000	2020 £000
Rail Technology & Services	**26,424**	23,441
Data, Analytics, Consultancy & Events	**23,813**	24,557
Total revenue	**50,237**	47,998

As reported in the Group's final results for the year ended 31 July 2020, the Group has been reorganised into a new segmental structure to better align with key areas of future growth. See note 6b for further details of this change. Comparative periods have been re-stated to reflect these segments.

Revenue can also be analysed as follows:

	2021 £000	2020 £000
Software and related services	**20,980**	18,840
Other	**29,257**	29,158
Total	**50,237**	47,998

Revenue to come from contracts entered into with performance obligations not fulfilled or only partially fulfilled amounted to £15.1m as at 31 July 2021, of which £8.9m is expected to be recognised within one year, and £6.2m after one year (£12.5m as at 31 July 2020, with £9.9m to be recognised within one year and £2.6m after one year).

Further information on revenue is provided below:

	2021 £000	2020 £000
Recognised over time	**12,180**	10,544
At a point in time	**14,244**	15,051
Rail Technology & Services	**26,424**	25,595
Recognised over time	**-**	-
At a point in time	**23,813**	22,403
Data, Analytics, Consultancy & Events / Traffic & Data Services	**23,813**	22,403
Recognised over time	**12,180**	10,544
At a point in time	**38,057**	37,454
Total revenue	**50,237**	47,998

Major customers

Transactions with the Group's largest customer represent 17% of the Group's total revenues (2020: 21%).

Geographic split of revenue

A geographical analysis of revenue is provided below:

	2021 £000	2020 £000
United Kingdom	**43,965**	41,529
Ireland	**5,449**	5,885
Rest of Europe	**338**	242
North America	**189**	57
Rest of the World	**296**	285
Total	**50,237**	47,998

6 Revenue and Segmental analysis (continued)

b) Segmental Analysis

As reported in the Group's final results for the year ended 31 July 2020, the Group has been reorganised into a new segmental structure in order to align with key areas of future growth. The Group has divided its results into two segments being 'Rail Technology & Services' and 'Data, Analytics, Consultancy & Events'. As a result of this change the results of one subsidiary entity are now presented within the Data, Analytics, Consultancy & Events segment which were previously presented in the Rail Technology & Services segment. Flash Forward Consulting Limited is included in 'Data, Analytics, Consultancy & Events'. The comparatives included in these financial statements have been re-stated to reflect the new segmental structure.

The Group has a wide range of products and services and products and services for the rail industry, such as software, hosting services, and remote condition monitoring, and these have been included within the Rail Technology & Services segment as they have similar customer bases (such as Train Operating Companies and Infrastructure Providers). Traffic data collection and event planning & traffic management, and data and analytics and consultancy offerings have similar economic characteristics and distribution methods and so have been included within the Data, Analytics, Consultancy & Events segment.

In accordance with IFRS 8 'Operating Segments', the Group has made the following considerations to arrive at the disclosure made in these financial statements. IFRS 8 requires consideration of the Chief Operating Decision Maker ("CODM") within the Group. In line with the Group's internal reporting framework and management structure, the key strategic and operating decisions are made by the Executive Directors, who review internal monthly management reports, budgets and forecast information as part of this. Accordingly, the Executive Directors are deemed to be the CODM.

Operating segments have then been identified based on the internal reporting information and management structures within the Group. From such information it has been noted that the CODM reviews the business as two operating segments, receiving internal information on that basis. The management structure and allocation of key resources, such as operational and administrative resources, are arranged on a centralised basis.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items
Information regarding the results of the reportable segments is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance. There are no material inter-segment transactions, however, when they do occur, pricing between segments is determined on an arm's length basis. Revenues disclosed below materially represent revenues to external customers.

	2021			
	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£000	£000	£000	£000
Revenues				
Total revenue for reportable segments	26,424	23,813	-	50,237
Consolidated revenue	26,424	23,813	-	50,237
Profit or loss				
EBITDA for reportable segments	9,059	3,919	-	12,978
Amortisation of intangible assets	-	-	(4,269)	(4,269)
Depreciation	(699)	(904)	-	(1,603)
Exceptional items (net)	-	-	(1,114)	(1,114)
Other operating income	-	-	440	440
Share-based payment charges	-	-	(1,276)	(1,276)
Interest payable (net)	(36)	(37)	(14)	(87)
Share of result of equity accounted investees	-	-	(434)	(434)
Consolidated profit before tax	8,324	2,978	(6,667)	4,635

6 Revenue and Segmental analysis (continued)
b) Segmental Analysis (continued)

Segmental Analysis prepared to 31 July 2020
As noted previously the segmental structure has changed from the previous financial year end. As a result of this change the results of one subsidiary entity are now presented within the Data, Analytics, Consultancy & Events which were previously presented in the Rail Technology & Services segment.

Presented below are the 2020 results split by this new segmental structure.

	2020			
	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£000	£000	£000	£000
Revenues				
Total revenue for reportable segments	23,441	24,557	-	47,998
Consolidated revenue	23,441	24,557	-	47,998
Profit or loss				
EBITDA for reportable segments	8,633	1,830	-	10,463
Amortisation of intangible assets	-	-	(3,599)	(3,599)
Depreciation	(589)	(1,293)	-	(1,882)
Exceptional items (net)	-	-	115	115
Other operating income	-	-	376	376
Share-based payment charges	-	-	(1,050)	(1,050)
Interest receivable/(payable) net	33	(36)	-	(3)
Share of result of equity accounted investees	-	-	(309)	(309)
Consolidated profit before tax	8,077	501	(4,467)	4,111

	2021			
	Rail Technology & Services	**Data, Analytics, Consultancy & Events**	**Unallocated**	**Total**
	£'000	**£000**	**£000**	**£000**
Assets				
Total assets for reportable segments (exc. cash)	**6,515**	**8,669**	**-**	**15,184**
Intangible assets and investments	**-**	**-**	**52,400**	**52,400**
Deferred tax assets	**-**	**-**	**551**	**551**
Cash and cash equivalents	**16,862**	**6,483**	**2,042**	**25,387**
Consolidated total assets	**23,377**	**15,152**	**54,993**	**93,522**
Liabilities				
Total liabilities for reportable segments	**(11,913)**	**(7,036)**	**(590)**	**(19,539)**
Deferred tax liabilities	**-**	**-**	**(8,517)**	**(8,517)**
Contingent consideration	**-**	**-**	**(7,909)**	**(7,909)**
Deferred Consideration	**-**	**-**	**(892)**	**(892)**
Consolidated total liabilities	**(11,913)**	**(7,036)**	**(17,908)**	**(36,857)**

6 Revenue and Segmental analysis (continued)
b) Segmental Analysis (continued)

	2020			
	Rail Technology & Services	Data, Analytics, Consultancy & Events	Unallocated	Total
	£'000	£000	£000	£000
Assets				
Total assets for reportable segments (exc. cash)	5,070	5,323	-	10,393
Intangible assets and investments	-	-	55,465	55,465
Deferred tax assets	-	-	877	877
Cash and cash equivalents	11,103	4,827	1,990	17,920
Consolidated total assets	16,173	10,150	58,332	84,655
Liabilities				
Total liabilities for reportable segments	(11,562)	(4,500)	-	(16,062)
Deferred tax	-	-	(8,234)	(8,234)
Contingent consideration	-	-	(7,334)	(7,334)
Consolidated total liabilities	(11,562)	(4,500)	(15,568)	(31,630)

Non current assets can be split as follows

	2021		
	UK	**Ireland**	**Total**
	£000	**£000**	**£000**
Non-current assets			
Property, plant and equipment	3,240	300	**3,540**
Intangible assets	48,116	3,629	**51,745**
Investments – equity	50	-	**50**
Investments in equity accounted investees	605	-	**605**

	2020		
	UK	Ireland	Total
	£000	£000	£000
Non-current assets			
Property, plant and equipment	3,482	99	3,581
Intangible assets	50,398	3,978	54,376
Investments – equity	50	-	50
Investments in equity accounted investees	1,039	-	1,039

7 Employees and personnel costs

	2021 £000	2020 £000
Staff costs:		
Wages and salaries	**21,834**	21,470
Social security contributions	**2,419**	2,223
Contributions to defined contribution plans	**804**	736
Equity-settled share based payment transactions	**1,276**	1,050
	26,333	25,479

Split:		
Cost of Sales	**7,031**	9,197
Administrative expenses	**19,302**	16,282
Total	**26,333**	25,479

Average number of permanent staff	**434**	449
Average number of casual staff (full time equivalents)	**124**	308
	558	757

The staff number calculation above takes account of the Group's permanent members of staff, and also takes account of a large number of casual employees that are used, and includes a 'full time equivalent' number in respect of them.

Included within the staff costs are claims made under the furlough scheme totalling £884,000 (2020: £2,369,000).

The directors' remuneration and share options are detailed within the Directors' Remuneration Report on pages 38 to 40. Total directors' remuneration, including bonus and pension contributions was £795,000 (2020: £634,000). The aggregate remuneration of the highest paid director was £392,000 (2020: £300,000). The highest paid director did not exercise any share options during the year. No directors (2020: nil) exercised share options during the year. Two directors (2020: one) currently participate in the long term incentive plan. One director (2020: one) receives employer pension contributions into a personal pension scheme. Directors of the Company control 0.02% of the voting shares of the company (2020: 0.6%). Details of other key management personnel are disclosed in note 27.

8 Share based payments

The Group has various share option schemes for its employees.

EMI Share options

Options are exercisable at a price agreed at the date of grant. The vesting period is usually between one and five years. The exercise of options is dependent upon eligible employees meeting performance criteria. The options are settled in equity once exercised. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest. This scheme is no longer open to new participants.

Discounted EMI Share options

In August 2012, the Group implemented a new EMI share option scheme, resulting in discounted EMI share options being issued to staff instead of cash bonuses, provided certain predetermined performance criteria were met for both the overall Group, and the part of the business the employee directly works in. This scheme was made available to all staff. Staff were also able to exchange an element of annual salary in return for share options. The vesting period is three years. The options are settled in equity once exercised. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest. This scheme is no longer open to new participants.

8 Share based payments (continued)

Unapproved Share options
In August 2015, the Group implemented a revised share option scheme, resulting in discounted unapproved share options being issued to staff instead of cash bonuses, provided certain predetermined performance criteria were met for both the overall Group, and the part of the business the employee directly works in. This scheme was made available to all UK-based staff except for Directors. Staff are also able to exchange an element of annual salary in return for share options. The vesting period is three and a half years. The options are settled in equity once exercised. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest. Employees are liable for settling income tax and national insurance liabilities arising from the exercise of options.

Directors' scheme
Directors were not entitled to take part in the 2015 to 2020 staff schemes and a revised scheme was implemented by the Remuneration Committee. Details of this scheme are provided in the Directors Remuneration Report.

Details of the schemes are given below:

Grant date Staff schemes	Employees entitled	Number of options	Performance conditions	Exercise price (p)	Earliest exercise date	Expiry date
02/08/2012	3	5,867	Time served	0.40	02/08/2013 (1)	02/08/2022
02/08/2012	2	20,000	Time served	123.0	02/02/2013 (2)	02/08/2022
08/01/2013	1	2,500	Time served	159.0	08/07/2013 (2)	08/01/2023
28/01/2013	1	65,000	Time served	155.5	28/07/2013 (2)	28/01/2023
01/08/2013	2	4,501	Time served	162.5	01/02/2014 (2)	01/08/2023
01/08/2013	2	1,616	Time served	0.40	01/08/2014 (1)	01/08/2023
01/08/2014	11	34,796	Time served	0.40	01/08/2015 (1)	01/08/2024
01/08/2015	26	46,167	Time served	0.40	01/08/2016 (3)	01/08/2025
25/09/2015	10	24,600	Time served	0.40	25/09/2016 (3)	25/09/2025
01/12/2015	5	41,188	Time served	0.40	01/12/2016 (3)	01/12/2025
01/08/2016	30	112,641	Time served	0.40	01/08/2017 (3)	01/08/2026
01/08/2017	25	54,334	Time served	0.40	01/08/2018 (3)	01/08/2027
01/08/2018	63	103,884	Time served	0.40	01/08/2019 (3)	01/08/2028
16/01/2019	11	56,743	Time served	0.40	16/01/2020 (3)	16/01/2029
01/05/2019	7	40,075	Time served	0.40	01/05/2023 (4)	01/05/2029
01/08/2019	66	105,963	Time served	0.40	01/08/2020 (3)	01/08/2029
01/08/2020	105	212,477	Time served	0.40	01/08/2021 (3)	01/02/2030
Directors' schemes (5)						
01/05/2019	1	21,417	Time served	0.40	04/02/2022	04/02/2029
02/12/2019	1	38,961	EPS and TSR	0.40	02/12/2022	02/12/2029
29/12/2020	1	40,891	EPS and TSR	0.40	29/12/2023	29/12/2030
01/02/2021	1	7,692	Time served	0.40	01/02/2024	01/02/2031
05/02/2021	1	13,482	EPS and TSR	0.40	05/02/2024	05/02/2031
Outstanding		**1,054,795**				

(1) Vesting dates for these options are linked to time served, and were awarded based on certain performance conditions being met, and in exchange for an annual cash bonus. The full vesting is achieved over a 3 year period, with various forfeit/reductions if exercise takes place sooner

(2) Vesting dates for these options are: 10% vest six months after grant date, 15% vest 12 months after grant date, 15% vest 18 months after grant date, 15% vest 24 months after grant date, 20% vest 30 months after grant date, 25% vest 36 months after grant date.

(3) Vesting dates for these options are linked to time served, and were awarded based on certain performance conditions being met, and in exchange for an annual cash bonus. The full vesting is achieved over a 3.5 year period, with various forfeit/reductions if exercise takes place sooner

(4) Vesting of these options are linked to time served and also the financial performance of Bellvedi Limited which was acquired in 2019

(5) Details of EPS and TSR are disclosed in the Directors remuneration report

8 Share based payments (continued)

The number and weighted average exercise price of share options are as follows:

	2021 Number	**2021 Weighted Average Exercise Price**	2020 Number	2020 Weighted Average Exercise Price
Outstanding at 1 August	**978,469**	**17.0p**	1,035,892	18.9p
Granted	**275,668**	**0.4p**	155,468	0.4p
Lapsed	**(5,912)**	**0.4p**	(31,847)	0.4p
Exercised	**(193,430)**	**14.9p**	(181,044)	16.4p
Outstanding at 31 July	**1,054,795**	**13.2p**	978,469	17.0p
Exercisable at 31 July	**543,821**	**25.5p**	608,938	27.4p

Share options were exercised at numerous points in the year, and the average share price for the year ended 31 July 2021 was 695p (2020: 634p).

The share options outstanding at the end of the year have a weighted average remaining contractual life of 6.5 years (2020: 6.4 years).

Fair value assumptions of share based payment charges

The estimate of the fair value of share based awards is calculated using the Black-Scholes option pricing model. The following assumptions were used on options granted in the year:

Options granted on	01/08/2020	29/12/2020	01/02/2021	05/02/2021
Share price at date of grant	575.0p	630.0p	650.0p	640.0p
Exercise price	0.4p	0.4p	0.4p	0.4p
Vesting period (years)	3.5	3.0	3.0	3.0
Expected volatility	30%	30%	30%	30%
Option life (years)	10	10	10	10
Expected life (years)	10	10	10	10
Risk-free rate	3.5%	3.5%	3.5%	3.5%
Expected dividends expressed as a dividend yield	-	-	-	-

The expected volatility is based on the historic volatility of the Company's share price. An assessment of the likelihood of market conditions being achieved is made at the time that the options are granted. The fair value of the options granted in the year was 587p per share.

8 Share based payments (continued)

Charge to the income statement

	2021 £000	2020 £000
Share based payment charges	**1,276**	1,050

9 Operating profit

9.1 Operating profit is stated after charging/(crediting):

	2021 £000	2020 £000
Depreciation of property, plant and equipment - owned	**560**	870
Depreciation of property, plant and equipment – leased (including right of use assets)	**1,043**	1,012
Total depreciation of property, plant and equipment (note 14)	**1,603**	1,882
Total amortisation (note 15)	**4,269**	3,599
Profit on disposal of plant and equipment	**(46)**	(12)
Operating lease rentals: Land and buildings *	**53**	40
Operating lease rentals: Motor Vehicles*	**50**	-
Operating lease rentals: Plant & machinery *	**1**	1
Total operating lease rentals	**104**	41
Research and development expenditure expensed as incurred	**3,383**	3,048
Grants received:		
Government grants	**(625)**	(322)
Coronavirus Job Retention Scheme **	**(884)**	(2,369)

* Operating lease rentals in 2021 and 2020 relate to items for which the recognition and measurement exemptions have been taken available within IFRS 16

**Of the total amount of £0.9m (2020: £2.4m) received, £nil (2020: £1.7m) was paid directly to casual labour leaving a balance of £0.9m (2020: £0.7m) which is deemed to be true support to the Income Statement regarding permanent employees.

9.2 Auditor's remuneration:

	2021 £000	2020 £000
Audit of these financial statements	**72**	65
Amounts receivable by auditors and their associates in respect of:		
- Audit of financial statements of subsidiaries pursuant to legislation	**153**	135
- Other services	**5**	-

9 Operating profit (continued)

9.3 Exceptional items:

The Group incurred a number of exceptional items in 2021 and 2020 which are analysed as follows:

	2021 £000	2020 £000
Impairment losses		
Non cash:		
Goodwill and investment impairment	-	1,155
Total impairment losses	-	1,155
Other		
Non cash:		
Contingent consideration fair value adjustment	327	(1,475)
Unwind of discounting of contingent consideration	658	-
Cash:		
Legal and professional fees in respect of acquisitions	129	205
Total other	1,114	(1,270)
Total exceptional items	1,114	(115)

Split	2021 £000	2020 £000
Non cash	985	(320)
Cash	129	205
Total	1,114	(115)

2021

During 2021 the Group acquired Flash Forward Consulting Limited and incurred exceptional deal related costs totalling £129,000 in relation to this. A net exceptional charge of £327,000 has also been recognised in the year to increase the assessed fair value of the contingent consideration based on future expectations of performance of the entities. The increase in the fair value of contingent consideration payable principally reflects an increased pipeline of software contract opportunities, partly offset by some extension of procurement cycles from certain customers. Unwind of discounting of contingent consideration totalling £0.7m was completed in the year. Contingent consideration at 31 July 2021 has been discounted at 12% (31 July 2020: 12%). A breakdown of the remaining fair value of contingent consideration by acquisition is included in note 21. These costs are deemed to be exceptional items due to the size and volatility of the items which can vary significantly from year to year.

2020

In the previous financial year the Group incurred £205,000 of costs relating to the acquisition of iBlocks Limited. In addition, the Group reviewed the carrying value of the investment in Citi Logik Limited and concluded it was impaired, and as such a loss of £300,000 was recognised. A further impairment charge of £855,000 was also made against the remaining intangible assets of Tracsis Travel Compensation Services Limited. During the year, an exceptional credit of £1,475,000 was recognised due to a change in accounting estimate arising from the review of the assumptions of the fair value of the contingent consideration relating to recent acquisitions. The overall level of contingent consideration payable was assessed as being lower than in previous years due to reduced profit expectations and also using a higher discount rate, given the impact of Covid-19.

9.4 Other operating income:

The Group does not qualify as a SME for R&D purposes and as such is governed by the large company 'above the line' credit in respect of research and development costs for Corporation Tax purposes. This amounted to £440,000 in 2021 (2020: £376,000).

10 Finance income

	2021 £000	2020 £000
Interest received on bank deposits	7	73
Interest on Lease receivable	4	3
	11	76

11 Finance expense

	2021 £000	2020 £000
Interest on Lease liabilities	74	73
Net foreign exchange loss	10	6
Unwind of discount of Deferred Consideration	14	-
Total finance expense	98	79

12 Taxation

Recognised in the income statement

	2021 £000	2020 £000
Current tax expense		
Current year	1,850	1,484
Adjustment in respect of prior periods	(48)	(81)
Total current tax	1,802	1,403
Deferred tax		
Current year		
Origination and reversal of temporary differences	(1,144)	(827)
Rate changes	1,673	557
Adjustment in respect of prior periods	(52)	101
Total deferred tax	477	(169)
Total tax in income statement	2,279	1,234

Reconciliation of the effective tax rate

	2021 £000	2021 %	2020 £000	2020 %
Profit before tax for the period	4,635	100.0	4,111	100.0
Expected tax charge based on the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	881	19.0	781	19.0
Expenses not deductible for tax purposes	(251)	(5.4)	17	0.4
Rate changes	1,673	36.1	557	13.5
Adjustments in respect of previous years	(100)	(2.2)	20	0.5
Overseas tax not at 19%	(79)	(1.7)	(82)	(2.0)
Trading losses carried forward	77	1.7	-	-
Other movements	78	1.7	(59)	(1.4)
Total tax expense	2,279	49.2	1,234	30.0

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Group's future current tax charge accordingly. The net deferred tax liability has been calculated at the rate that it is anticipated to unwind either 19% or 25% (2020: 19%). The group has carried forward tax losses at the year end totalling £0.9m (2020: £1.2m) which are anticipated to be offset against future taxable profits. There are no unrecognised tax losses carried forward.

13 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 July 2021 was based on the profit attributable to ordinary shareholders of £2,356,000 (2020: £2,877,000) and a weighted average number of ordinary shares in issue of 29,229,000 (2020: 28,919,000), calculated as follows:

Weighted average number of ordinary shares

In thousands of shares

	2021	2020
Issued ordinary shares at 1 August	**29,122**	28,749
Effect of shares issued related to business combinations	**7**	76
Effect of shares issued for cash	**100**	94
Weighted average number of shares at 31 July	**29,229**	28,919

Diluted earnings per share

The calculation of diluted earnings per share at 31 July 2021 was based on profit attributable to ordinary shareholders of £2,356,000 (2020: £2,877,000) and a weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares of 30,131,000 (2020: 29,740,000):

Adjusted EPS

In addition, Adjusted Profit EPS is shown below on the grounds that it is a common metric used by the market in monitoring similar businesses. These figures are relevant to the Group and are provided to provide a comparison to similar businesses and are metrics used by Equities Analysts who cover the Group. The largest components of the adjusting items, being amortisation, and share based payment charges are deemed to be 'non cash' in nature, and therefore excluded in order to assist with the understanding of underlying trading. A reconciliation of this figure is provided below. The Group has also presented an 'Adjusted Profit' metric as detailed in note 31, with the key difference between the numbers presented below, and those disclosed in note 31 being the income tax charge.

	2021 £'000	2020 £'000
Profit after tax	**2,356**	2,877
Amortisation of intangible assets	**4,269**	3,599
Share-based payment charges	**1,276**	1,050
Exceptional items (net)	**1,114**	(115)
Other operating income	**(440)**	(376)
Tax impact of adjusting items	**746**	(55)
Adjusted profit for EPS purposes	**9,321**	6,980

Weighted average number of ordinary shares

In thousands of shares

For the purposes of calculating Basic earnings per share	**29,229**	28,919
Adjustment for the effects of all dilutive potential ordinary shares	**902**	821
For the purposes of calculating Dilutive earnings per share	**30,131**	29,740

Basic adjusted earnings per share	**31.89p**	24.14p
Diluted adjusted earnings per share	**30.93p**	23.47p

14 Property, plant and equipment

	Land & Buildings £000	Motor Vehicles £000	Computer equipment £000	Plant, machinery, fixtures & fittings £000	Total £000
Cost					
At 1 August 2019	400	1,458	1,953	2,306	6,117
Arising on initial adoption of IFRS 16	1,206	-	-	96	1,302
Additions	443	196	155	251	1,045
Arising on acquisition	459	-	2	31	492
Disposals	-	(195)	(201)	(280)	(676)
At 31 July 2020	2,508	1,459	1,909	2,404	8,280
Lease Modifications	644	-	-	-	644
Additions	356	233	194	176	959
Arising on acquisition	-	-	1	-	1
Disposals	-	(426)	(1)	(39)	(466)
Exchange adjustment	-	-	(6)	-	(6)
At 31 July 2021	3,508	1,266	2,097	2,541	9,412
Depreciation					
At 1 August 2019	105	485	1,517	1,332	3,439
Charge for the year	736	420	241	485	1,882
Disposals	-	(143)	(200)	(279)	(622)
At 31 July 2020	841	762	1,558	1,538	4,699
Charge for the year	814	251	223	315	1,603
Disposals	-	(400)	-	(24)	(424)
Exchange adjustment	-	-	(6)	-	(6)
At 31 July 2021	1,655	613	1,775	1,829	5,872
Net book value					
At 1 August 2019	295	973	436	974	2,678
At 31 July 2020	1,667	697	351	866	3,581
At 31 July 2021	**1,853**	**653**	**322**	**712**	**3,540**

Additional information on Right of Use Assets included in the total property, plant and equipment balance is provided below.

14 Property, plant and equipment (continued)

	Land & Buildings	Plant & Machinery	Total Right of Use asset
	£000	£000	£000
Cost			
At 1 August 2020	2,109	1,054	3,163
Lease Modifications	644	-	644
Additions	356	203	559
Disposals	-	(114)	(114)
Transfer to ownership	-	(32)	(32)
At 31 July 2021	3,109	1,111	4,220
Depreciation			
At 1 August 2020	714	428	1,142
Charge for the year	798	245	1,043
Disposals	-	(104)	(104)
Transfer to ownership	-	(20)	(20)
At 31 July 2021	1,512	549	2,061
Net book value			
At 31 July 2020	1,395	626	2,021
At 31 July 2021	**1,597**	**562**	**2,159**

Lease modifications have arisen due to the re-assessment of the lease term in the financial year following decisions in the year to renew five leases at the break clause date.

15 Intangible assets

	Goodwill	Customer related intangibles	Technology related intangibles	Total
	£000	£000	£000	£000
Cost				
At 1 August 2019	4,741	32,135	11,498	48,374
Arising on acquisition	7,109	3,990	8,919	20,018
At 31 July 2020	11,850	36,125	20,417	68,392
Arising on acquisition	954	684	-	1,638
At 31 July 2021	12,804	36,809	20,417	70,030
Amortisation and impairment				
At 1 August 2019	623	6,448	2,491	9,562
Impairment charge	-	386	469	855
Charge for the year	-	2,278	1,321	3,599
At 31 July 2020	623	9,112	4,281	14,016
Charge for the year	-	2,263	2,006	4,269
At 31 July 2021	623	11,375	6,287	18,285
Carrying amounts				
At 1 August 2019	4,118	25,687	9,007	38,812
At 31 July 2020	11,227	27,013	16,136	54,376
At 31 July 2021	**12,181**	**25,434**	**14,130**	**51,745**

15 Intangible assets (continued)

The following carrying values of intangible assets arising from the acquisitions that the Group has completed in the current and previous years are analysed into the following cash generating units:

	Goodwill		Customer related intangibles		Technology related intangibles	
	2021	2020	**2021**	2020	**2021**	2020
	£000	£000	**£000**	£000	**£000**	£000
Rail Operations[1]	**495**	495	**2,094**	2,263	**463**	629
Bellvedi Limited	**40**	40	**3,912**	4,135	**3,682**	4,148
MPEC Technology Limited	**269**	269	**628**	691	**-**	56
Ontrac Technology Limited	**602**	602	**9,671**	10,346	**606**	746
iBlocks Limited	**7,109**	7,109	**3,487**	3,753	**7,841**	8,733
Tracsis Travel Compensation Services Limited & Delay Repay Sniper Limited	**-**	-	**616**	678	**656**	823
Tracsis Traffic Data Limited	**390**	390	**291**	462	**-**	-
Event Traffic Management[2]	**587**	587	**1,923**	2,244	**-**	-
Compass Informatics Limited	**1,021**	1,021	**1,725**	1,956	**882**	1,001
Transport Consultancy[3]	**1,668**	714	**1,087**	485	**-**	-
	12,181	11,227	**25,434**	27,013	**14,130**	16,136

(1) Comprises Safety Information Systems Limited and Datasys Integration Limited

(2) Comprises SEP Limited and Cash & Traffic Management Limited

(3) Comprises Tracsis Rail Consultancy Limited, Tracsis Passenger Analytics Limited and Flash Forward Consulting Limited

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

	2021	2020
	£000	£000
Administrative expenses	**4,269**	3,599

Customer related intangibles and technology related intangibles are amortised over their useful life, which is the period during which they are expected to generate revenue. Customer related intangibles have between 2 and 17 years left to amortise. Technology related intangibles have between 3 and 9 years remaining to amortise.

The majority of technology related intangibles relates to six brands of software that have been acquired in past acquisitions. These are named in the annual report and accounts.

In accordance with the requirements of IAS36 “Impairment of Assets”, goodwill is allocated to the Group’s cash generating units (CGUs) which are expected to benefit from the combination. CGUs are not larger than the operating segments of the Group. Each CGU is assessed for impairment annually or whenever there is a specific indicator of impairment.

As part of the annual impairment test review, the carrying value of goodwill has been assessed with reference to value in use over a projected period of three years together with a terminal value. This reflects the projected cash flows of the CGU based on the actual operating results, the most recent Board approved Budget and management projections.

15 Intangible assets (continued)

	2021	2020
Long term growth rate	**2.0%**	1.0%
Discount rate	**12%**	12%

The key assumptions on which the value in use calculations are based relate to business performance over the next three years, long-term growth rates beyond 2024 and the discount rates applied. The key judgements are the level of revenue and margins anticipated and the proportion of operating profit converted into cash flow in each year. Forecasts are based on past experience and take into account current and future market conditions and opportunities.

Sensitivities of reasonably possible changes have been considered for each CGU as below, resulting in the carrying amount not exceeding the recoverable amount for each CGU:

- a 1% point increase in the discount rate
- a 1% point reduction in the long term growth rate

The discount rate applied would need to increase by more than 2% points before the carrying amount would not exceed the recoverable amount in any CGU.
The CGU that is most sensitive to changes in key assumption is iBlocks. Were the discount rate to increase by 2.5% points, this would lead to an impairment of £0.7m. For this same CGU cash flows would need to reduce by more than 18% from those forecast before its carrying amount would exceed the recoverable amount Management do not consider either scenario to be reasonably possible.

16 Investments

The Group has made investments in Vivacity Labs Limited, Citi Logik Limited and Nutshell Software Limited.
The carrying value of the investments is detailed below:

	% held At 31 July 2021	**2021 £000**	2020 £000
Investments- Equity			
Citi Logik Limited	14.9%	**50**	50
Investments in equity accounted investees			
Nutshell Software Limited	23.4%	**57**	217
Vivacity Labs Limited	17.6%	**548**	822
		655	1,089

In assessing the fair value of the investment in Citi Logik in the previous financial year, the Directors reduced the balance by £300,000.

During the financial year, Vivacity Labs Limited secured additional funding through the issue of A preferred shares. The Group did not subscribe for any of these newly issued preferred shares. This reduced the overall holding of the Group in Vivacity Labs Limited to 17.6% at the year end date. The Group continues to account for the investment as an associate despite the holding falling below 20% of the overall issued share capital as the Group has demonstrated that it continues to exert significant influence over Vivacity Labs Limited using the criteria set out in IAS 28 including, but not limited, to the maintenance of a Board seat.

Nutshell Software Limited continues to be accounted for as an equity accounted investee by virtue of the fact that the Group has a shareholding exceeding 20% of the issued share capital and continues to have significant influence over Nutshell Software Limited.

16 Investments (continued)

The Group's share of the loss of Nutshell Software Limited and Vivacity Labs Limited can be summarised as follows:

	2021	2020	Prior years	**Total**
	£000	£000	£000	**£000**
Nutshell Software Limited	**(160)**	(144)	(139)	**(443)**
Vivacity Labs Limited	**(274)**	(165)	(313)	**(752)**
	(434)	(309)	(452)	**(1,195)**

Summary financial information in respect of each Company is as follows:

Name	Date of last signed accounts	Revenue	Loss after tax	Net assets/ (liabilities)
		£000	£000	£000
Nutshell Software Limited	30 September 2020	242	(684)	(1,661)
Vivacity Labs Limited	31 December 2020	4,634	(1,447)	4,705

17 Inventories

	2021	2020
	£000	£000
Raw materials & work in progress	**83**	96
Finished goods	**298**	334
	381	430

The value of inventories expensed in the period in cost of sales was £1,585,000 (2020: £1,352,000). Provision is made for slow moving and obsolete stock on a line by line basis. The value of any write downs/reversals in the current and previous period was not material.

18 Lease Liabilities

	2021	2020
	£000	£000
Due within one year	**928**	1,128
Due after more than one year:		
Between one and two years	**754**	612
Between two and five years	**377**	374
Total due after more than one year	**1,131**	986
Total obligation	**2,059**	2,114

A reconciliation of the obligation is stated below.

	2021	2020
	£000	£000
At 1 August	**2,114**	562
Arising on adoption of IFRS 16	**-**	1,386
Lease modifications	**644**	-
New contracts	**561**	796
Arising on acquisition	**-**	459
Total cash outflow	**(1,334)**	(1,089)
Interest	**74**	-
At 31 July	**2,059**	2,114

18 Lease Liabilities (continued)

For new leases entered into in the year, the discount rate has been calculated as the incremental borrowing rate available to the Group at the date of the lease commencement. The range of incremental borrowing rates utilised to value the leases existing at the end of the year is 2.6% to 2.7% (2020: 2.6% to 2.7%)

Future minimum lease payments at 31 July 2021 were as follows:

	Carrying amount	Contractual cash flows	Less than one year	One to Two years	Two to Five years
	£000	£000	£000	£000	£000
2021	**2,059**	**2,105**	**985**	**632**	**488**
2020	2,114	2,190	1,172	633	385

Lease Payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2021	2020
	£000	£000
Short-term leases	**103**	40
Leases of low value assets	**1**	1
Total	**104**	41

19 Trade and other receivables

	2021	2020
	£000	£000
Trade receivables	**8,874**	4,387
Other receivables and prepayments	**2,290**	1,868
Lease receivable	**99**	127
	11,263	6,382

Although the Group has a large number of customers, there is a concentration of risk in that the Group derives a large amount of revenue from one major customer as detailed in note 6 (2021: 17% of revenue, 2020: 21% of revenue), though there are no concerns over the credit worthiness of the customer. In other cases, where one customer represents a significant proportion of overall revenue, the relationship consists of a large number of small contracts which are not considered to be interdependent.

The fair values of trade and other receivables are approximately the same as their book values.

The expected credit loss for Group trade receivables is immaterial.

The other classes within trade and other receivables do not contain impaired assets.

20 Trade and other payables

	2021 £000	2020 £000
Trade payables	**1,173**	883
Other tax and social security	**2,644**	1,681
Contract liabilities	**8,085**	7,809
Accruals and other payables	**4,515**	3,136
Financial liability	**590**	-
	17,007	13,509

The Directors consider that the carrying amounts of trade payables approximates to their fair value.
Contract liabilities relates to consideration received in advance of the completion of the associated performance obligation. Revenue recognised in the reporting period that was included in the contract liability balance at beginning of the year totalled £6,079,000 (2020: £6,789,000).

Financial liabilities are valued at fair value through the profit and loss (FVTPL). The instrument has arisen on the acquisition of Flash Forward Consulting Limited (see note 5 for further detail) and is in relation to A shares issued in Tracsis Rail Consultancy, which have no voting rights attached to them, and guarantee the holder a dividend each financial year. There is a call option held by the Group which allows for the re-purchase of the full amount of A shares at a pre-determined multiple of Profit before Tax from two years after the acquisition date.

21 Contingent and deferred consideration

a. Contingent consideration

During the previous financial year, the Group acquired iBlocks Limited. Under the share purchase agreement in place for this acquisition, contingent consideration is payable which is linked to the profitability of the acquired business for a three year period post acquisition and the signing of certain contracts currently under negotiation. The maximum amount payable is £8.5m, and the fair value of the amount payable was assessed at £2.8m at the year end date.
In 2019, the Group acquired Cash & Traffic Management Limited, Compass Informatics Limited and Bellvedi Limited. Under the share purchase agreements for each of these companies, contingent consideration is payable which is linked to the profitability of the acquired businesses over a two to four year period post acquisition. The maximum amount payable is £750,000 for Cash & Traffic Management Limited, €2,000,000 for Compass Informatics Limited and £7,900,000 for Bellvedi Limited. The fair value of the amount payable was assessed at £253,000 for Cash & Traffic Management Limited, £462,000 for Compass Informatics Limited and £4,357,000 for Bellvedi Limited.
During the financial year, contingent consideration of £410,000 was paid in respect of the Compass Informatics Limited acquisition which was made in year ended 31 July 2019 (2020: £332,000), £nil in respect of the Cash & Traffic Management Limited acquisition which was made in year ended 31 July 2019 (2020: £491,000), £nil in respect of the Bellvedi Limited acquisition which was made in the year ended 31 July 2019 (2020: £57,000), and £nil (2020: £348,000) in respect of the acquisition of Tracsis Travel Compensation Services Limited and Delay Repay Sniper Limited which was made in the year ended 31 July 2018.

As detailed in note 9.3, a net exceptional charge of £327,000 was recognised, following a review of the assumptions of the fair value of the contingent consideration as at 31 July 2021. At the balance sheet date, the Directors assessed the fair value of the remaining amounts payable which were deemed to be as follows

	2021 £000	2020 £000
Tracsis Travel Compensation Services Limited & Delay Repay Sniper Limited	**-**	88
Cash & Travel Management Limited	**253**	112
Compass Informatics Limited	**462**	681
Bellvedi Limited	**4,357**	3,193
iBlocks Limited	**2,837**	3,260
	7,909	7,334

21 Contingent and deferred consideration (continued)

The Group has made numerous acquisitions over the past few years and carries contingent consideration payable in respect of them, which is considered to be a 'Level 3 financial liability' as defined by IFRS 13. These are carried at fair value, which is based on the estimated amounts payable based on the provisions of the Share Purchase Agreements which specify the specific arrangements and calculations relating to each acquisition. This involves assumptions about future profit forecasts, which results from assumptions about revenues and costs, and is discounted back to the present value using an appropriate discount rate and an estimate of when it is expected to be payable. A range of outcomes is considered, and a probability/likelihood weighting is applied to each of them in order to produce a weighted assessment of the amount payable.

The Group has considered multiple profit related scenarios in estimating the fair value of contingent consideration payable in the future. In all cases, contingent consideration payable could range from zero to the maximum amount included in the Share Purchase Agreements as detailed in this note and also note 5. Each Share Purchase Agreement contains different provisions for calculating contingent consideration, timeframes over which it is calculated and payable, and therefore sensitivities regarding the total amount to be paid. Contingent consideration in respect of Cash & Traffic Management Limited was paid in October 2021 totalling £0.3m. In respect of Compass Informatics Limited, Bellvedi Limited and iBlocks Limited a change in the estimated profit of 10% would result in a change in the fair value of contingent consideration of £1.1m.

The movement on contingent consideration can be summarised as follows:

	2021 £000	2020 £000
At the start of the year	7,334	6,183
Arising on acquisition (note 5)	-	3,854
Cash payment	(410)	(1,228)
Fair value adjustment to Statement of Comprehensive Income	327	(1,475)
Unwind of discounting	658	-
At the end of the year	7,909	7,334

The ageing profile of the remaining liabilities can be summarised as follows:

	2021 £000	2020 £000
Payable in less than one year	4,689	1,747
Payable in more than one year	3,220	5,587
Total	7,909	7,334

b. Deferred consideration

The Group acquired Flash Forward Consulting Limited on 26 February 2021. As part of this acquisition cash consideration totalling £945,000 is payable in three equal instalments on the 1st, 2nd and 3rd anniversary of the acquisition date. At acquisition the present value of this deferred consideration was assessed as £878,000 discounted using a rate of 3.75%. At 31 July 2021 the present value of this deferred consideration is £892,000. The movement on deferred consideration can be summarised as follows:

	2021 £000	2020 £000
At the start of the year	-	-
Arising on acquisition (note 5)	878	-
Unwind of discounting	14	-
At the end of the year	892	-

21 Contingent and deferred consideration (continued)

The ageing profile of the remaining liabilities can be summarised as follows:

	2021 £000	2020 £000
Payable in less than one year	**308**	-
Payable in more than one year	**584**	-
Total	**892**	-

22 Deferred tax

Non-current liability/(asset)	Intangible assets £000	Accelerated capital allowances £000	Share options £000	Other £'000	Total £000
At 31 July 2019	5,859	83	(562)	(105)	5,275
Arising on acquisition	2,453	-	-	(202)	2,251
(Credit)/charge to statement of comprehensive income (note 12)	(112)	(49)	(72)	64	(169)
At 31 July 2020	8,200	34	(634)	(243)	7,357
Arising on acquisition (note 5)	132	-	-	-	132
Charge/(credit) to statement of comprehensive income (note 12)	1,140	22	(683)	(2)	477
At 31 July 2021	**9,472**	**56**	**(1,317)**	**(245)**	**7,966**

The net deferred tax liability has been calculated at the rate that it is anticipated to unwind either 19% or 25% (2020: 19%).

This is presented on the Balance Sheet as follows within non-current assets and liabilities.

	2021 £000	2020 £000
Deferred tax assets	**(551)**	(877)
Deferred tax liabilities	**8,517**	8,234
Net liability per table above	**7,966**	7,357

23 Share capital

	2021 Number	2021 £	2020 Number	2020 £
Allotted, called up and fully paid:				
Ordinary shares of 0.4p each	**29,332,177**	**117,329**	29,122,548	116,490

The following share transactions have taken place during the year ended 31 July 2021:

	2021 Number	2020 Number
At start of the year	**29,122,548**	28,748,578
Issued as consideration for business combinations	**16,199**	192,926
Exercise of share options (Note 8)	**193,430**	181,044
At end of the year	**29,332,177**	29,122,548

During the year, a number of options were exercised from the schemes with exercise price varying from 0.4p to 162.5p – all took place at either the nominal value or above the nominal value

24 Capital and reserves

The following describes the nature and purpose of each reserve:

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value
Share premium	Amount subscribed for share capital in excess of nominal value
Merger reserve	Amounts arising from the premium of the fair value of shares issued over their nominal value, in respect of certain business combinations
Retained earnings	Cumulative net profits recognised in the income statement. The share based payment reserve which was previously shown separately was incorporated into retained earnings during a previous year.
Translation reserve	Translation differences on retranslation of Irish subsidiary

26 Financial risk management

The principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments, such as trade receivables and payables that arise directly from its operations. The fair values of the financial assets are approximately equal to their year end carrying values and represent the maximum exposure to credit risk.

Financial Assets	2021 £000	2020 £000
Cash and short term deposits (1)	**25,387**	17,920
Trade Receivables (1)	**8,874**	4,387
Investments in Equity and Debt instruments (3)	**50**	50
Lease Receivable (4)	**99**	127
	34,410	22,484

Cash and short term deposits at 31 July 2021 are held in bank accounts with a floating rate of interest. This is consistent with cash and short term deposits held at 31 July 2020.

Financial Liabilities	2021 £000	2020 £000
Trade and Other Payables (1)	**5,688**	4,019
Contingent Consideration (2)	**7,909**	7,334
Financial Liabilities (2)	**590**	-
Deferred Consideration (4)	**892**	-
Lease Liabilities (4)	**2,059**	2,114
	17,138	13,467

The Group had no derivative contracts in either the current or previous year. It is policy that no trading in financial instruments should be undertaken. The surplus cash balances have been invested in deposit accounts.

1. Items are measured at amortised cost. There are no significant financing components and short-term in nature.
2. Measured at fair value with changes through the Income Statement
3. Investments in equity measured at fair value, investments in debt instruments measured at amortised cost
4. Measured at amortised cost

The Group considers that the fair value is materially consistent with amortised cost for those assets measured on this basis.

26 Financial risk management (continued)

Fair value or cash flow interest rate risk

Currently the Group has surplus cash balances so does not have a borrowing requirement. Surplus cash is put on short term deposit with high credit worthy banking institutions where appropriate at either fixed or floating rates, though the interest rates being offered by the major financial institutions are generally less than 0.5% with many being much less than this. Total finance income in the year amounted to £11,000. The Group has cash balances of £25.4m as at 31 July 2021 which is spread across different banks as detailed below, and each attracts a different interest rate. Any sensitivity to interest rates would depend on the following factors: Tracsis subsidiary entity making the investment, the amount invested, the length of commitment and ability to access to the funds, and the choice of financial institution. In view of current interest rates and the current economic backdrop, the Group does not consider that it has a major exposure to interest rates and should interest rates rise, any additional rates would have a small impact on the amount of finance income receivable. The Board monitors the financial markets and the Group's future cash requirements to ensure that this policy is exercised in the Group's best interests. At 31 July 2021, the Group had £nil in a fixed rate 30 day deposit account (2020: £nil).

Credit risk

The Group monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to risk. The Group has no significant concentration of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event that other parties fail to perform their obligations under financial instruments. The Group did not incur any material bad debts in the financial year, and has historically not had any either, and so views the overall credit risk to be low. As noted in note 6 and note 19, the Group derives c. 17% of its revenue from a major customer, whose credit worthiness is unquestionably strong. The Group had a trade receivables balance of £8,874,000 at 31 July 2021, and this related to over 100 individual customers. The largest individual receivable was £1,054,000 and related to a major worldwide engineering Group in a very strong financial position. Other receivables over £100,000 were spread across 17 individual clients, and amounted to c. £5.4m. These clients include for example large infrastructure providers, Train Operators and Owning groups, numerous Government departments and other bodies, engineering consultants, plus shopping centre providers; all of whom are deemed to be creditworthy.

Liquidity risk

Liquidity risk is managed on a day to day basis. Facilities are agreed at appropriate levels having regard to the Group's forecast operating cash flows and future capital expenditures. The Group holds its cash balances with highly rated financial institutions and it is also spread across numerous institutions to avoid any exposure to one individual bank. As at 31 July 2021, of the Group's total cash balances of £25.4m, £24.4m was spread across six major, highly rated banking institutions with £9.5m held at the lead bank, £8.2m held at another bank, and £6.6m held with others. The remainder of the cash balances of £1.1m was spread across other financial institutions.

The maturity of the Group's financial liabilities has been disclosed below. The tables below include the gross cash outflows associated with the financial liabilities on an undiscounted basis.

Maturity analysis of financial liabilities at 31 July 2021:

	Trade and Other payables £000	Contingent Consideration £000	Deferred Consideration £000	Lease liabilities £000	Financial liability £000
Balance Sheet value at 31 July 2021	**5,688**	**7,909**	**892**	**2,059**	**590**
Due within one year	5,688	5,047	315	985	590
Due between one and five years	-	3,914	630	1,120	-
Total	5,688	8,961	945	2,105	590

Maturity analysis of financial liabilities at 31 July 2020:

	Trade and Other payables £000	Contingent Consideration £000	Deferred Consideration £000	Lease liabilities £000	Financial liability £000
Balance Sheet value at 31 July 2020	4,019	7,334	-	2,114	-
Due within one year	4,019	1,783	-	1,172	-
Due between one and five years	-	7,162	-	1,018	-
Total	4,019	8,945	-	2,190	-

26 Financial risk management (continued)

Foreign currency risk

The Group makes some overseas sales and some overseas purchases, some of which are invoiced in Sterling and others in the local currency, so there continues to be a small exposure to foreign currency, in particular to the American and Australian dollar though these are not significant and as detailed in note 6 and total revenue in the year from these countries and others amounted to £485,000. The Group is exposed to the Euro following the acquisition of Compass Informatics Limited in 2019 which raises the vast majority of its sales invoices in Euros. Total sales to/from Ireland amounted to £5,449,000 in the year representing around 11% of total Group sales revenue. The closing exchange rate used was c.1.17 Euros to GBP, with an average throughout the year of c.1.14 GBP to Euros. Any changes to this exchange rate would increase the Group's foreign currency risk, though as noted above the vast majority of sales continue to be made in Sterling. In addition, as detailed in note 21 the Group has assessed the fair value of the contingent consideration relating to the acquisition of Compass Informatics Limited as £0.5m, which under the terms of the Share Purchase Agreement has to be made in Euros. Any changes to the exchange rate would impact on the foreign currency exposure but as these payments are to be made over a number of years, the impact is not expected to be significant.

Capital disclosures

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and;
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to shareholders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity and Notes 13, 23 and 24. The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Sensitivity analysis

In managing interest rates the Group aims to reduce the impact of short term fluctuations on the Group's earnings. Over the long term, permanent changes in interest rates would have an impact on consolidated earnings. The Directors consider that a change of 100 basis points in interest rates at any period end would not have a material impact on cash flows.

Market risks

The Directors consider that the Group has no significant exposure to market risks with respect to its financial instruments.

Changes in liabilities from financing activities

	Contingent Consideration £000	Deferred Consideration £000	Lease liabilities £000	Financial liability £000
At 1 August 2020	7,334	-	2,114	-
Changes from financing cash flows				
Payment of lease liabilities	-	-	(1,334)	-
Total changes from financing cash flow	-	-	(1,334)	-
Changes in fair value	327	-	-	-
Other changes				
Arising on acquisition	-	878	-	590
Payment of contingent consideration	(410)	-	-	-
Lease additions and modifications	-	-	1,205	-
Interest unwind on liabilities	658	14	74	-
At 31 July 2021	**7,909**	**892**	**2,059**	**590**

26 Financial risk management (continued)

	Contingent Consideration £000	Deferred Consideration £000	Lease Liabilities £000	Financial liability £000
At 1 August 2019	6,183	-	562	-
Adoption of IFRS 16	-	-	1,386	-
Revised 1 August 2019	-	-	1,948	-
Changes from financing cash flows				
Payment of lease liabilities	-	-	(1,089)	-
Total changes from financing cash flow	-	-	(1,089)	-
Changes in fair value	(1,475)	-	-	-
Other changes				
Arising on acquisition	3,854	-	459	-
Payment of contingent consideration	(1,228)	-	-	-
Lease additions and modifications	-	-	796	-
At 31 July 2020	**7,334**	**-**	**2,114**	**-**

27 Related Party Transactions

The following transactions took place during the year with other related parties:

	Purchase of goods and services		Amounts owed to related parties	
	2021 £000	2020 £000	2021 £000	2020 £000
Nutshell Software Limited [(1)]	97	13	8	-
Vivacity Labs Limited [(1)]	439	404	-	4

	Sale of goods and services		Amounts owed by related parties	
	2021 £000	2020 £000	2021 £000	2020 £000
WSP UK Limited [(2)]	3,112	2,706	1,054	495
Nutshell Software Limited [(1)]	93	14	4	-
Vivacity Labs Limited [(1)]	6	-	2	-

(1) Citi Logik Limited, Nutshell Software Limited, and Vivacity Labs Limited, are related parties by virtue of the Group's shareholding in these entities.

(2) WSP UK Limited (WSP) is a company which is connected to Chris Cole who serves as non-executive Chairman of Tracsis plc and also of WSP Global Inc, WSP's parent company. Sales to WSP took place at arm's length commercial rates and were not connected to Mr Cole's position at WSP.

In the financial statements for the previous financial year Nexus Leeds Limited was identified as a related party through its connection to the University of Leeds. Having assessed this entity at 31 July 2021 against the criteria set out in IAS 24 Related Party Disclosures the entity no longer meets the definition of being a related party, and consequently disclosure of transactions is no longer required.

Terms and conditions of transactions with related parties

The purchases from related parties are made at normal market prices. Outstanding balances that relate to trading balances are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

27 Related Party Transactions (continued)

Compensation of key management personnel of the Group

The Group considers the key management personnel to be its directors and the directors of the Group's subsidiaries. Full details of their compensation are set out below:

	2021 £'000	2020 £'000
Total remuneration	**3,190**	3,280
Share based payment charges	**610**	541
	3,800	3,821

28 Employee benefits

The Group makes contributions to defined contribution pension schemes for its employees. The assets of the schemes are held separately in independently administered funds. The pension cost charge for the year comprises contributions payable by the Group to the schemes and other personal pension plans and amounted to £804,000 (2020: £736,000). There were outstanding contributions at 31 July 2021 of £113,000 (2020: £99,000).

29 Group entities

Below are the subsidiary undertakings which contribute to the Group results:

Held by Tracsis plc	Principal activity	Country of incorporation	% ordinary share capital owned
Tracsis Rail Consultancy Limited (1)*	Rail industry consultancy	England and Wales	89.775%
Tracsis Passenger Analytics Limited (1)	Rail industry consultancy	England and Wales	100%
Safety Information Systems Limited (1)	Software and consultancy	England and Wales	100%
MPEC Technology Limited (1)	Rail industry hardware & Datalogging	England and Wales	100%
Tracsis Traffic Data Limited (2)	Transportation data collection	England and Wales	100%
Datasys Integration Limited (1)	Holding Company	England and Wales	100%
Tracsis Retail & Operations Limited (1)	Rail industry software	England and Wales	100%
SEP Limited (1)	Event planning & traffic management	England and Wales	100%
SEP Events Limited (2)	Dormant	England and Wales	100%
Ontrac Technology Limited (1)	Holding company	England and Wales	100%
Ontrac Limited (1)	Rail industry software	England and Wales	100%
Tracsis Travel Compensation Services Limited (1)	Rail industry software	England and Wales	100%
Delay Repay Sniper Limited (1)	Rail industry software	England and Wales	100%
Cash & Traffic Management Limited (2)	Event planning & traffic management	England and Wales	100%
Compass Informatics Limited (6)	Software development	Republic of Ireland	100%
Bellvedi Limited (1)	Rail industry software	England and Wales	100%
iBlocks Limited (1)	Rail industry software	England and Wales	100%
Flash Forward Consulting Limited (1)*	Transport industry consultancy	England and Wales	89.775%
Compass Informatics UK Limited (2)	Software development	England and Wales	100%
S Dalby Consulting Limited (1)	Dormant	England and Wales	100%
Sky High Data Capture Limited (2)	Dormant	England and Wales	100%
Sky High Traffic Data Limited (2)	Dormant	England and Wales	100%
The Web Factory Birmingham Limited (2)	Dormant	England and Wales	100%
Forsyth Whitehead & Associates Limited (2)	Dormant	England and Wales	100%
Sky High Technology (Scotland) Limited (2)	Dormant	England and Wales	100%
Count on Us Traffic Limited (2)	Dormant	England and Wales	100%
Burra Burra Distribution Limited (2)	Dormant	England and Wales	100%
Sky High NCS Limited (2)	Dormant	England and Wales	100%
Halifax Computer Services Limited (2)	Dormant	England and Wales	100%
Skyhightraffic Limited (2)	Dormant	England and Wales	100%
The Traffic Survey Company Limited (2)	Dormant	England and Wales	100%
The People Counting Company Limited (2)	Dormant	England and Wales	100%
Myratech.net Limited (2)	Dormant	England and Wales	100%
Footfall Verification Limited (2)	Dormant	England and Wales	100%

29 Group entities (continued)

Minority investments:

Citi Logik Limited (3)	Mobile Network Data Analysis	England and Wales	14.9%
Nutshell Software Limited (4)	Mobile application development	England and Wales	23.4%
Vivacity Labs Limited (5)	Machine Learning technology	England and Wales	17.6%

* In the year 10,225 A Ordinary shares were issued in Tracsis Rail Consultancy Limited reducing the percentage of ordinary shares held by Tracsis plc. Flash Forward Consulting Limited is indirectly owned by Tracsis plc through Tracsis Rail Consultancy Limited.

The registered offices of the subsidiaries are as follows:

(1) Nexus, Discovery Way, Leeds, England, LS2 3AA
(2) Templar House, 1 Sandbeck Court, Sandbeck Way, Wetherby, England LS22 7BA
(3) The Platform, New Station Street, Leeds, England, LS1 4JB
(4) Floor 1, Baltimore House, Baltic Business Quarter, Gateshead, Tyne And Wear, England, NE8 3DF
(5) International House 24 Holborn Viaduct, City Of London, London, England, EC1A 2BN
(6) Block 8, Blackrock Business Park, Carysfort Avenue, Blackrock, County Dublin, Ireland, A94 W209

30 Dividends

The Group introduced a progressive dividend policy during previous years. The Board does not consider it appropriate to pay a final dividend this year. The Board is committed to restoring the progressive dividend policy at the earliest possible date. The cash cost of the dividend payments is below:

	2021	2020
	£000	£000
Final dividend for 2018/19 of 1.0p per share paid	-	288
Total dividends paid	-	288

The dividends paid or proposed in respect of each financial year is as follows:

	2021	2020	2019	2018	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Interim dividend for 2012/13 of 0.30p per share paid	-	-	-	-	-	-	-	-	75
Final dividend for 2012/13 of 0.40p per share paid	-	-	-	-	-	-	-	-	102
Interim dividend for 2013/14 of 0.35p per share paid	-	-	-	-	-	-	-	89	-
Final dividend for 2013/14 of 0.45p per share paid	-	-	-	-	-	-	-	119	-
Interim dividend for 2014/15 of 0.40p per share paid	-	-	-	-	-	-	106	-	-
Final dividend for 2014/15 of 0.60p per share paid	-	-	-	-	-	-	164	-	-
Interim dividend for 2015/16 of 0.50p per share paid	-	-	-	-	-	137	-	-	-
Final dividend for 2015/16 of 0.70p per share paid	-	-	-	-	-	195	-	-	-
Interim dividend for 2016/17 of 0.60p per share paid	-	-	-	-	167	-	-	-	-
Final dividend for 2016/17 of 0.80p per share paid	-	-	-	-	225	-	-	-	-
Interim dividend for 2017/18 of 0.70p per share paid	-	-	-	198	-	-	-	-	-
Final dividend for 2017/18 of 0.90p per share paid	-	-	-	257	-	-	-	-	-
Interim dividend for 2018/19 of 0.80p per share paid	-	-	229	-	-	-	-	-	-
Final dividend for 2018/19 of 1.0p per share paid	-	-	288	-	-	-	-	-	-
Interim dividend for 2019/20 of 0.0p per share paid	-	-	-	-	-	-	-	-	-
Final dividend for 2019/20 of 0.0p per share paid	-	-	-	-	-	-	-	-	-
Interim dividend for 2020/21 of 0.0p per share paid	-	-	-	-	-	-	-	-	-
Final dividend for 2020/21 of 0.0p per share paid	-	-	-	-	-	-	-	-	-

The total dividends paid or proposed in respect of each financial year ended 31 July is as follows:

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total dividends paid per share	**Nil**	Nil	1.8p	1.6p	1.4p	1.2p	1.0p	0.8p	0.7p

31 Reconciliation of alternative performance measures ("APMs")

The Group uses APMs, which are not defined or specified under the requirements of International Financial Reporting Standards ("IFRS"), to improve the comparability of reporting between different periods. These metrics are used by Equities Analysts who cover the Group as they reflect the underlying performance of the Group, and its ability to generate cash. The largest components of the adjusting items, being depreciation, amortisation, share based payments, and share of result of equity accounted investees, are 'non cash' items and are separately analysed to assist with the understanding of underlying trading. Share based payments are adjusted to reflect the underlying performance of the group as the fair value is impacted by market volatility that does not correlate directly to trading performance. APMs are used by the Directors and management for performance analysis, planning, reporting and incentive purposes.

Adjusted EBITDA

Calculated as Earnings before finance income, tax, depreciation, amortisation, exceptional items, other operating income, share-based payment charges and share of result of equity accounted investees. This metric is used to show the underlying trading performance of the Group from period to period in a consistent manner, and is a key management incentive metric. The closest equivalent statutory measure is profit before tax. Adjusted EBITDA can be reconciled to statutory profit before tax as set out below:

	2021	2020
	£000	£000
Profit before tax	**4,635**	4,111
Finance expense – net	**87**	3
Share-based payment charges	**1,276**	1,050
Exceptional items - net	**1,114**	(115)
Other operating income	**(440)**	(376)
Amortisation of intangible assets	**4,269**	3,599
Depreciation	**1,603**	1,882
Share of result of equity accounted investees	**434**	309
Adjusted EBITDA	**12,978**	10,463

31 Reconciliation of alternative performance measures ("APMs") (continued)

Adjusted Profit

Calculated as Earnings before finance income, tax, amortisation, exceptional items, other operating income, share-based payment charges, and share of result of equity accounted investees. This metric is used to show the underlying business performance of the Group from period to period in a consistent manner. The closest equivalent statutory measure is profit before tax. Adjusted profit can be reconciled to statutory profit before tax as set out below:

	2021 £000	2020 £000
Profit before tax	**4,635**	4,111
Finance expense – net	**87**	3
Share-based payment charges	**1,276**	1,050
Exceptional items - net	**1,114**	(115)
Other operating income	**(440)**	(376)
Amortisation of intangible assets	**4,269**	3,599
Share of result of equity accounted investees	**434**	309
Adjusted profit	**11,375**	8,581

Adjusted EBITDA reconciles to adjusted profit as set out below:

	2021 £000	2020 £000
Adjusted EBITDA	**12,978**	10,463
Depreciation	**(1,603)**	(1,882)
Adjusted profit	**11,375**	8,581

Adjusted Basic Earnings per Share

Calculated as profit after tax before amortisation, share-based payment charges, exceptional items and other operating income divided by the weighted average number of ordinary shares in issue during the period. This is a common metric used by the market in monitoring similar businesses and is used by Equities Analysts who cover the Group to better understand the underlying performance of the Group. See note 13 "Earnings per share"

32 Subsequent Events

Post year end the Group acquired Icon Group ("Icon") on 3 November 2021. Headquartered in Dublin, Icon is an interdisciplinary geoscience business who specialise in earth observation (EO), GIS and spatial data analytics. Icon will be integrated with Tracsis' existing Data Analytics/GIS solutions provider Compass Informatics to create an Irish-based Data Analytics centre of excellence specialising in providing location-related technologies and analytics solutions and services to government and commercial organisations. The acquisition of Icon adds EO capabilities that enhance our offer in this growing market, and has a customer base that is complementary to Tracsis'.

The acquisition consideration comprises an initial cash payment of £1.9m which will be funded out of Tracsis cash reserves and the issue of 68,762 new ordinary shares in Tracsis to a value of £0.6m. An additional payment of approximately £1.7m will be made on a euro for euro basis to reflect the net current asset position of the business (above a working capital hurdle) at completion and will be finalised in due course. Additional contingent consideration of up to £1.5m is payable subject to Icon Group achieving certain stretched financial targets in the three years post acquisition. A formal valuation exercise has not yet been completed due to the timing of the acquisition

Company Balance Sheet (prepared under FRS 101)

as at 31 July 2021 Company number: 05019106

	Note	2021 £000	2020 £000
Non-current assets			
Property, plant and equipment	34	**431**	636
Investments	35	**74,186**	74,186
Deferred tax assets	40	**225**	233
		74,842	75,055
Current assets			
Cash and cash equivalents		**3,571**	2,547
Trade and other receivables	36	**4,943**	2,081
		8,514	4,628
Total assets		**83,356**	79,683
Non-current liabilities			
Lease Liabilities	37	-	137
Contingent consideration	39	**3,220**	5,587
		3,220	5,724
Current liabilities			
Trade and other payables	38	**17,727**	16,101
Lease Liabilities	37	**137**	179
Contingent consideration	39	**4,689**	1,747
		22,553	18,027
Total liabilities		**25,773**	23,751
Net assets		**57,583**	55,932
Capital and reserves			
Called up share capital	41	**117**	116
Share premium reserve		**6,401**	6,373
Merger reserve		**5,525**	5,420
Retained earnings		**45,540**	44,023
Total equity		**57,583**	55,932

The Company's profit for the year, after dividends received was £241,000 (2020: £10,018,000)
The financial statements were approved and authorised for issue by the Board of Directors on 9 November 2021 and were signed on its behalf by:

Chris Barnes
Chief Executive Officer

Andrew Kelly
Chief Financial Officer

The accompanying notes form an integral part of these financial statements

Company Statement of Changes in Equity

	Share Capital £000	Share Premium £000	Merger Reserve £000	Retained Earnings £000	Total Equity £000
At 1 August 2020	116	6,373	5,420	44,023	55,932
Profit and total comprehensive income	-	-	-	241	241
Transactions with owners					
Share based payment charges	-	-	-	1,276	1,276
Shares issued as consideration for business combinations	-	-	105	-	105
Exercise of share options	1	28	-	-	29
At 31 July 2021	**117**	**6,401**	**5,525**	**45,540**	**57,583**

	Share Capital £000	Share Premium £000	Merger Reserve £000	Retained Earnings £000	Total Equity £000
At 1 August 2019	115	6,343	3,921	33,264	43,643
Adjustment on initial application of IFRS 16 (net of tax)	-	-	-	(21)	(21)
Profit and total comprehensive income	-	-	-	10,018	10,018
Transactions with owners					
Dividends	-	-	-	(288)	(288)
Share based payment charges	-	-	-	1,050	1,050
Shares issued as consideration for business combinations	1	-	1,499	-	1,500
Exercise of share options	-	30	-	-	30
At 31 July 2020	**116**	**6,373**	**5,420**	**44,023**	**55,932**

The following describes the nature and purpose of each reserve:

Reserve	**Description and purpose**
Share capital	Amount subscribed for share capital at nominal value
Share premium	Amount subscribed for share capital in excess of nominal value
Merger reserve	Amounts arising from the premium of the fair value of shares issued over their nominal value, in respect of certain business combinations
Retained earnings	Cumulative net profits recognised in the income statement. The share based payment reserve which was previously shown separately is incorporated in retained earnings in the previous and current financial year.

The accompanying notes form an integral part of these financial statements

Notes to the Company Balance Sheet

33 Company accounting policies

Tracsis plc ("the Company") was incorporated and is domiciled in England, in the United Kingdom. Its registered office is Nexus, Discovery Way, Leeds, LS2 3AA, registered number 05019106. The principal activity of Tracsis plc is that of a holding company and also software development and consultancy for the rail industry.

The company's accounting reference date is 31 July.

Basis of preparation
The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") which has been applied.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

Disclosure exemptions adopted:

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101.
Therefore these financial statements do not include:

- certain comparative information as otherwise required by IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- these financial statements do not include certain disclosures in respect of share based payments;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the Tracsis plc group of companies.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the Group's financial statements.

Revenue recognition
The Company has initially applied IFRS 15 "Revenue from Contracts with Customers" from 1 August 2018. IFRS 15 has established a comprehensive framework for determining whether, how much and when revenue is recognised.

The Company derives revenue from software licencing, bespoke development work and post contract customer support.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies. Revenue is recognised either when the performance obligation in the contract has been performed ("point in time" or "over time" as control is transferred to the customer). Consideration received in advance of the performance obligation being satisfied by the Company is included as a Contract Liability on the balance sheet. An asset is recognised when a performance obligation has been completed, but no consideration has yet been received. Adjustments are made to allocate discounts relative to the stand-alone selling price of each performance obligation. The Company does not adjust the transaction price for the time value of money as it does not expect to have any contracts where the period between the transfer of the promised service to the client, and the payment by the client exceeds one year.

33 Company accounting policies (continued)

Revenue Stream	Recognition Policy
Software – perpetual and non-cancellable annual software licenses, and support and maintenance services associated with these licenses	There are two separate performance obligations associated with this revenue stream: • Provision of the perpetual or non cancellable annual software license • Maintenance and support services The company recognises the revenue from the sale of perpetual and non-cancellable annual software licenses at the time that the license is made available to the customer as it is considered that control passes at that point in time. The allocation of the transaction price between the two performance obligations included in the contract is based on an expected cost plus margin approach as the stand-alone selling price is not observable. Revenue related to ongoing support and periodic updates is recognised over the license period as the Company is unable to predict at inception of the license when the support and updates will be required to be provided to the customer. As such, control is considered to pass over time.
Software as a service, and support services associated with these licenses	Under IFRS 15 two distinct performance obligations have been identified for these contracts. • Hosted software licenses • Maintenance and support Revenue from the provision of the hosted software license is recognised evenly over the period in which the license is hosted by the Company. This policy reflects the continuous transfer of the service to the customer throughout the contracted license period. Revenue related to ongoing support and periodic updates is recognised over the license period as the Company is unable to predict at inception of the license when the support and updates will be required to be provided to the customer.
Bespoke software development work	Revenue in relation to bespoke development work is recognised on completion of the work in most contracts as it is considered that control of the work does not pass until all development work has been completed. The development work does not create an asset with an alternative use to the Group. In some contracts the Group does have an enforceable contractual right to payment for performance completed to date and revenue is recognised over time.

33 Company accounting policies (continued)

Property, plant and equipment
Property, plant and equipment is initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation is provided on all items so as to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Freehold buildings (excluding land)	–	4% on cost
Computer equipment	–	33 1/3% on cost
Fixtures and Fittings	–	10% on cost

Investments
Fixed asset investments are stated at cost less provision for impairment where appropriate. The directors consider annually whether a provision against the value of investments on an individual basis is required. Such provisions are charged in the income statement in the year.

Taxation
The tax on the profit or loss for the year represents current and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying value in the financial statements. The principal temporary differences arise from depreciation on plant and equipment and share options granted by the Company to employees and directors.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Where the deferred tax asset recognised in respect of share-based payments would give rise to a credit in excess of the related accounting charge at the prevailing tax rate the excess is recognised directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Leases
For any new contracts entered into the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:
- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

33 Company accounting policies (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.
Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Share based payments
The Company's accounting policies followed are in all material regards the same as the Group's policy as shown on page 65. Where there are charges relating to subsidiary undertakings, these are borne in full by the relevant subsidiary undertakings via a recharge.

Profit and Loss account
The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's profit after taxation for the year amounted to £241,000 after receiving dividends from subsidiary undertakings of £2,500,000 (2020: profit of £10,018,000 after receiving dividends from subsidiary undertakings of £9,950,000).

34 Property, plant and equipment

	Land & Buildings* £000	Computer equipment £000	Fixtures And Fittings £000	**Total £000**
Cost				
At 1 August 2020	838	149	20	1,007
Additions	-	11	-	11
At 31 July 2021	838	160	20	1,018
Depreciation				
At 1 August 2020	281	88	2	371
Charge for the year	179	35	2	216
At 31 July 2021	460	123	4	587
Net book value				
At 31 July 2020	557	61	18	636
At 31 July 2021	**378**	**37**	**16**	**431**

*Includes land of £100,000 which is not depreciated

Included in the net carrying amount of property, plant and equipment are assets held under leases of £104,000 (2020: £271,000).

A reconciliation of the Right of Use Asset is as follows:

	Land & Buildings £000
Cost	
At 1 August 2020	438
At 31 July 2021	438
Depreciation	
At 1 August 2020	167
Charge for the year	167
At 31 July 2021	334
Net book value	
At 31 July 2020	271
At 31 July 2021	104

35 Investments

	Shares in, and loans to subsidiary undertakings £000
At 1 August 2020	74,186
At 31 July 2021	**74,186**

On 26 February 2021 Tracsis Rail Consultancy Limited (a subsidiary of the Company) acquired 100% of the share capital of Flash Forward Consulting Limited. Further details about this acquisition are found in note 5 to the Group financial statements.

The companies in which Tracsis plc's interest is more than 10% at the year end are as follows:

Name	Country of incorporation	Principal activity	Class and percentage of shares held	Holding
Subsidiary undertakings:				
Tracsis Rail Consultancy Limited*	England and Wales	Rail industry consultancy	Ordinary 89.775%	Direct
Tracsis Passenger Counts Limited	England and Wales	Rail industry ancillary services	Ordinary 100%	Direct
Safety Information Systems Limited	England and Wales	Software and consultancy	Ordinary 100%	Direct
MPEC Technology Limited	England and Wales	Rail industry hardware & datalogging	Ordinary 100%	Direct
Tracsis Traffic Data Limited	England and Wales	Transportation data collection	Ordinary 100%	Direct
Datasys Integration Limited	England and Wales	Holding Company	Ordinary 100%	Direct
Tracsis Retail & Operations Limited	England and Wales	Rail industry software	Ordinary 100%	Indirect
SEP Limited	England and Wales	Event planning & traffic management	Ordinary 100%	Direct
SEP Events Limited	England and Wales	Dormant	Ordinary 100%	Indirect
Ontrac Technology Limited	England and Wales	Holding Company	Ordinary 100%	Direct
Ontrac Limited	England and Wales	Rail industry software	Ordinary 100%	Indirect
Tracsis Travel Compensation Services Limited	England and Wales	Rail industry software	Ordinary 100%	Indirect
Delay Repay Sniper Limited	England and Wales	Rail industry software	Ordinary 100%	Direct
Cash & Traffic Management Limited	England and Wales	Event planning & traffic management	Ordinary 100%	Direct
Compass Informatics Limited	Republic of Ireland	Software Development	Ordinary 100%	Direct
Bellvedi Limited	England and Wales	Rail industry software	Ordinary 100%	Direct
iBlocks Limited	England and Wales	Rail industry software	Ordinary 100%	Direct
Flash Forward Consulting Limited*	England and Wales	Transport industry consultancy	Ordinary 89.775%	Indirect
Compass Informatics UK Limited	England and Wales	Software development	Ordinary 100%	Indirect
S Dalby Consulting Limited	England and Wales	Dormant	Ordinary 100%	Direct
Sky High Data Capture Limited	England and Wales	Dormant	Ordinary 100%	Indirect
Sky High Traffic Data Limited	England and Wales	Dormant	Ordinary 100%	Indirect

35 Investments (continued)

Name	Country of incorporation	Principal activity	Class and percentage of shares held	Holding
The Web Factory Birmingham Limited	England and Wales	Dormant	Ordinary 100%	Indirect
Forsyth Whitehead & Associates Limited	England and Wales	Dormant	Ordinary 100%	Indirect
Sky High Technology (Scotland) Limited	England and Wales	Dormant	Ordinary 100%	Indirect
Count on Us Traffic Limited	England and Wales	Dormant	Ordinary 100%	Indirect
Burra Burra Distribution Limited	England and Wales	Dormant	Ordinary 100%	Indirect
Sky High NCS Limited	England and Wales	Dormant	Ordinary 100%	Indirect
Halifax Computer Services Limited	England and Wales	Dormant	Ordinary 100%	Indirect
Skyhightraffic Limited	England and Wales	Dormant	Ordinary 100%	Indirect
The Traffic Survey Company Limited	England and Wales	Dormant	Ordinary 100%	Indirect
The People Counting Company Limited	England and Wales	Dormant	Ordinary 100%	Indirect
Myratech.net Limited	England and Wales	Dormant	Ordinary 100%	Indirect
Footfall Verification Limited	England and Wales	Dormant	Ordinary 100%	Indirect
Minority investments				
Citi Logik Limited	England and Wales	Mobile network data analysis	Ordinary 14.9%	Direct
Nutshell Software Limited	England and Wales	Mobile application development	Ordinary 23.4%	Direct
Vivacity Labs Limited	England and Wales	Machine learning technology	Ordinary 17.6%	Direct

* In the year 10,225 A Ordinary shares were issued in Tracsis Rail Consultancy Limited reducing the percentage of ordinary shares held by Tracsis plc. Flash Forward Consulting Limited is indirectly owned by Tracsis plc through Tracsis Rail Consultancy Limited.

36 Trade and other receivables

	2021 £000	2020 £000
Trade receivables	**284**	431
Amounts owed by Group undertakings	**2,871**	671
Other debtors	**600**	295
Corporation Tax	**922**	629
Prepayments	**266**	55
	4,943	2,081

The carrying value of trade receivables approximates to the fair value. Amounts owed by Group undertakings are interest free and repayable on demand.

Corporation tax is recoverable from other Group companies as Tracsis plc acts as the lead company for the Group's Payment on Account regime.

37 Lease Liabilities

	2021 £000	2020 £000
Due within one year	**137**	179
Due after more than one year:		
Between one and two years	**-**	137
Between two and three years	**-**	-
Total due after more than one year	**-**	137
Total obligation	**137**	316

A reconciliation of the obligation is stated below.

	2021 £000	2020 £000
At start of the year	**316**	-
Lease liabilities recognised on adoption of IFRS 16	**-**	483
Interest on lease liabilities	**6**	-
Total cash outflow	**(185)**	(167)
At end of the year	**137**	316

Future minimum lease payments at 31 July 2021 were as follows

	Carrying amount £000	Contractual cash flows £000	Less than one year £000	One to Two years £000	Two to Five years £000
2021	**137**	**139**	**139**	**-**	**-**
2020	316	324	185	139	-

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2021 £000
Short-term leases	-
Leases of low value assets	1
Total	1

38 Trade and other payables

	2021 £000	2020 £000
Trade payables	**88**	148
Other tax and social security	**139**	97
Amounts owed to Group undertakings	**15,278**	14,441
Accruals and contract liabilities	**2,222**	1,415
	17,727	16,101

The carrying value of trade payables approximates to the fair value. Amounts owed to Group undertakings are interest free and repayable on demand.

39 Contingent consideration

During the previous financial year, the Group acquired iBlocks Limited. Under the share purchase agreement in place for this acquisition, contingent consideration is payable which is linked to the profitability of the acquired businesses for a three year period post acquisition. The maximum amount payable is £8.5m, and the fair value of the amount payable was assessed at £2.8m at the year end date.

In 2019, the Group acquired Cash & Traffic Management Limited, Compass Informatics Limited and Bellvedi Limited. Under the share purchase agreements for each of these companies, contingent consideration is payable which is linked to the profitability of the acquired businesses over a two to four year period post acquisition. The maximum amount payable is £750,000 for Cash & Traffic Management Limited, €2,000,000 for Compass Informatics Limited and £7,900,000 for Bellvedi Limited. The fair value of the amount payable was assessed at £253,000 for Cash & Traffic Management Limited, £462,000 for Compass Informatics Limited and £4,357,000 for Bellvedi Limited.

During the financial year, contingent consideration of £410,000 was paid in respect of the Compass Informatics Limited acquisition which was made in year ended 31 July 2019 (2020: £332,000), £nil in respect of the Cash & Traffic Management Limited acquisition which was made in year ended 31 July 2019 (2020: £491,000), £nil in respect of the Bellvedi Limited acquisition which was made in the year ended 31 July 2019 (2020: £57,000), and £nil (2020: £348,000) in respect of the acquisition of Tracsis Travel Compensation Services Limited which was made in the year ended 31 July 2018.

As detailed in note 9.3, an exceptional debit of £327,000 was recognised, following a review of the assumptions of the fair value of the contingent consideration as at 31 July 2021. At the balance sheet date, the Directors assessed the fair value of the remaining amounts payable which were deemed to be as follows.

	2021 £000	2020 £000
Tracsis Travel Compensation Services Limited & Delay Repay Sniper Limited	**-**	88
Cash & Travel Management Limited	**253**	112
Compass Informatics Limited	**462**	681
Bellvedi Limited	**4,357**	3,193
iBlocks Limited	**2,837**	3,260
	7,909	7,334

The ageing profile of the remaining liabilities can be summarised as follows:

	2021 £000	2020 £000
Payable in less than one year	**4,689**	1,747
Payable in more than one year	**3,220**	5,587
Total	**7,909**	7,334

40 Deferred tax (asset)

	2021 £000	2020 £000
At start of the year	**(233)**	(208)
Charge to statement of comprehensive income during the year	**8**	(25)
At end of the year	**(225)**	(233)

40 Deferred tax (asset) (continued)

The deferred tax asset can be split as follows:

	2021 £000	2020 £000
Accelerated Capital Allowances	**(1)**	5
Share options	**(224)**	(238)
At end of the year	**(225)**	(233)

41 Share capital

	2021 Number	2021 £	2020 Number	2020 £
Allotted, called up and fully paid:				
Ordinary shares of 0.4p each	**29,332,177**	**117,329**	29,122,548	116,490

The following share transactions have taken place during the year ended 31 July 2021:

	2021 Number	2020 Number
At start of the year	**29,122,548**	28,748,578
Issued as consideration for business combinations	**16,199**	192,926
Exercise of share options	**193,430**	181,044
At end of the year	**29,332,177**	29,122,548

42 Related Party Transactions

In the financial statements for the previous financial year Nexus Leeds Limited was identified as a related party through its connection to the University of Leeds. Having assessed this entity at 31 July 2021 against the criteria set out in IAS 24 Related Party Disclosures the entity no longer meets the definition of being a related party, and consequently disclosure of transactions is no longer required.

Terms and conditions of transactions with related parties
The purchases from related parties are made at normal market prices. Outstanding balances that relate to trading balances are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Compensation of key management personnel of the Group
The Company considers the directors to be its key management personnel. Full details of their compensation are set out in the Directors' Remuneration Report.

Group information

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Andrew Kelly
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The registered office of all subsidiary entities is detailed in note 29 to the Group Financial statements.

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