

Registered number: 02871879

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**CELATON LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2020**



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**CELATON LIMITED**

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**COMPANY INFORMATION**

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**Directors** Andrew Anderson (resigned 2 January 2019)  
Gary Grant  
Timothy Bittleston  
James Syrotiuk

**Company secretaries** Joanna Russell

**Registered number** 02871879

**Registered office** Noble House  
Capital Drive  
Milton Keynes  
MK14 6QP

**Independent auditor** Mazars LLP  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

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**CELATON LIMITED**

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## **CELATON LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020**

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The Directors present their report and the financial statements for the year ended 30 June 2020.

#### **Directors' responsibilities statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' Section 1A. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

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

#### **Directors**

The Directors who served during the year were:

Andrew Anderson (resigned 2 January 2019)  
Gary Grant  
Timothy Bittleston  
James Syrotiuk

#### **Impact of Brexit**

The Directors' do not anticipate Brexit having a significant impact on the trade of the Company.

#### **Impact of Covid-19**

During the COVID-19 pandemic, we have seen customers move to minimum volumes against contracts but we have retained most of the business. We saw a decline in retail, travel and insurance all of which were impacted negatively by the pandemic, but we are starting to see signs of recovery within certain sectors. The business has shown itself to be agile in managing costs to match revenue changes and this has been especially demonstrated during COVID-19. With over £1,000,000 in payroll costs there is headroom to reduce costs should trading decline further. We have utilised the Governments Furlough scheme and our investors have agreed to delay collection of their fees. We therefore believe we are in the best possible position to weather the storm.

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**CELATON LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2020**

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**Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Post balance sheet events**

During March 2020, a global pandemic was declared arising from the outbreak of COVID-19. The Directors have put in plans to mitigate the impact to the Company which are disclosed on page 1.


**Auditor**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....  
**Gary Grant**  
Director

Date: 21st August 2020

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**CELATON LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELATON LIMITED**

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**Opinion**

We have audited the financial statements of Celaton Limited (the 'Company') for the year ended 30 June 2020 which comprise the Statement of comprehensive income, the Balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Material uncertainty related to going concern**

We draw attention to note 2.2 in the financial statements, which indicates that the company has net current liabilities and shareholder loan notes due to be repaid on 31 December 2020 which are in the process of being renegotiated. As stated in note 2.2, the requirement for this renegotiation indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

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**CELATON LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELATON LIMITED**

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**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report

**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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**CELATON LIMITED**


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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELATON LIMITED**

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**Use of the audit 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.

  
Stephen Brown (Sep 1, 2020 12:34 GMT+1)

Stephen Brown (Senior statutory auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

Date: Sep 1, 2020

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**CELATON LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2020**

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	Note	2020 £	2019 £
Turnover		3,421,811	3,345,405
Cost of sales		(1,662,896)	(1,513,080)
<b>Gross profit</b>		<u>1,758,915</u>	<u>1,832,325</u>
Administrative expenses		(1,839,507)	(2,092,028)
Other operating income		-	11,100
<b>Operating loss</b>		<u>(80,592)</u>	<u>(248,603)</u>
Exceptional costs	4	(73,134)	(179,597)
<b>Loss on ordinary activities before interest</b>		<u>(153,726)</u>	<u>(428,200)</u>
Interest receivable and similar income		-	10,927
Interest payable and expenses		(313,215)	(13,102)
<b>Loss before tax</b>		<u>(466,941)</u>	<u>(430,375)</u>
Tax on loss	7	250,048	269,648
<b>Loss for the financial year</b>		<u><u>(216,893)</u></u>	<u><u>(160,727)</u></u>

There was no other comprehensive income for 2020 (2019: £NIL).

The notes on pages 8 to 21 form part of these financial statements.

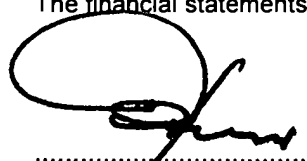
**CELATON LIMITED**  
**REGISTERED NUMBER: 02871879**

**BALANCE SHEET**  
**AS AT 30 JUNE 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	8	95,208	122,572
Tangible assets	9	7,330	9,894
		<u>102,538</u>	<u>132,466</u>
<b>Current assets</b>			
Debtors	10	544,185	799,167
Cash at bank and in hand	11	364,515	36,394
		<u>908,700</u>	<u>835,561</u>
Creditors: amounts falling due within one year	12	(1,479,837)	(1,216,146)
<b>Net current liabilities</b>		<u>(571,137)</u>	<u>(380,585)</u>
<b>Total assets less current liabilities</b>		<u>(468,599)</u>	<u>(248,119)</u>
<b>Provisions for liabilities</b>			
Deferred tax	15	(13,349)	(16,936)
		<u>(13,349)</u>	<u>(16,936)</u>
<b>Net liabilities</b>		<u><u>(481,948)</u></u>	<u><u>(265,055)</u></u>
<b>Capital and reserves</b>			
Called up share capital		135,435	135,435
Share premium account	16	2,291,654	2,291,654
Capital redemption reserve	16	33	33
Profit and loss account	16	(2,909,070)	(2,692,177)
		<u>(481,948)</u>	<u>(265,055)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
 .....  
**Gary Grant**  
 Director

Date: 21st August 2020

The notes on pages 8 to 21 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**1. General information**

Celaton Limited ('the Company') is a private limited Company incorporated in the United Kingdom. The address of its registered office and principal place of business is Noble House, Capital Drive, Milton Keynes, MK14 6QP.

The principal activity of the Company is the provision of information technology services.

These financial statements are presented in Pounds Sterling (£), this being the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Monetary amounts included in these financial statements are rounded to the nearest whole £.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

These financial statements have been prepared under the historical cost convention, as modified for the fair value of investment properties, in accordance with FRS 102 Section 1A The Financial Reporting Standard Applicable in the UK and Republic of Ireland and the Companies Act 2006.

**2.2 Going concern**

The Directors have reviewed cash flow forecasts for a period of not less than 12 months from the date of the audit opinion and are confident that the Company will be able to pay its liabilities as they fall due.

The Directors recognise that there is a material uncertainty in relation to going concern due to the fact that the Company is in a net current liability position, and the shareholder loan notes with Business Growth Fund included in creditors falling due within one year are currently due to be repaid on 31 December 2020. These shareholder loan notes are currently in the process of a re-negotiation, however if this is unsuccessful, then the full balance of £528,000 will be repayable on 31 December 2020, which the Company would not have sufficient funds to repay. The Directors are confident that the re-negotiation process will ensure the Company continues as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**2. Accounting policies (continued)**

**2.3 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.4 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

**Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**Rental Income**

Operating lease income from investment properties is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term.

**Interest Income**

Interest income is recognised as interest accrues using the effective interest rate method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**2. Accounting policies (continued)**

**2.5 Taxation**

The tax expense for the year comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

**2.6 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.7 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.8 Intangible assets and amortisation**

Intangible assets comprise software development expenditure.

Intangible assets are initially recognised at cost, which is the purchase price plus any directly attributable costs. Subsequently intangible assets are measured at cost less any accumulated amortisation and impairment losses.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**2. Accounting policies (continued)**

**2.8 Intangible assets and amortisation (continued)**

Amortisation is charged on a reducing balance basis to administrative expenses in profit or loss and is provided at the following rate:

- Software development expenditure - 25% Reducing balance.

The amortisation policy has been used due to the pace of change of software development and technological developments in the industry.

Intangible assets are tested for impairment where indication of impairment exists at the reporting date.

The Company recognises an intangible asset in respect of development expenditure when it can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortisation on capitalised development expenditure does not commence until the asset is available for use.

All expenditure not meeting the criteria set out above is considered to form part of the 'research' phase, and is expensed in the period in which it is incurred.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**2.9 Tangible fixed assets and depreciation**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**2. Accounting policies (continued)**

**2.9 Tangible fixed assets and depreciation (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & machinery	- 15% Straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**2.10 Impairment of assets**

At each reporting date the Company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply. Impairment losses are charged to profit or loss in administration expenses.

**2.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.12 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.13 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**2. Accounting policies (continued)**

**2.14 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**2.15 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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 affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

**Critical judgements in applying the Company's accounting policies**

The critical judgements that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

**(i) Assessing indicators of impairment**

In assessing whether there have been any indicators of impairment assets, the Directors have considered both external and internal sources of information such as market conditions and experience of recoverability.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(i) Recoverability of receivables**

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

**(ii) Determining residual values and useful economic lives of tangible and intangible fixed assets.**

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

(iii) The company is re-negotiating the shareholder loan notes due to British Growth Fund, which is currently within creditors within 1 year in these financial statements.

**4. Exceptional costs**

	2020	2019
	£	£
Legal and professional fees	73,134	179,597

Exceptional costs relate to due diligence for sale of Company and employment related issues.

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**CELATON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**5. Auditor's remuneration**

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	14,500	8,240
<b>Fees payable to the Company's auditor in respect of:</b>		
All other services	4,950	5,825

**6. Employees**

The average monthly number of employees, including directors, during the year was 31 (2019 - 35).

**7. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	(246,463)	(258,624)
	(246,463)	(258,624)
<b>Total current tax</b>	(246,463)	(258,624)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(5,578)	(11,024)
Changes to tax rates	1,993	-
<b>Total deferred tax</b>	(3,585)	(11,024)
<b>Taxation on loss on ordinary activities</b>	(250,048)	(269,648)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**7. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	(466,941)	(430,375)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(88,719)	(81,771)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7,011	12,250
Adjustments to brought forward values	1,171	-
Adjustments to tax charge in respect of prior periods	(246,463)	(258,624)
Adjust closing deferred tax rate to average rate of 19.00%	(4,065)	1,502
Deferred tax not recognised	4,220	1,747
Non-taxable income	(1,809)	(663)
Surrender of tax losses for R&D tax credit refund	78,189	75,619
Other differences leading to an increase (decrease) in the tax charge	417	(19,708)
<b>Total tax charge for the year</b>	<b>(250,048)</b>	<b>(269,648)</b>

**Factors that may affect future tax charges**

The Finance Act 2020 enacted legislation to maintain the current rate of corporation tax at 19% up until at least the tax year ended April 2022.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Intangible assets**

	<b>Software development £</b>
<b>Cost</b>	
At 1 July 2019	830,565
At 30 June 2020	<u>830,565</u>
<b>Amortisation</b>	
At 1 July 2019	707,993
Charge for the year	27,364
At 30 June 2020	<u>735,357</u>
<b>Net book value</b>	
At 30 June 2020	<u>95,208</u>
At 30 June 2019	<u>122,572</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**9. Tangible fixed assets**

	<b>Plant &amp; machinery £</b>
<b>Cost or valuation</b>	
At 1 July 2019	15,207
Additions	1,394
Disposals	(664)
At 30 June 2020	<u>15,937</u>
<b>Depreciation</b>	
At 1 July 2019	5,313
Charge for the year on owned assets	3,949
Disposals	(655)
At 30 June 2020	<u>8,607</u>
<b>Net book value</b>	
At 30 June 2020	<u>7,330</u>
At 30 June 2019	<u>9,894</u>

**10. Debtors**

	<b>2020 £</b>	<b>2019 £</b>
<b>Due after more than one year</b>		
Other debtors	48,147	48,147
<b>Due within one year</b>		
Trade debtors	301,069	499,932
Other debtors	159,748	186,124
Prepayments and accrued income	35,221	64,964
	<u>544,185</u>	<u>799,167</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	364,515	36,394

**12. Creditors: Amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Shareholder loan notes	528,000	224,388
Trade creditors	332,854	367,077
Corporation tax	-	12,015
Other taxation and social security	472,564	259,423
Other creditors	113,228	94,204
Accruals and deferred income	33,191	259,039
	<u>1,479,837</u>	<u>1,216,146</u>

**13. Commitments under operating leases**

The Company as lessee

At 30 June 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	131,736	135,586
Later than 1 year and not later than 5 years	180,830	421,656
Later than 5 years	-	61,721
	<u>312,566</u>	<u>618,963</u>

A total of £120,346 was recognised as an operating lease expense in the period (2019: £187,021).

**14. Directors' personal guarantees**

The Director, Gary Grant, has provided security of £150,000 in relation to the bank loans and overdraft.

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**CELATON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2020**

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**15. Deferred taxation**

	<b>2020</b>
	<b>£</b>
At beginning of year	(16,936)
Charged to profit or loss	3,587
<b>At end of year</b>	<b><u>(13,349)</u></b>

The provision for deferred taxation is made up as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fixed asset timing differences	(14,367)	(16,936)
Short term timing difference	1,018	-
	<b><u>1,018</u></b>	<b><u>-</u></b>

**16. Reserves****Share premium account**

This reserve represents the consideration received above the nominal value for issued share capital, less transaction costs.

**Profit & loss account**

This reserve represents the cumulative gains and losses incurred.

**17. Contingent Liability**

From 31st March 2020, the BGF loan has accrued a redemption premium at an additional 10% per month, until 31st December 2020 when the loan falls due at a premium of 190%. At the date of this report, the loan is under re-negotiation, but it is unclear when the loan will be repaid.

**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Related party transactions**

During the year, the Company made loans to certain Directors and shareholders as follows:

	2020 £	2019 £
Andrew Anderson	45,460	68,552
Gary Grant	88,395	96,479
Timothy Bittleston	5,000	5,000
Gina Gray	5,000	5,000
	<u>143,855</u>	<u>175,031</u>

At the year end, the Company owed the Business Growth Fund, a shareholder of the Company, £528,000 (2019: £224,388) in relation to loan notes. The maximum amount outstanding in the year was £528,000 (2019: £231,030). Interest is charged at a rate of 10% per annum up to the 24th November 2019, after this date, interest is charged at a rate of 14% per annum and amounted to £27,774 (2019: £22,000). Further, during the year redemption premium charges of £286,000 (2019: £Nil) have been accrued.

During the year, the Company paid the Business Growth Fund £60,599 (2019: £58,834) in relation to monitoring services.

Furthermore, the Company received rental income from Springboard Research Limited, a company in which Timothy Bittleston has a directorship, of £Nil during the year (2019: £11,100).

Within the loan to Andrew Anderson £Nil (2019: £13,596) accrues compounded interest at 4%. Interest receivable in relation to this loan at year end at £5,334 (2019: £5,334) is within other debtors and was recognised in the statement of comprehensive income.

Within the loan to Gary Grant £5,495 (2019: £12,095) accrues compounded interest at 4%. Interest receivable in relation to this loan at year end at £6,144 (2019: £5,592) is within other debtors and was recognised in the statement of comprehensive income.

**19. Post balance sheet events**

During March 2020, a global pandemic was declared arising from the outbreak of COVID-19. The Directors have put in plans to mitigate the impact to the Company which are disclosed on page 1.

**20. Controlling party**

The Company is deemed to be equally controlled by the shareholders.