

EXCEPTION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

COMPANIES HOUSE
EDINBURGH

04 JUL 2019

FRONT DESK



EXCEPTION LIMITED



COMPANY INFORMATION

Directors	Mr A Anderson Mr M Burke Mr S McGlinchey Mr D McLellan
Secretary	Mr A Anderson
Company number	SC239401
Registered office	3 Lochside Way Edinburgh Park Edinburgh Lothian EH12 9DT Scotland
Auditor	RSM UK Audit LLP Chartered Accountants First Floor, Quay 2 139 Fountainbridge Edinburgh EH3 9QG

EXCEPTION LIMITED



DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

Exception Limited is an IT consultancy and digital services business operating across the UK providing specialist expertise encompassing digital and technology consulting, DevOps, Digital Transformation services and managed services to a wide range of customers in both the public and the private sectors

Directors

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

Mr A Anderson
Mr M Burke
Mr S McGlinchey
Mr D McLellan

Results and dividends

The results for the year are set out on page 5.

Ordinary dividends were paid amounting to £1,009,920 (2017: £602,380). The directors do not recommend payment of a further dividend.

Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

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

On behalf of the board

Mr M Burke
Director

Date: 2/7/19

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXCEPTION LIMITED

Opinion

We have audited the financial statements of Exception Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the 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 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 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXCEPTION LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

In the 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 strategic report and the directors' report.

We have nothing to report in respect of the following matters where 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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 either 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

Claire Monaghan (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG
3/7/19.....

EXCEPTION LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £	2017 £
Turnover	3	19,503,377	22,038,259
Cost of sales		<u>(15,537,044)</u>	<u>(18,387,831)</u>
Gross profit		3,966,333	3,650,428
Administrative expenses		(2,181,892)	(2,482,774)
Other operating income		<u>124,604</u>	<u>-</u>
Operating profit	6	1,909,045	1,167,654
Interest payable and similar expenses	7	<u>(3,857)</u>	<u>-</u>
Profit before taxation		1,905,188	1,167,654
Tax on profit	8	<u>(375,218)</u>	<u>(232,770)</u>
Profit for the financial year		<u><u>1,529,970</u></u>	<u><u>934,884</u></u>

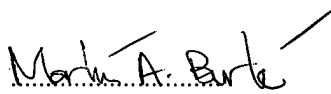
EXCEPTION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	10		85,291		128,452
Current assets					
Debtors	11	3,810,815		4,789,141	
Cash at bank and in hand		80,923		22	
		<u>3,891,738</u>		<u>4,789,163</u>	
Creditors: amounts falling due within one year	12	<u>(1,920,123)</u>		<u>(3,374,826)</u>	
Net current assets			<u>1,971,615</u>		<u>1,414,337</u>
Total assets less current liabilities			2,056,906		1,542,789
Provisions for liabilities	14		<u>(13,145)</u>		<u>(19,078)</u>
Net assets			<u>2,043,761</u>		<u>1,523,711</u>
Capital and reserves					
Called up share capital	17		3		3
Profit and loss reserves	18		<u>2,043,758</u>		<u>1,523,708</u>
Total equity			<u>2,043,761</u>		<u>1,523,711</u>

The financial statements were approved by the board of directors and authorised for issue on 2/2/19 and are signed on its behalf by:


 Mr M Burke
 Director

EXCEPTION LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2017		3	1,191,204	1,191,207
Year ended 31 December 2017:				
Profit and total comprehensive income for the year		-	934,884	934,884
Dividends	9	-	(602,380)	(602,380)
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2017		3	1,523,708	1,523,711
Year ended 31 December 2018:				
Profit and total comprehensive income for the year		-	1,529,970	1,529,970
Dividends	9	-	(1,009,920)	(1,009,920)
		<hr/>	<hr/>	<hr/>
Balance at 31 December 2018		3	2,043,758	2,043,761

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2018**

1 Accounting policies**Company information**

Exception Limited is a private company limited by shares and is registered and incorporated in Scotland. The registered office is 3 Lochside Way, Edinburgh Park, Edinburgh, Lothian, Scotland, EH12 9DT.

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

Accounting convention

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

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

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

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Exception Holdings Limited. These consolidated financial statements are available from its registered office, 3 Lochside Way, Edinburgh Park, Edinburgh, Lothian, United Kingdom, EH12 9DT.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents the invoiced value of services supplied under the terms of individual contracts net of value added tax. Turnover is recognised when the service is delivered appropriate to the stage of completion of the contract.

Other income represents management time recharged to associates and recharges for desk space unlisted by associates.

EXCEPTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Tangible fixed assets

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

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

Leasehold improvements	20% on cost
Plant and equipment	33% on cost
Fixtures and fittings	20% on cost
Computers	33% on cost

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

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Financial instruments

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

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

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

Basic financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)***Other financial assets***

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2018**

1 Accounting policies (Continued)***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

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

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

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

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

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

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

Employee benefits

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

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

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

Retirement benefits

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty

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

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

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular the useful economic life and residual values, and have concluded that asset lives and residual values are appropriate.

3 Turnover and other revenue

	2018 £	2017 £
Turnover analysed by class of business		
IT Consultancy	<u>19,503,377</u>	<u>22,038,259</u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	<u>19,503,377</u>	<u>22,038,259</u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Salesforce and administration	<u>41</u>	<u>36</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,444,705	2,491,488
Social security costs	341,118	292,725
Pension costs	198,508	211,413
	<u>2,984,331</u>	<u>2,995,626</u>

EXCEPTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****5 Directors' remuneration**

	2018	2017
	£	£
Remuneration for qualifying services	220,207	174,511
Company pension contributions to defined contribution schemes	-	8,000
	<u>220,207</u>	<u>182,511</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2017 - 1).

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

	2018	2017
	£	£
Remuneration for qualifying services	<u>163,521</u>	<u>163,521</u>

6 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	13,000	12,000
Depreciation of owned tangible fixed assets	<u>48,621</u>	<u>49,619</u>

7 Interest payable and similar expenses

	2018	2017
	£	£
Interest on bank overdrafts and loans	<u>3,857</u>	<u>-</u>

8 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	<u>381,151</u>	<u>241,188</u>
Deferred tax		
Origination and reversal of timing differences	<u>(5,933)</u>	<u>(8,418)</u>
Total tax charge	<u>375,218</u>	<u>232,770</u>

EXCEPTION LIMITED



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	<u>1,905,188</u>	<u>1,167,654</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	361,986	221,854
Tax effect of expenses that are not deductible in determining taxable profit	11,126	21,539
Effect of change in corporation tax rate	897	1,561
Group relief	-	(12,184)
Permanent capital allowances in excess of depreciation	<u>1,409</u>	<u>-</u>
Taxation charge for the year	<u>375,218</u>	<u>232,770</u>

9 Dividends

	2018 £	2017 £
Final paid	<u>1,009,920</u>	<u>602,380</u>

10 Tangible fixed assets

	Leasehold improve- £	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 January 2018	138,624	5,270	61,751	61,908	267,553
Additions	-	-	-	5,460	5,460
At 31 December 2018	<u>138,624</u>	<u>5,270</u>	<u>61,751</u>	<u>67,368</u>	<u>273,013</u>
Depreciation and impairment					
At 1 January 2018	57,760	5,270	25,135	50,936	139,101
Depreciation charged in the year	27,725	-	12,350	8,546	48,621
At 31 December 2018	<u>85,485</u>	<u>5,270</u>	<u>37,485</u>	<u>59,482</u>	<u>187,722</u>
Carrying amount					
At 31 December 2018	<u>53,139</u>	<u>-</u>	<u>24,266</u>	<u>7,886</u>	<u>85,291</u>
At 31 December 2017	<u>80,864</u>	<u>-</u>	<u>36,616</u>	<u>10,972</u>	<u>128,452</u>

EXCEPTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2018****11 Debtors**

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	2,167,241	3,354,990
Other debtors	1,574,609	1,374,731
Prepayments and accrued income	68,965	59,420
	<u>3,810,815</u>	<u>4,789,141</u>

Other debtors includes an amount of £255,505 (2017: £Nil) in relation to invoice finance lines.

12 Creditors: amounts falling due within one year

	Notes	2018	2017
		£	£
Bank loans and overdrafts	13	-	279,092
Trade creditors		935,941	1,428,149
Corporation tax		187,375	120,749
Other taxation and social security		450,240	480,115
Other creditors		3,738	860,596
Accruals and deferred income		342,829	206,125
		<u>1,920,123</u>	<u>3,374,826</u>

Bank overdrafts of £nil (2017: £279,092), invoice finance lines of £nil (2017: £856,012) included in other creditors and credit card liabilities of £3,737 (2017: £4,584) also included in other creditors are secured by way of a floating charge over the assets of the company and a charge over the debtor book. Exception Mobile Limited, an associated company provided a guarantee by a floating charge over their assets and undertakings.

13 Borrowings

	2018	2017
	£	£
Bank overdrafts	-	279,092
	<u>-</u>	<u>279,092</u>
Payable within one year	-	279,092
	<u>-</u>	<u>279,092</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	15	13,145	19,078

15 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	13,145	19,078
		2018 £
Movements in the year:		
Liability at 1 January 2018		19,078
Credit to profit or loss		(5,933)
Liability at 31 December 2018		13,145

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

16 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	198,508	211,413

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

EXCEPTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

17 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
3 Ordinary of £1 each	3	3
	<u>3</u>	<u>3</u>
	<u>3</u>	<u>3</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

18 Profit and loss reserves

The profit and loss reserves represents the cumulative profit and loss net of distributions to owners.

19 Operating lease commitments

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

	2018	2017
	£	£
Within one year	64,350	64,350
Between one and five years	54,477	118,827
	<u>118,827</u>	<u>183,177</u>

20 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2018	2017	2018	2017
	£	£	£	£
Entity under common control	<u>130,915</u>	<u>32,597</u>	<u>201,063</u>	<u>391,943</u>
	Transfers to		Transfers from	
	2018	2017	2018	2017
	£	£	£	£
Entity under common control	<u>30</u>	<u>576,536</u>	<u>-</u>	<u>140,380</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2018	2017
Amounts due to related parties	£	£
Entity under common control	-	164,108
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2018	2017
Amounts due from related parties	£	£
Entity under common control	1,329,369	1,326,942
	<u> </u>	<u> </u>

21 Ultimate controlling party

The ultimate parent company of Exception Limited is Exception Holdings Limited, a company incorporated and registered in Scotland. The registered office of Exception Holdings Limited is 3 Lochside Way, Edinburgh Park, Edinburgh, Lothian, United Kingdom, EH12 9DT

The Exception Holdings Limited accounts depict both the largest and smallest group to which group accounts are drawn up and are publicly available from the Registrar of Companies.

Exception Holdings Limited controls this company but there is no ultimate controlling party.