

REGISTERED NUMBER: 07798782 (England and Wales)

REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020
FOR
S4labour Limited

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	Page
Company Information	1
Report of the Directors	1
Accountant's Report	2
Income Statement	3
Statement of Financial Position	4
Notes to the Financial Statements	5
Trading and Income Statement	7

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COMPANIES HOUSE

S4labour Limited
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS:

Alastair John Catton Scott
Richard Oliver Winston Hartley
Philip James Lunn
Andrew William Hardisty Scott
Henry Douglas Herbert Scott
Lucy Laura Scott
Sophie Antonia Scott

REGISTERED OFFICE:

Unit F170-177
Cherwell Business Village
Southam Road
Banbury
Oxfordshire
OX16 2SP

REGISTERED NUMBER:

07798782 (England and Wales)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

Alastair John Catton Scott
Richard Oliver Winston Hartley
Philip James Lunn
Andrew William Hardisty Scott
Henry Douglas Herbert Scott
Lucy Laura Scott
Sophie Antonia Scott

DIRECTORS REPORT

Sales grew by 25% over the previous year, compared with 35% growth in 2018/2019. The majority of this slowdown was owing to the effects of coronavirus. During the year S4 launched a new product, Shift Success, which has been well received by customers, and plans to launch at least one new product in the new financial year.

90% of the sales were recurring revenue and the revenue retention rate was over 90%. This demonstrates the continuing stability of S4 and the importance of the product to customers.

The underlying EBITDA, as shown below, was £865,000 before the write-off of expenditure on development of new products and investment for growth.

	£ '000
Underlying EBITDA	865
Investment in sales and marketing	577
Investment in development	371
Coronavirus effect on trading	151
Financing costs	68
Taxation including R&D tax credit	(144)
Loss after taxation	(158)

The company borrowed £250,000 during the year to provide additional working capital.

S4labour continues to move towards profitability as it grows and development and sales reduce as a percentage of sales. The effect of coronavirus in 2019/2020 is estimated as a £151,000 reduction in profit.

Coronavirus will have some effect in 2020/2021. Each month the hospitality industry remains closed impacts S4labour. We expect the sales of the company to be affected by restructuring of the industry and by a reluctance to take on new products as the industry re-opens.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



A J C Scott - Director

Date: 18 May 2020

ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF S4LABOUR LIMITED

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of S4labour Limited for the year ended 31 March 2020 which comprise the Income Statement, the Statement of Financial Position, and the related notes from the company's accounting records and from information and explanations you have given us.

It is your duty to ensure that S4labour Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of S4labour Limited. You consider that S4labour Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of S4labour Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Date:

This page does not form part of the statutory financial statements

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
TURNOVER		1,977,891	1,600,156
Government grant - CJRS	12	15,602	-
Cost of sales	1	<u>61,541</u>	<u>54,035</u>
GROSS PROFIT		1,931,953	1,546,121
Administrative expenses		<u>2,172,752</u>	<u>1,718,008</u>
OPERATING PROFIT/(LOSS)	2	(240,800)	(171,888)
Interest receivable and similar income		454	373
Interest payable and similar charges		(62,016)	(31,692)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(302,361)</u>	<u>(203,206)</u>
Tax on profit/(loss) on ordinary activities	3	(143,975)	(99,106)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>(158,386)</u>	<u>(104,101)</u>

The notes form part of these financial statements
S4labour Limited (Registered number: 07798782)
STATEMENT OF FINANCIAL POSITION as at 31 MARCH 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Capitalised development expenditure		-	-
CURRENT ASSETS			
Debtors	5	511,434	301,730
Cash at bank and in hand		209,255	261,215
		<u>720,689</u>	<u>562,944</u>
CREDITORS			
Amounts falling due within one year	6	511,844	347,068
NET CURRENT ASSETS (LIABILITIES)		<u>208,845</u>	<u>215,877</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>208,845</u>	<u>215,877</u>
CREDITORS			
Amounts falling due after more than one year	6a	645,310	448,956
PROVISIONS FOR LIABILITIES			
Provision for legal costs	11	-	45,000
		<u>-</u>	<u>45,000</u>
NET ASSETS (LIABILITIES)			
		<u>(436,465)</u>	<u>(278,079)</u>
CAPITAL AND RESERVES			
Called up share capital	7	2,221	2,221
Share premium account	7	199,889	199,889
Profit and loss account	8	(638,575)	(480,189)
SHAREHOLDERS' FUNDS		<u>(436,465)</u>	<u>(278,079)</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2020.


The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with Section 1A of FRS 102, effective from 01 January 2019.

The financial statements were approved by the Board of Directors and were signed on its behalf by:


 A J C Scott - Director

Date: 18 May 2020

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of FRS 102, effective from 01 January 2019.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are recognised in profit and loss when payable.

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Employee share options (EMI) scheme

The company operates an EMI share option scheme for employees.

This involves recognising at each year end the difference between the market value of the share at that date and the exercise price of the option so that over the vesting period of the option an expense is charged equivalent to the optionholder's gain on exercise. This difference has been assessed as nil by HMRC.

The total expense recognised for EMI share options in the period was nil, as the vesting period has not started.

The total carrying amount of EMI share options at the end of the period was nil as the vesting period has not started.

2. OPERATING PROFIT/(LOSS) BEFORE TAX

The operating loss (2019 - operating loss) is stated after charging:

	2020	2019
	£	£
Loss on sales of tangible fixed assets	-	-
Depreciation of fixed assets	-	8,000

3. TAXATION ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

Analysis of the tax charge

Liability to UK corporation tax on ordinary activities (interest received) for the year ended 31 March 2020 and for the year ended 31 March 2019.

Correction for over-provided corporation tax

Correction for prior year cancelled tax credit

R&D tax credit arising in year ended 31 March 2020, payable 2020/2021

	2020	2019
	£	£
Liability to UK corporation tax on ordinary activities (interest received) for the year ended 31 March 2020 and for the year ended 31 March 2019.	86	93
Correction for over-provided corporation tax	(76)	-
Correction for prior year cancelled tax credit	-	2,800
R&D tax credit arising in year ended 31 March 2020, payable 2020/2021	(143,986)	(101,999)
	<u>(143,975)</u>	<u>(99,106)</u>

4. PROPERTY PLANT AND EQUIPMENT

COST

At 1 April 2019

Additions

Disposals

At 31 March 2020

DEPRECIATION

At 1 April 2019

Charge for year

Eliminated on disposal

At 31 March 2020

NET BOOK VALUE

At 1 April 2019

At 31 March 2020

	Fixtures and fittings	Motor vehicles	Motor vehicles	Totals
	£	£	£	£
At 1 April 2019	-	-	-	-
Additions	-	8,000	8,000	-
Disposals	-	-	-	-
At 31 March 2020	<u>-</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
At 1 April 2019	-	-	-	-
Charge for year	-	8,000	8,000	-
Eliminated on disposal	-	-	-	-
At 31 March 2020	<u>-</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
At 1 April 2019	-	-	-	-
At 31 March 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	354,576	174,363
Other debtors including VAT	2,661	10,612
Prepayments and accrued income	10,211	7,483
R&D tax credit claimable	143,986	109,271
	<u>511,434</u>	<u>301,730</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	2,715	25,746
Social security and other taxes	71,576	28,704
VAT	106,605	124,902
Corporation tax liability	86	93
Other creditors	10,170	7,929
Inter-company balances	-	-
Bank loan	147,387	100,570
Deferred revenue	60,431	47,411
Provision for bad debt	82,881	-
Directors' current accounts	-	10,000
Accrued expenses	29,993	1,713
	<u>511,844</u>	<u>347,068</u>

6a. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2020	2019
	£	£
Loan from related company	455,085	305,083
Long-term bank loan	190,225	143,873
	<u>645,310</u>	<u>448,956</u>

The company has drawn down two loans to provide working capital.

£100,000 by interest-only monthly repayments from 04/03/2020 at an interest rate of 10.75% per annum, repayable after two years.

£100,000 by interest-only monthly repayments from 19/12/2019 at an interest rate of 10.75% per annum, repayable after two years.

£150,000 by interest-only monthly repayments from 12/12/2018 at an interest rate of 10.45% per annum, repayable after two years.

These loans are accounted for by the amortised cost method.

Both loans are secured by a charge over the intellectual property and the issued shares of the company.

7. SHARE CAPITAL

	Allotted, issued and fully paid: Number: Class:	Nominal value:	2020 £	2019 £
Called up share capital	22,210,548 ordinary shares	0.0001	2,221	2,221
Share premium account			199,889	199,889

8. RESERVES

	Income Statement £
At 1 April 2019	(480,189)
Profit/(loss) for the year	(158,386)
At 31 March 2020	<u>(638,575)</u>

9. RELATED PARTY DISCLOSURES

Included in creditors falling due after one year is an amount of £455,085 owed to Catton Consulting Ltd (2019, £305,083)

A monthly retainer of £500 for legal services has been paid to BubbaBear, the brother of a director.

A monthly consultancy fee of £6,000 is paid to Catton Consulting Limited, a company under the control of a director.

10. AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 37 (2019 - 20).

11. PROVISIONS FOR LIABILITIES

A contingent liability of £15,000 has been made for the costs of a dispute with a customer.

This is an obligation at 31/03/2020 as a result of a past event.

It is probable that the company will have to make a payment in settlement and the amount of the obligation can be estimated reliably.

12. GOVERNMENT GRANTS

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met.

Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable.

A grant received before the recognition criteria are satisfied is recognised as a liability.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

TRADING AND INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	2020		2019
	£	£	£
Sales		1,977,891	1,600,156
Cost of sales			
Payroll Service - Social Security	4,815		-
Payroll Service - Wages	56,726		-
Servers	-		55,281
Development	-		(1,246)
		<u>61,541</u>	<u>54,035</u>
GROSS PROFIT		1,916,350	1,546,121
Other income			
Deposit account interest		454	373
		<u>1,916,805</u>	<u>1,546,494</u>
Expenditure			
Wages	1,302,076		997,786
Social security	136,633		104,221
Pension contributions	30,765		16,656
Subsistence	14,021		12,027
Contract staff costs	32,221		36,413
Rent and rates	23,693		27,756
Insurance	18,731		10,407
Telephone	7,543		6,217
Post and stationery	6,312		4,486
Advertising	37,701		20,029
Subscriptions	69,687		12,725
Travelling	87,185		59,101
Motor expenses	2,293		1,936
Office costs	3,843		3,285
Household and cleaning	936		1,269
IT costs	44,857		11,361
Consultancy costs	123,953		196,254
Bank charges	256		97
Sundry expenses	45,765		22,336
Recruitment fees	36,206		33,875
Accountancy	37,000		27,023
Legal/Professional fees	9,631		79,994
Depreciation	-		8,000
Entertainment	10,826		15,959
Change in provision for bad debt	-		-
Bad debts	90,621		8,794
		<u>2,172,752</u>	<u>1,718,008</u>
Net profit/(loss) before finance costs and taxation		(255,948)	(171,514)
Finance costs			
Interest paid		62,016	31,692
Government grant - CJRS		15,602	
NET PROFIT/(LOSS)		<u>(302,361)</u>	<u>(203,206)</u>

This page does not form part of the statutory financial statements.