Company Registration No. SC380297 (Scotland)

BLACKFORD ANALYSIS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

PAGES FOR FILING WITH REGISTRAR

BLACKFORD ANALYSIS LIMITED

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BLACKFORD ANALYSIS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	5		21,831		16,516
Investments	6		2		2
			21,833		16,518
Current assets					
Debtors	8	410,329		436,572	
Cash at bank and in hand		1,074,119		485,524	
		1,484,448		922,096	
Creditors: amounts falling due within one year	9	(548,862)		(438,418)	
Net current assets			935,586		483,678
Total assets less current liabilities			957,419		500,196
Capital and reserves					
Called up share capital	11		4,446		3,514
Share premium account			5,466,073		3,983,295
Profit and loss reserves			(4,513,100)		(3,486,613)
Total equity			957,419		500,196

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 21/1/21 and are signed on its behalf by:

....
Dr Benjamin Panter
Director

Company Registration No. SC380297

1 Accounting policies

Company information

Blackford Analysis Limited is a private company limited by shares incorporated in Scotland. The registered office is The Royal Observatory, Blackford Hill, Edinburgh, EH9 3HJ.

1.1 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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

In assessing whether the financial statements should continue to be prepared on a going concern basis, the directors have considered a period of twelve months from the date of approval of these financial statements. In their evaluation of going concern, the directors have assessed the year end cash position of the company and positive trading progress since then, as well as taking a balanced view of the conversion of future opportunities. This has included allowance for the ongoing impact of Covid-19 on the business.

The directors are satisfied based on cashflow projections that the company will have sufficient resource to enable it to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. The directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover represents amounts receivable for goods, services and group entity recharges net of VAT and trade discounts. For service contracts, revenue is generally recognised as contract activity progresses, so that for incomplete contracts it reflects the partial performance of contractual obligations. Licence fees are recognised on a contractual basis over the life of the service agreement. Maintenance revenue is recognised on a long term contractual basis in line with the length of the support service agreement.

1.4 Tangible fixed assets

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

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

Plant and machinery	33% straight line
Computer equipment	33% straight line
Fixtures, fittings & equipment	33% straight line

1 Accounting policies **(Continued)**

1.5 Fixed asset investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

1.7 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 in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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 creditors and loans from fellow group companies, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Research and development tax credits are recognised on a systematic basis as the entity recognises the costs for which the research and development tax credits are intended to incentivise, and only to the extent that the directors are satisfied, based on previous claims, that amounts will be recoverable.

1.9 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.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Share-based payments

As permitted by the transitional provisions of FRS 102 section 1A, the group has not recognised a charge in respect of share options granted before the start date of the first reporting period that complies with FRS 102. No profit and loss charge has been recognised on subsequent granting of options as the directors consider any resulting charge to be immaterial.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.13 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.15 Patents

Expenditure associated with patents is expensed as incurred.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 27 (2019 - 22).

3 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	317,211	255,339

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

	2020	2019
	£	£
Remuneration for qualifying services	93,964	100,000

4 Intangible fixed assets

	Other
	£
Cost	
At 1 July 2019 and 30 June 2020	98,160
Amortisation and impairment	
At 1 July 2019 and 30 June 2020	98,160
Carrying amount	
At 30 June 2020	-
At 30 June 2019	-

5 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 July 2019	65,308
Additions	15,045
At 30 June 2020	80,353
Depreciation and impairment	
At 1 July 2019	48,793
Depreciation charged in the year	9,729
At 30 June 2020	58,522
Carrying amount	
At 30 June 2020	21,831
At 30 June 2019	16,515

6 Fixed asset investments

	2020 £	2019 £
Investments	2	2

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 July 2019 & 30 June 2020	2
Carrying amount	
At 30 June 2020	2
At 30 June 2019	2

7 Subsidiaries

Details of the company's subsidiaries at 30 June 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Blackford Analysis Inc.	USA	Provision of computer software and consultancy services	Ordinary	100
Blackford Analysis International Limited	Scotland	Provision of computer software and consultancy services	Ordinary	100

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Blackford Analysis Inc.	(70)	(2,694)
Blackford Analysis International Limited	33	314

8 Debtors

Amounts falling due within one year:	2020 £	2019 £
Trade debtors	317,002	251,414
Corporation tax recoverable	-	94,584
Amounts owed by group undertakings	15,068	9,919
Other debtors	78,259	80,655
	410,329	436,572

Amounts owed by group undertakings are unsecured, interest fee and repayable on demand.

9 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	46,413	81,171
Other taxation and social security	41,087	54,121
Other creditors	461,362	303,126
	548,862	438,418

10 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2020	2019	2020	2019
	Number	Number	£	£
Outstanding at 1 July 2019	37,951	26,283	11.43	9.99
Granted	10,643	11,668	14.65	14.65
Expired	(2,199)	-	10.33	-
Outstanding at 30 June 2020	46,395	37,951	12.14	11.43
Exercisable at 30 June 2020	41,151	37,951	11.77	11.43

Options generally lapse when employees leave the company or on the 10th anniversary, for equity settled options, and 3rd anniversary, for cash settled options, of date of grant. The options may be exercised by the option holder in the event of an exit.

The weighted average remaining contractual life of the options at 30 June 2020 is 5.3 years (2019: 4.7 years).

During the period to 30th June 2020, 5,399 (2019: 11,668) equity settled options over company shares were granted. The weighted average fair value of these options granted in the year ended 30th June 2020 was £0.683 (2019: £0.685) per option.

Also during the period to 30th June 2020, 5,244 cash settled options were granted. The weighted average fair value of these options granted in the year ended 30th June 2020 was £2.48 per option.

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. No share option charge has been posted in the current or prior year on the grounds of materiality. The fair value per option granted and the assumptions used in the calculation are as follows:

Inputs were as follows:

	2020	2019
Weighted average share price	12.14	11.43
Expected volatility	50.00%	50.00%
Expected life	10.00	10.00
Risk free rate	0.53%	0.61%

11 Called up share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
444,634 (2019: 351,443) Ordinary shares of 1p each	4,446	3,514

During the year 93,191 (2019: 58,004) shares were issued at a value of £16.85 (2019: £14.65), thus resulting in an increase of £932 (2019: £580) in ordinary shares and a 1,482,778 (2019: £802,433) increase in share premium (net of issue costs of £86,558 (2019: £46,736).

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Irvine Spowart.
The auditor was Johnston Carmichael LLP.

13 Operating lease commitments

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

	2020	2019
	£	£
Within one year	-	38,872

14 Related party transactions

The company has taken advantage of the exemption within FRS 102 section 1A paragraph 1AC.35 from the requirements to disclose transactions with other wholly owned companies in the same group.

During the year £4,424 (2019: £32,167) was paid to a company with a common director. £1,118 (2019: £Nil) was outstanding at the year end.

During the year £Nil (2019: £7,695) was paid to a director for consultancy services.

15 Ultimate controlling party

In the opinion of the directors, there is no ultimate controlling party.