

Company Registration No. 09438329 (England and Wales)

MUDANO LIMITED
ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



MUDANO LIMITED

COMPANY INFORMATION

Directors	J Summers A Mantilas E Broussard S Chanda
Company number	09438329
Registered office	120 Old Broad Street London EC2N 1AR
Auditor	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT

MUDANO LIMITED

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MUDANO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present the strategic report for the year ended 31 March 2019.

Fair review of the business

Mudano is a data and machine learning business focused on the Financial Services sector, with the principal activity comprising provision of premium data consulting services, fintech data solutions and Sharktower, an AI-driven project management platform.

To support the performance of the business throughout the year management maintain an operational overview using a number of key indicators. It is considered that the key performance indicators for the business are those that communicate the financial performance and strength of the company as a whole being turnover, profit margins and cash generation.

	2019	2018	Change
	£000	£000	%
Turnover	15,910	9,809	62.2
Gross margin	8,799	4,016	119.1
EBITDA	4,462	2,715	64.3
Profit on ordinary activities before interest and tax	4,285	2,570	66.7
Gross Margin %	55.3%	40.9%	35.2
Current assets as a % of current liabilities ('quick ratio')	281%	208%	35.0

There were a number of key factors that contributed to the improvement in results and these are set out below:

Turnover has increased as the company continues to focus on new projects and new customers. Investment in the companies staff is helping to drive revenues and increase profitability.

MUDANO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Principal risks and uncertainties

The risks facing the company are managed on a day to day basis by the directors who evaluate the impact on the business. The principal risks and uncertainties facing the company are broadly grouped into two main categories – competitive and financial risks.

Competitive risks

The directors have assessed one of the main risks facing the company as being increased competition from new entrants to the market. The directors believe that its quality of its staff and services will help mitigate this risk.

Financial risk management policy

The company's principal financial resources comprise cash and cash equivalents. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities. The main purpose of these financial resources is to provide finance for the company's on-going operations. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks associated with the company's financial assets and liabilities are interest rate risk, liquidity risk, credit risk and currency risk as summarised below:

Credit risk

The company has external debtors against which the company undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default.

Liquidity risk

The company aims to mitigate liquidity by managing cash generated by its operations, and ensuring adequate credit facilities are available.

Foreign currency risk

The company's transactions are predominantly in sterling. The company does not hedge any currency exposure.

On behalf of the board



E Broussard
Director

19 December 2019

MUDANO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Principal activities

The principal activity of the company continued to be that of information technology project management.

Directors

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

J Summers
A Mantilas
E Broussard
S Chanda

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £452,500. The directors do not recommend payment of a final dividend.

Auditor

UHY Hacker Young Manchester 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 directors' responsibilities

The directors are responsible for preparing the annual 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.

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, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

MUDANO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

On behalf of the board



**E Broussard
Director**

19 December 2019

MUDANO LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MUDANO LIMITED

Opinion

We have audited the financial statements of Mudano Limited (the 'company') for the year ended 31 March 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 March 2019 and of its profit 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.

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 authorised for issue.

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.
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MUDANO LIMITED

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

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, 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.

MUDANO LIMITED

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

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.



Stephen Grayson FCCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young Manchester LLP

19 December 2019

Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

MUDANO LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Turnover	3	15,910,479	9,809,835
Cost of sales		(7,111,149)	(5,793,748)
Gross profit		8,799,330	4,016,087
Administrative expenses		(5,587,904)	(1,565,638)
Other operating income		1,073,707	120,000
Operating profit	4	4,285,133	2,570,449
Interest receivable and similar income	7	16,595	6,656
Interest payable and similar expenses	8	(1,637)	(2,489)
Profit before taxation		4,300,091	2,574,616
Tax on profit	9	(889,783)	(285,347)
Profit for the financial year		3,410,308	2,289,269

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MUDANO LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Profit for the year	3,410,308	2,289,269
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,410,308</u>	<u>2,289,269</u>

MUDANO LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Goodwill	11		700,000		800,000
Tangible assets	12		193,786		90,605
			<u>893,786</u>		<u>890,605</u>
Current assets					
Debtors	14	2,871,202		1,975,069	
Cash at bank and in hand		5,563,262		2,718,955	
		<u>8,434,464</u>		<u>4,694,024</u>	
Creditors: amounts falling due within one year	15	<u>(3,005,694)</u>		<u>(2,252,825)</u>	
Net current assets			<u>5,428,770</u>		<u>2,441,199</u>
Total assets less current liabilities			<u>6,322,556</u>		<u>3,331,804</u>
Provisions for liabilities	16		<u>(32,944)</u>		<u>-</u>
Net assets			<u>6,289,612</u>		<u>3,331,804</u>
Capital and reserves					
Called up share capital	20		1,000		1,000
Profit and loss reserves	21		6,288,612		3,330,804
Total equity			<u>6,289,612</u>		<u>3,331,804</u>

The financial statements were approved by the board of directors and authorised for issue on 19 December 2019 and are signed on its behalf by:


E Broussard
Director

Company Registration No. 09438329.

MUDANO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2017		1,000	1,547,535	1,548,535
Period ended 31 March 2018:				
Profit and total comprehensive income for the period		-	2,289,269	2,289,269
Dividends	10	-	(506,000)	(506,000)
Balance at 31 March 2018		1,000	3,330,804	3,331,804
Period ended 31 March 2019:				
Profit and total comprehensive income for the period		-	3,410,308	3,410,308
Dividends	10	-	(452,500)	(452,500)
Balance at 31 March 2019		1,000	6,288,612	6,289,612

MUDANO LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	25	4,091,313		1,853,982	
Interest paid		(1,637)		(2,489)	
Income taxes paid		(628,928)		(571,911)	
Net cash inflow from operating activities		3,460,748		1,279,582	
Investing activities					
Purchase of tangible fixed assets		(185,148)		(135,901)	
Proceeds on disposal of tangible fixed assets		4,612		-	
Interest received		16,595		6,656	
Net cash used in investing activities		(163,941)		(129,245)	
Financing activities					
Dividends paid		(452,500)		(506,000)	
Net cash used in financing activities		(452,500)		(506,000)	
Net increase in cash and cash equivalents		2,844,307		644,337	
Cash and cash equivalents at beginning of year		2,718,955		2,074,618	
Cash and cash equivalents at end of year		5,563,262		2,718,955	

MUDANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Mudano Limited is a private company limited by shares incorporated in England and Wales. The registered office is 120 Old Broad Street, London, EC2N 1AR.

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.

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.

1.2 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.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is ten years.

1.5 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:

Computer equipment	33.3% straight line
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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.

MUDANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

1.7 Cash at bank and in hand

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

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' 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.

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 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, 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.

MUDANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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 creditors, bank loans, loans from fellow group companies and preference shares 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. 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.

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 that do not meet the conditions in FRS 102 paragraph 11.9 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.

Derecognition of financial liabilities

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

1.9 Equity instruments

Equity instruments issued by the company are recorded at the 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

MUDANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.10 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.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. 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.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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.

1.12 Retirement benefits

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

1.13 Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

1.14 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.

MUDANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Carrying amount of goodwill, other intangibles and property, plant and equipment

Consideration has been given to any indicators of impairment of the company's assets. In considering this the directors have used their judgement and have considered the residual value of the assets.

3 Turnover and other revenue

	2019	2018
	£	£
Turnover analysed by class of business		
Sales of services	15,910,479	9,809,835
	<u>15,910,479</u>	<u>9,809,835</u>
	2019	2018
	£	£
Other significant revenue		
Interest income	16,595	6,656
Grants received	1,073,707	120,000
	<u>1,090,302</u>	<u>126,656</u>
	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	15,910,479	9,809,835
	<u>15,910,479</u>	<u>9,809,835</u>
	2019	2018
	£	£
Operating profit		
Operating profit for the period is stated after charging/(crediting):	£	£
Government grants	(1,073,707)	(120,000)
Fees payable to the company's auditor for the audit of the company's financial statements	6,000	-
Depreciation of owned tangible fixed assets	77,262	45,296
Loss on disposal of tangible fixed assets	93	-
Amortisation of intangible assets	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

MUDANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

5 Employees

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

	2019 Number	2018 Number
Business Support	11	5
Customer	52	24
Proposition	36	21
Studio	3	2
	<u>102</u>	<u>52</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	6,468,386	3,282,503
Social security costs	784,636	372,761
Pension costs	321,563	80,982
	<u>7,574,585</u>	<u>3,736,246</u>

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	49,892	38,000
Company pension contributions to defined contribution schemes	151,848	-
	<u>201,740</u>	<u>38,000</u>

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	16,595	6,656
	<u>16,595</u>	<u>6,656</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	16,595	6,656
	<u>16,595</u>	<u>6,656</u>

MUDANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

8 Interest payable and similar expenses

	2019	2018
	£	£
Other finance costs:		
Other interest	1,637	2,489
	<u>1,637</u>	<u>2,489</u>

9 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	890,000	400,000
Adjustments in respect of prior periods	(33,161)	(114,653)
	<u>856,839</u>	<u>285,347</u>
Deferred tax		
Origination and reversal of timing differences	32,944	-
	<u>32,944</u>	<u>-</u>
Total tax charge	<u>889,783</u>	<u>285,347</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Profit before taxation	4,300,091	2,574,616
	<u>4,300,091</u>	<u>2,574,616</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 20.00%)	817,017	514,923
Tax effect of expenses that are not deductible in determining taxable profit	109,000	20,493
Effect of change in corporation tax rate	(2,063)	-
Depreciation on assets not qualifying for tax allowances	-	(18,121)
Research and development tax credit	(16,413)	(117,295)
Under/(over) provided in prior years	(33,161)	(114,653)
Deferred tax adjustments in respect of prior years	15,403	-
	<u>889,783</u>	<u>285,347</u>
Taxation charge for the period	<u>889,783</u>	<u>285,347</u>

10 Dividends

	2019	2018
	£	£
Interim paid	452,500	506,000
	<u>452,500</u>	<u>506,000</u>

MUDANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2018 and 31 March 2019	1,000,000
Amortisation and impairment	
At 1 April 2018	200,000
Amortisation charged for the year	100,000
At 31 March 2019	300,000
Carrying amount	
At 31 March 2019	700,000
At 31 March 2018	800,000

12 Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2018	135,901
Additions	185,148
Disposals	(4,705)
At 31 March 2019	316,344
Depreciation and impairment	
At 1 April 2018	45,296
Depreciation charged in the year	77,262
At 31 March 2019	122,558
Carrying amount	
At 31 March 2019	193,786
At 31 March 2018	90,605

13 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,415,836	1,953,984
Carrying amount of financial liabilities		
Measured at amortised cost	1,787,088	1,525,315

MUDANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

14 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	2,299,111	1,788,607
Other debtors	116,725	165,377
Prepayments and accrued income	455,366	21,085
	<u>2,871,202</u>	<u>1,975,069</u>

15 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	304,424	369,535
Corporation tax	425,511	197,600
Other taxation and social security	793,095	529,910
Other creditors	401,249	965,548
Accruals and deferred income	1,081,415	190,232
	<u>3,005,694</u>	<u>2,252,825</u>

16 Provisions for liabilities

	2019	2018
	£	£
	Notes	
Deferred tax liabilities	17	-
	<u>32,944</u>	<u>-</u>

17 Deferred taxation

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

	Liabilities 2019	Liabilities 2018
	£	£
Balances:		
Accelerated capital allowances	32,944	-
	<u>32,944</u>	<u>-</u>
Movements in the year:		2019
		£
Liability at 1 April 2018		-
Charge to profit or loss		32,944
		<u>32,944</u>
Liability at 31 March 2019		<u>32,944</u>

MUDANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

17 Deferred taxation

(Continued)

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.

18 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	321,563	80,982
	<u>321,563</u>	<u>80,982</u>

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.

19 Share-based payment transactions

During the year, the company recognised total expenses of £0 (2018 - £0) which related to cash settled share based payment transactions. The fair value of the share options is not considered material to the financial statements.

	Number of share options		Weighted average exercise price	
	2019 Number	2018 Number	2019 £	2018 £
Outstanding at 1 April 2018	5,266	-	9.33	-
Granted	-	5,825	-	9.36
Forfeited	(1,076)	(559)	9.32	9.11
	<u>4,190</u>	<u>5,266</u>	<u>9.34</u>	<u>9.33</u>
Outstanding at 31 March 2019	4,190	5,266	9.34	9.33
	<u>4,190</u>	<u>5,266</u>	<u>9.34</u>	<u>9.33</u>
Exercisable at 31 March 2019	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The options outstanding at 31 March 2019 had an exercise price ranging from £9.11 to £9.57, and a remaining contractual life of 10 years.

MUDANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

20 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
99,996 ordinary of 1p each	1,000	1,000
1 ordinary "A" of 1p each	-	-
1 ordinary "B" of 1p each	-	-
1 ordinary "C" of 1p each	-	-
1 ordinary "D" of 1p each	-	-
	<u>1,000</u>	<u>1,000</u>

Called-up share capital - represents the nominal value of shares that have been issued.

21 Profit and loss reserves

The profit and loss account includes all current and prior period retained profits and losses, net of dividends paid.

22 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:

	2019	2018
	£	£
Within one year	268,236	-
Between two and five years	23,056	-
	<u>291,292</u>	<u>-</u>

23 Directors' transactions

Dividends totalling £452,500 (2018 - £506,000) were paid in the year in respect of shares held by the company's directors.

Included in creditors are amounts due to the directors totalling £401,249 (2018 - £965,548).

24 Ultimate controlling party

The company is controlled by J Summers and E Broussard by virtue of their controlling interest in the company's share capital.

MUDANO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

25 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	3,410,308	2,289,269
Adjustments for:		
Taxation charged	889,783	285,347
Finance costs	1,637	2,489
Investment income	(16,595)	(6,656)
Loss on disposal of tangible fixed assets	93	-
Amortisation and impairment of intangible assets	100,000	100,000
Depreciation and impairment of tangible fixed assets	77,262	45,296
Movements in working capital:		
Increase in debtors	(896,133)	(739,942)
Increase/(decrease) in creditors	524,958	(121,821)
Cash generated from operations	<u>4,091,313</u>	<u>1,853,982</u>