

Report of the Directors and
Unaudited Financial Statements for the Year Ended 30 June 2022
for
Celaton Limited

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for the Year Ended 30 June 2022

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Celaton Limited

Company Information
for the Year Ended 30 June 2022

DIRECTORS:

Karen Chandler
James Chase

REGISTERED OFFICE:

Noble House
Capital Drive
Milton Keynes
MK14 6QP

REGISTERED NUMBER:

02871879 (England and Wales)

Celaton Limited (Registered number: 02871879)

Report of the Directors
for the Year Ended 30 June 2022

The directors present their report with the financial statements of the company for the year ended 30 June 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2021 to the date of this report.

Karen Chandler
James Chase

Other changes in directors holding office are as follows:

James Syrotiuk - resigned 6 April 2022

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

ON BEHALF OF THE BOARD:

Karen Chandler - Director

24 November 2022

Income Statement
for the Year Ended 30 June 2022

	Notes	30.6.22 £	30.6.21 £
TURNOVER		3,245,568	3,267,282
Cost of sales		<u>1,353,722</u>	<u>1,672,484</u>
GROSS PROFIT		1,891,846	1,594,798
Administrative expenses		<u>1,769,782</u>	<u>1,567,967</u>
		122,064	26,831
Other operating income		<u>1,723</u>	<u>55,033</u>
OPERATING PROFIT	4	123,787	81,864
Exceptional costs	5	<u>12,435</u>	<u>231,420</u>
		111,352	(149,556)
Interest receivable and similar income		<u>1,050</u>	<u>659</u>
		112,402	(148,897)
Interest payable and similar expenses		<u>-</u>	<u>160,377</u>
PROFIT/(LOSS) BEFORE TAXATION		112,402	(309,274)
Tax on profit/(loss)		<u>(220,257)</u>	<u>(262,809)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>332,659</u>	<u>(46,465)</u>

Balance Sheet
30 June 2022

	Notes	30.6.22		30.6.21	
		£	£	£	£
FIXED ASSETS					
Intangible assets	6		57,442		73,952
Tangible assets	7		<u>11,472</u>		<u>6,238</u>
			68,914		80,190
CURRENT ASSETS					
Debtors	8	861,907		766,324	
Cash at bank		<u>1,188,533</u>		<u>1,166,840</u>	
		2,050,440		1,933,164	
CREDITORS					
Amounts falling due within one year	9	<u>556,033</u>		<u>782,692</u>	
NET CURRENT ASSETS			<u>1,494,407</u>		<u>1,150,472</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,563,321		1,230,662
CREDITORS					
Amounts falling due after more than one year	10		<u>585,412</u>		<u>585,412</u>
NET ASSETS			<u>977,909</u>		<u>645,250</u>
CAPITAL AND RESERVES					
Called up share capital			778,142		778,142
Share premium			2,822,608		2,822,608
Retained earnings			<u>(2,622,841)</u>		<u>(2,955,500)</u>
			<u>977,909</u>		<u>645,250</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 June 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 June 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) 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.

Celaton Limited (Registered number: 02871879)

Balance Sheet - continued

30 June 2022

The financial statements have been prepared 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 24 November 2022 and were signed on its behalf by:

Karen Chandler - Director

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 30 June 2022

1. **STATUTORY INFORMATION**

Celaton Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

2. ACCOUNTING POLICIES - continued

Turnover

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

Rendering of services

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

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

In specific, there are three main types of turnover which is recognised as follows:

- * inSTREAM revenues are based on the volumes of documents processed during a period which are invoiced monthly in arrears.
- * Professional services which are fixed price contracts for the provision of customer specific statement of works and change requests which are recognised based on consulting day rates.
- * Transactional support revenue is recognised monthly in arrears.

Intangible assets

Intangible assets comprise of software development expenditure.

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

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

- * Software development expenditure - 25% Reducing balance.

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

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

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

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

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

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

2. **ACCOUNTING POLICIES - continued**

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

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

Tangible fixed assets

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

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

Depreciation is provided on the following basis:

* Plant & machinery - 15% straight line.

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

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

2. **ACCOUNTING POLICIES - continued**

Financial instruments

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

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

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

Debtors

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

Creditors

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

Cash and cash equivalents

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

2. **ACCOUNTING POLICIES - continued**

Research and development

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

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Impairment of assets

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

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

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

Provisions for liabilities

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

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

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

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 22 (2021 - 29) .

4. **OPERATING PROFIT**

The operating profit is stated after charging:

	30.6.22	30.6.21
	£	£
Depreciation - owned assets	4,569	4,671
Computer software amortisation	<u>16,510</u>	<u>21,256</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

5. EXCEPTIONAL ITEMS

	30.6.22	30.6.21
	£	£
Exceptional costs	<u>(12,435)</u>	<u>(231,420)</u>

For the year ended 30 June 2022, exceptional costs relate to one-off employee issues, PAYE refunds and dilapidation provision adjustments.

For the year ended 30 June 2021, exceptional costs relate to one-off employment related issues, directors' loans and dilapidations.

6. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 July 2021 and 30 June 2022	<u>830,565</u>
AMORTISATION	
At 1 July 2021	756,613
Amortisation for year	16,510
At 30 June 2022	<u>773,123</u>
NET BOOK VALUE	
At 30 June 2022	<u>57,442</u>
At 30 June 2021	<u>73,952</u>

7. TANGIBLE FIXED ASSETS

	Plant and machinery £
COST	
At 1 July 2021	19,515
Additions	9,803
Disposals	<u>(10,752)</u>
At 30 June 2022	<u>18,566</u>
DEPRECIATION	
At 1 July 2021	13,277
Charge for year	4,569
Eliminated on disposal	<u>(10,752)</u>
At 30 June 2022	<u>7,094</u>
NET BOOK VALUE	
At 30 June 2022	<u>11,472</u>
At 30 June 2021	<u>6,238</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2022

8.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	30.6.22 £	30.6.21 £
	Trade debtors	786,295	686,716
	Other debtors	55,942	48,947
	Prepayments	19,670	30,661
		<u>861,907</u>	<u>766,324</u>
9.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	30.6.22 £	30.6.21 £
	Trade creditors	214,471	236,682
	Social security and other taxes	37,665	106,695
	VAT	65,099	153,029
	Other creditors	153,348	160,324
	Accruals and deferred income	85,450	125,962
		<u>556,033</u>	<u>782,692</u>
10.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	30.6.22 £	30.6.21 £
	Other creditors	<u>585,412</u>	<u>585,412</u>
11.	LEASING AGREEMENTS		
	Minimum lease payments under non-cancellable operating leases fall due as follows:		
		30.6.22 £	30.6.21 £
	Within one year	55,000	60,000
	Between one and five years	-	51,000
		<u>55,000</u>	<u>111,000</u>
	A total of £33k was recognised as an operating lease expense in the period (2021 - £126k)		
12.	ULTIMATE CONTROLLING PARTY		
	VM AV Corporate Services Ltd and Business Growth Fund are controlling parties.		
13.	GOING CONCERN		
	The Directors have reviewed cash flow forecasts for a period of not less than 12 months from the reporting date and are confident that the Company will be able to pay its liabilities as the fall due.		

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