

Codeplay Software Limited
Filleted Financial Statements
For the year ended
31 October 2018



Codeplay Software Limited

Financial Statements

Year ended 31 October 2018

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Codeplay Software Limited

Directors' Responsibilities Statement

Year ended 31 October 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments 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.

Codeplay Software Limited

Statement of Financial Position

31 October 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	5	167,642	208,202
Current assets			
Debtors	6	787,920	460,818
Cash at bank and in hand		1,366,606	173,515
		<u>2,154,526</u>	<u>634,333</u>
Creditors: amounts falling due within one year	7	<u>399,126</u>	<u>629,434</u>
Net current assets		1,755,400	4,899
Total assets less current liabilities		1,923,042	213,101
Creditors: amounts falling due after more than one year	8	<u>491,769</u>	<u>1,769</u>
Net assets		<u>1,431,273</u>	<u>211,332</u>
Capital and reserves			
Called up share capital	10	2,445,412	276
Share premium account		166,346	166,148
Profit and loss account		(1,180,485)	44,908
Shareholders funds		<u>1,431,273</u>	<u>211,332</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

These financial statements were approved by the board of directors and authorised for issue on ~~21 Feb 2019~~, and are signed on behalf of the board by:



Andrew James Richards
Director

Company registration number: 04567874

Codeplay Software Limited

Notes to the Financial Statements

Year ended 31 October 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Regent House, 316 Beulah Hill, London, SE19 3HF, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operations for the foreseeable future.

The company made a loss for the period of £1,225,393 but had net assets of £1,431,273 which includes cash at bank and in hand of £1,366,606 at the period end. As a result, the directors are of the opinion that, whilst there is an element of uncertainty, the investments made in 2018, enhancing the company's position in AI, provide a solid outlook for the coming year and into the future.

Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and work carried out in respect of services provided to customers. Turnover is recognised on a straight line basis over each sales contract from start date to the end date.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of tax loss that can be carried back to recover tax paid in a previous period or the receipt of R&D tax credits is sufficiently assured.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax liabilities are recognised only to the extent that is probable that they will be recovered against the reversal of deferred tax liabilities of other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit or loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Codeplay Software Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2018

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	25% straight line
Office equipment	-	25% straight line
Leasehold improvements	-	Straight line over the life of the lease

Debtors

Debtors are recognised at the settlement amount due.

Creditors

Creditors and provisions are recognised where a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Share-based options

The fair value of employee share options is calculated at the grant date. The resulting cost of providing share-based payments to employees is charged to the profit and loss account over the vesting period of the related share options.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 70 (2017: 60).

Codeplay Software Limited

Notes to the Financial Statements (continued)

Year ended 31 October 2018

5. Tangible assets

	Fixtures and fittings £	Office Equipment £	Leasehold Improvements £	Total £
Cost				
At 1 November 2017	116,869	336,880	—	453,749
Additions	9,838	30,467	6,103	46,408
Disposals	(6,318)	(57,666)	—	(63,984)
At 31 October 2018	<u>120,389</u>	<u>309,681</u>	<u>6,103</u>	<u>436,173</u>
Depreciation				
At 1 November 2017	58,243	187,304	—	245,547
Charge for the year	26,738	59,452	—	86,190
Disposals	(6,266)	(56,940)	—	(63,206)
At 31 October 2018	<u>78,715</u>	<u>189,816</u>	<u>—</u>	<u>268,531</u>
Carrying amount				
At 31 October 2018	<u>41,674</u>	<u>119,865</u>	<u>6,103</u>	<u>167,642</u>
At 31 October 2017	<u>58,626</u>	<u>149,576</u>	<u>—</u>	<u>208,202</u>

6. Debtors

	2018 £	2017 £
Trade debtors	116,164	201,397
Other debtors	671,756	259,421
	<u>787,920</u>	<u>460,818</u>

7. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	92,975	45,078
Social security and other taxes	87,494	87,848
Other creditors	218,657	496,508
	<u>399,126</u>	<u>629,434</u>

The company has an invoicing discounting facility which is secured by a floating charge over the assets of the company.

8. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Other creditors	<u>491,769</u>	<u>1,769</u>

Codeplay Software Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2018

9. Share-based payments

The company has issued share options under the terms of its EMI option scheme. The estimated fair value of the options outstanding in the year was calculated by applying the Black Scholes model. The expense recognised for share based payments in respect of employee services received during the year to 31 October 2018 is £nil (2017: £nil).

Options are exercisable on the occurrence of an exit event as defined in the option rules.

The only other condition of vesting is remaining an employee. On ceasing to be an employee, any unvested options lapse. If unexercised, the options lapse no later than the tenth anniversary of the date of grant.

The Company cancelled its existing options during the year and issued new options with amended terms to replace these.

Details of the number and weighted average exercise price (WAEP) of share options during the year are as follows:

	2018 Options	WAEP (£)	2017 Options	WAEP (£)
Options outstanding at 1 November 2017	4,091,462	0.0066	3,119,890	0.0057
Granted	6,662,664	0.00001	1,632,116	0.01
Exercised	(250,000)	0.0008	(460,000)	0.01
Lapsed	(661,542)	0.0007	(200,544)	0.01
Cancelled	(9,842,584)	0.007	—	—
Reissued	9,842,584	0.00001	—	—
	<u>9,842,584</u>	<u>0.00001</u>	<u>4,091,462</u>	<u>0.0066</u>
Options outstanding at 30 October 2018				

10. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary A shares of £0.00001 each	41,151,597	412	27,620,000	276
Ordinary AB shares of £1 each	945,000	945,000	—	—
Preference shares of £1 each	1,500,000	1,500,000	—	—
	<u>43,596,597</u>	<u>2,445,412</u>	<u>27,620,000</u>	<u>276</u>

Codeplay Software Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2018

10. Called up share capital *(continued)*

During the year, the company issued 4,572,353 ordinary shares of £0.00001 each in return for proceeds of £0.0229516785612433 per share, issued a further 250,000 ordinary shares at £0.0008 each and subsequently issued 8,709,244 ordinary shares of £0.00001 each in return for proceeds of £0.0229 per share.

The company also issued 945,000 AB ordinary shares of £1 each and 1,500,000 Preference shares of £1 each at par value.

Costs relating to the shares issued totalling £304,873 were allocated to the share premium account.

The Preference shares are entitled to a fixed non-cumulative dividend at a rate of 10% of the issue price following the third anniversary of their subscription, provided there are sufficient distributable profits.

The Preference shares and AB Ordinary shares do not carry any voting rights.

On a return of assets upon liquidation or capital reduction, the assets remaining after the payment of liabilities shall be distributed to shareholders *pari passu* as if all classes constitute one, until each shareholder has received the issue price. Thereafter, any remaining proceeds are allocated to the Ordinary shareholders *pro rata* to the number of shares held.

The proceeds of any sale of the entire equity share capital, following the exercise of employee share options, are distributable in accordance with the provisions set out in the company's Articles of Association.

11. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Not later than 1 year	80,353	79,514
Later than 1 year and not later than 5 years	69,588	149,503
	<u>149,941</u>	<u>229,017</u>

12. Summary audit opinion

The auditor's report for the year was unqualified.

The senior statutory auditor was Barry Truswell CA, for and on behalf of Chiene + Tait LLP.

13. Related party transactions

The company has chosen to take advantage of the exemption under FRS102 section 1AC.35 to not disclose related party transactions.

14. Controlling party

There is no controlling party for the company.