

Codeplay Software Limited
Filleted Financial Statements
For the year ended
31 October 2019



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Codeplay Software Limited

Financial Statements

Year ended 31 October 2019

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Codeplay Software Limited

Statement of Financial Position

31 October 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	5	139,613	167,642
Current assets			
Debtors	6	1,702,781	787,920
Cash at bank and in hand		1,107,709	1,366,606
		<u>2,810,490</u>	<u>2,154,526</u>
Creditors: amounts falling due within one year	7	<u>699,848</u>	<u>399,126</u>
Net current assets		<u>2,110,642</u>	<u>1,755,400</u>
Total assets less current liabilities		<u>2,250,255</u>	<u>1,923,042</u>
Creditors: amounts falling due after more than one year	8	<u>300,000</u>	<u>491,769</u>
Net assets		<u><u>1,950,255</u></u>	<u><u>1,431,273</u></u>
Capital and reserves			
Called up share capital	11	2,445,412	2,445,412
Share premium account		166,346	166,346
Profit and loss account		(661,503)	(1,180,485)
Shareholders funds		<u><u>1,950,255</u></u>	<u><u>1,431,273</u></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.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 4 May 2020, and are signed on behalf of the board by:



Andrew James Richards
Director

Company registration number: 04567874

The notes on pages 2 to 6 form part of these financial statements.

Codeplay Software Limited

Notes to the Financial Statements

Year ended 31 October 2019

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 profit for the period of £518,982 and has net assets of £1,950,255 which includes cash at bank and in hand of £1,107,709 at the period end. The directors have also considered the impact of COVID-19, it has not been shown to have a significant detrimental effect on business operations, contracts or the sales pipeline. As a result, the directors are of the opinion that, whilst there is an element of uncertainty, the investments made in 2018 and 2019, enhancing the company's position in artificial intelligence, 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.

Codeplay Software Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

3. Accounting policies *(continued)*

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.

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 payments

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.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship (see hedge accounting policy). Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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.

Codeplay Software Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

4. Employee numbers

The average number of persons employed by the company during the year amounted to 76 (2018: 70).

5. Tangible assets

	Fixtures and fittings £	Office Equipment £	Leasehold Improvements £	Total £
Cost				
At 1 November 2018	120,389	309,681	6,103	436,173
Additions	12,540	24,698	25,417	62,655
At 31 October 2019	132,929	334,379	31,520	498,828
Depreciation				
At 1 November 2018	78,715	189,816	–	268,531
Charge for the year	28,133	62,147	404	90,684
At 31 October 2019	106,848	251,963	404	359,215
Carrying amount				
At 31 October 2019	26,081	82,416	31,116	139,613
At 31 October 2018	41,674	119,865	6,103	167,642

6. Debtors

	2019 £	2018 £
Trade debtors	123,726	116,164
Other debtors	1,579,055	671,756
	1,702,781	787,920

7. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	106,986	92,975
Social security and other taxes	109,635	87,494
Other creditors	483,227	218,657
	699,848	399,126

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

	2019 £	2018 £
Other creditors	300,000	491,769

Codeplay Software Limited

Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

9. Share-based payments

The company has issued share options under the terms of its EMI option scheme and has issued share options that are non-EMI. 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 2019 is £nil (2018: £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.

In the year ended 2018, the Company cancelled its existing options 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:

	2019 Options	WAEP (£)	2018 Options	WAEP (£)
Options outstanding at 1 November 2018	9,842,584	0.00001	4,091,462	0.0066
Granted	1,907,506	0.0483	6,662,664	0.00001
Exercised	—	—	(250,000)	0.0008
Lapsed	(748,288)	(0.00001)	(661,542)	0.0007
Cancelled	—	—	(9,842,584)	0.007
Reissued	—	—	9,842,584	0.0001
Options outstanding at 30 October 2019	<u>11,001,802</u>	<u>0.00784</u>	<u>9,842,584</u>	<u>0.00001</u>

10. Prior period reallocation

During the year the Directors re-assessed the costs being allocated to each cost classification presented in the financial statements and have made some amendments. These amendments do not impact the overall result of the prior years financial statements and have been detailed in the table below:

	Restated 2018 total £	Original 2018 total £	Change to the 2018 total £
Cost of sales	1,291,856	—	1,291,856
Administrative expenses	2,884,786	4,176,642	(1,291,856)
	<u>4,176,642</u>	<u>4,176,642</u>	<u>—</u>

11. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary A shares of £0.00001 each	41,151,597	411.52	41,151,597	411.52
Ordinary AB shares of £1 each	945,000	945,000.00	945,000	945,000.00
Preference shares of £1 each	1,500,000	1,500,000.00	1,500,000	1,500,000.00
	<u>43,596,597</u>	<u>2,445,411.52</u>	<u>43,596,597</u>	<u>2,445,411.52</u>

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Notes to the Financial Statements *(continued)*

Year ended 31 October 2019

11. Called up share capital *(continued)*

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 Ordinary AB 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.

12. Operating leases

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

	2019	2018
	£	£
Not later than 1 year	95,069	55,256
Later than 1 year and not later than 5 years	500,723	47,535
Later than 5 years	190,256	—
	<u>786,048</u>	<u>102,791</u>

13. Events after the end of the reporting period

Subsequent to the year end the COVID-19 pandemic started to impact the UK. The company has moved to a fully remote working environment which has proved to be stable and effective at allowing operations to continue at a level of activity similar to that seen in the office environment. There is currently no significant impact to business performance.

14. Summary audit opinion

The auditor's report for the year ended 31 October 2019 was unqualified.

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

15. Related party transactions

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

16. Controlling party

There is no controlling party for the company.