

Registered number: 02871879

CELATON LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



CELATON LIMITED

COMPANY INFORMATION

Directors	James Syrotiuk Karen Chandler James Chase
Registered number	02871879
Registered office	Noble House Capital Drive Milton Keynes MK14 6QP
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor The Pinnacle 160 Midsummer Boulevard Milton Keynes MK9 1FF

CELATON LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 6
Statement of comprehensive income	7
Balance sheet	8 - 9
Notes to the financial statements	10 - 20

CELATON LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

The Directors present their report and the financial statements for the year ended 30 June 2021.

Directors

The Directors who served during the year were:

Gary Grant (resigned 28 May 2021)
Timothy Bittleston (resigned 28 May 2021)
James Syrotiuk
Karen Chandler (appointed 28 May 2021)
James Chase (appointed 28 May 2021)

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' Section 1A. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

Impact of Covid-19

During the Covid-19 pandemic we have seen a reduction in revenues from some customers eg in the travel sector but other customers have increased volumes. Overall revenues have been maintained. All staff can work remotely and other than limited use of the Governments furlough scheme employees have continued to work throughout the year.

Going concern

The Directors have reviewed cash flow forecasts for a period of not less than 12 months from the date of the audit opinion and are confident that the Company will be able to pay its liabilities as they fall due.

CELATON LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There are no post balance sheet events.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

KLChandler

KLChandler [Oct 21, 2021 11:08 GMT+1]

.....
Karen Chandler
Director

Date: 21-Oct-2021

CELATON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELATON LIMITED

Opinion

We have audited the financial statements of Celaton Limited (the 'Company') for the year ended 30 June 2021 which comprise the Statement of comprehensive income, the Balance sheet 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 30 June 2021 and of its loss 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

CELATON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELATON LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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 course of 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 the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELATON LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 either the directors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the related to UK tax legislation and non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, significant one-off or unusual transactions and revenue cut off.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with the Directors and management their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

CELATON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELATON LIMITED

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

Our audit procedures in relation to fraud through revenue cut-off included but were not limited to:

- assessing management' revenue recognition policy; and
- agreed a sample of revenue transactions pre and post year end, to ensure they have been recognised in the appropriate period.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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 Brown (Oct 21, 2021 17:32 GMT+1)

Stephen Brown (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 21-Oct-2021

CELATON LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 £000	2020 £000
Turnover		3,267	3,422
Cost of sales		(1,672)	(1,663)
Gross profit		1,595	1,759
Administrative expenses		(1,569)	(1,840)
Other operating income	3	55	-
Operating profit/(loss)		81	(81)
Exceptional costs	4	(231)	(73)
Loss on ordinary activities before interest		(150)	(154)
Interest receivable and similar income		1	-
Interest payable and expenses		(160)	(313)
Loss before tax		(309)	(467)
Tax on loss		263	250
Loss for the financial year		(46)	(217)

There was no other comprehensive income for 2021 (2020 - £NIL).

The notes on pages 10 to 20 form part of these financial statements.

CELATON LIMITED
REGISTERED NUMBER: 02871879

**BALANCE SHEET
AS AT 30 JUNE 2021**

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	7	74	95
Tangible assets	8	6	7
		<u>80</u>	<u>102</u>
Current assets			
Debtors	9	767	544
Cash at bank and in hand		1,167	365
		<u>1,934</u>	<u>909</u>
Creditors: amounts falling due within one year	10	(783)	(1,480)
Net current assets/(liabilities)		<u>1,151</u>	<u>(571)</u>
Total assets less current liabilities		<u>1,231</u>	<u>(469)</u>
Creditors: amounts falling due after more than one year	11	(585)	-
Provisions for liabilities			
Deferred tax		-	(13)
Net assets/(liabilities)		<u>646</u>	<u>(482)</u>
Capital and reserves			
Called up share capital		778	135
Share premium account	13	2,823	2,292
Profit and loss account	13	(2,955)	(2,909)
		<u>646</u>	<u>(482)</u>

CELATON LIMITED
REGISTERED NUMBER: 02871879

BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

KLChandler
KLChandler (Oct 21, 2021 11:08 GMT+1)

.....
Karen Chandler
Director

Date: 21-Oct-2021

The notes on pages 10 to 20 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. General information

Celaton Limited ('the Company') is a private limited company (02871879) incorporated in the United Kingdom. The address of its registered office and principal place of business is Noble House, Capital Drive, Milton Keynes, MK14 6QP.

The principal activity of the Company is the provision of information technology services.

These financial statements are presented in Pounds Sterling (£), this being the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Monetary amounts included in these financial statements are rounded to the nearest £'000.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention, as modified for the fair value of investment properties, in accordance with FRS 102 Section 1A The Financial Reporting Standard Applicable in the UK and Republic of Ireland and the Companies Act 2006.

2.2 Going concern

The Directors have reviewed cash flow forecasts for a period of not less than 12 months from the date of the audit opinion and are confident that the Company will be able to pay its liabilities as they fall due.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as 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 measured reliably; 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.

Interest Income

Interest income is recognised as interest accrues using the effective interest rate method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.5 Taxation

The tax expense for the year comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.8 Government grants

Government grants relating to the Coronavirus Job Retention Scheme (CJRS) have been received during the year in respect of employee costs incurred for furloughed staff. Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.9 Intangible assets and amortisation

Intangible assets comprise 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 cost 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 or 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

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.

2.10 Tangible fixed assets and depreciation

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 their 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.

2.11 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 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 estimating 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.

2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Accounting policies (continued)

2.13 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.

2.14 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.

2.15 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.

2.16 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 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.

CELATON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

3. Other operating income

	2021	2020
	£000	£000
Covid-19 job retention scheme	55	-

4. Exceptional costs

	2021	2020
	£000	£000
Exceptional costs	231	73

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

For the year ended 30 June 2020, exceptional costs relate to due diligence for sale of the Company and employment related issues.

5. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £16k (2020 - £6k).

6. Employees

The average monthly number of employees, including directors, during the year was 29 (2020 - 31).

CELATON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

7. Intangible assets

	Software development £000
Cost	
At 1 July 2020	831
At 30 June 2021	<u>831</u>
Amortisation	
At 1 July 2020	735
Charge for the year	22
At 30 June 2021	<u>757</u>
Net book value	
At 30 June 2021	<u>74</u>
At 30 June 2020	<u>95</u>

Amortisation is charged to administrative expenses.

CELATON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

8. Tangible fixed assets

	Plant & machinery £000
Cost or valuation	
At 1 July 2020	16
Additions	4
At 30 June 2021	<u>20</u>
Depreciation	
At 1 July 2020	9
Charge for the year	5
At 30 June 2021	<u>14</u>
Net book value	
At 30 June 2021	<u>6</u>
At 30 June 2020	<u>7</u>

9. Debtors

	2021 £000	2020 £000
Due after more than one year		
Other debtors	-	48
Due within one year		
Trade debtors	687	301
Other debtors	49	160
Prepayments and accrued income	31	35
	<u>767</u>	<u>544</u>

CELATON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

10. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Shareholder loan notes	-	528
Trade creditors	237	333
Other taxation and social security	260	473
Other creditors	160	113
Accruals and deferred income	126	33
	<u>783</u>	<u>1,480</u>

11. Creditors: Amounts falling due after more than one year

	2021	2020
	£000	£000
Other creditors (see note 14)	<u>585</u>	<u>-</u>

12. Commitments under operating leases

The Company as lessee

At 30 June 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£000	£000
Not later than 1 year	60	132
Later than 1 year and not later than 5 years	51	181
	<u>111</u>	<u>313</u>

A total of £126k was recognised as an operating lease expense in the period (2020 - £120k).

13. Reserves**Share premium account**

This reserve represents the consideration received above the nominal value for issued share capital, less transaction costs.

Profit & loss account

This reserve represents the cumulative gains and losses incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

14. Related party transactions

At the year end the company owed Business Growth Fund a shareholder of the company £585k (2020 - £528k). The maximum amount outstanding in the year was £638k (2020 - £585k). During the year the loan notes and redemption penalty (£618k) due to the Business Growth Fund were waived in exchange for the issue of 777,770 (nominal value £57k) shares and an exit only option agreement which entitles the Business Growth Fund to be issued with a variable number of shares on Exit such that their shareholding is 50%. The balance of £585k remaining as a long-term liability which when exercised will be used as consideration for the nominal value of option shares expected to be issued in future. The Company has no obligation to settle the balance owing to Business Growth Fund in cash under any circumstances. Up to the date of the Option Agreement interest was charged at 14% per annum and amounted to £28k (2020 - £28k).

During the year the Company paid Business Growth Fund £62k (2020 - £60k) in relation to monitoring services.

15. Post balance sheet events

There are no post balance sheet events.

16. Controlling party

VM AV Corporate Services Limited and Business Growth Fund are controlling parties.