

Company Registration No. 02545823 (England and Wales)

TRAILIGHT LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2017
PAGES FOR FILING WITH REGISTRAR



TRAILIGHT LTD

COMPANY INFORMATION

Directors	D R McNair Scott C Grant M M E Royde
Secretary	Levenwood Limited
Company number	02545823
Registered office	Merchant House Piccadilly York England YO1 9WB
Accountants	BHP LLP Rievaulx House 1 St Mary's Court Blossom Street York YO24 1AH

TRAILIGHT LTD

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TRAILIGHT LTD

BALANCE SHEET

AS AT 30 NOVEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	4		99,803		11,798
Current assets					
Debtors	5	399,266		332,175	
Cash at bank and in hand		71,538		258,948	
		<u>470,804</u>		<u>591,123</u>	
Creditors: amounts falling due within one year	6	<u>(2,024,855)</u>		<u>(860,518)</u>	
Net current liabilities			<u>(1,554,051)</u>		<u>(269,395)</u>
Total assets less current liabilities			<u>(1,454,248)</u>		<u>(257,597)</u>
Provisions for liabilities			<u>(11,149)</u>		<u>(1,614)</u>
Net liabilities			<u><u>(1,465,397)</u></u>		<u><u>(259,211)</u></u>
Capital and reserves					
Called up share capital	7		410		410
Profit and loss reserves			<u>(1,465,807)</u>		<u>(259,621)</u>
Total equity			<u><u>(1,465,397)</u></u>		<u><u>(259,211)</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 30 November 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

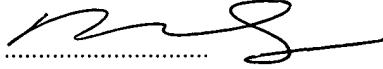
These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

TRAILIGHT LTD

BALANCE SHEET (CONTINUED)

AS AT 30 NOVEMBER 2017

The financial statements were approved by the board of directors and authorised for issue on 2012/18 and are signed on its behalf by:



.....
D R McNair Scott
Director

Company Registration No. 02545823

TRAILIGHT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

Company information

Trailight Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Merchant House, Piccadilly, York, England, YO1 9WB.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

These financial statements for the year ended 30 November 2017 are the first financial statements of Trailight Ltd prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 December 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The financial statements have been prepared on a going concern basis notwithstanding net current liabilities of £1,554,051 (2016: £269,395). The directors believe this to be appropriate because the company has access to continued funding from its parent company. The company is reliant on its parent company for ongoing support. The directors have received appropriate undertakings from the parent company that it will, for at least twelve months from the date of the approval of these financial statements, continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue in operational existence for the foreseeable future by meeting their liabilities as they fall due for payment. As with any company placing reliance on other individuals or entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that they will not do so.

On this basis the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the going concern basis of preparation being appropriate.

TRAILIGHT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

(Continued)

1.3 Turnover

Revenue represents the amounts derived from the provision of goods and services, stated net of Value Added Tax. The methodology applied to income recognition is dependent upon the goods or services being supplied.

In respect of income relating to annual service contracts and/or hosted services which are invoiced in advance, it is the Company's policy to spread the income of each contract equally over the contract's life. The full value of each sale being credited to deferred income when invoiced to be released to the profit and loss account in equal instalments over the contract period.

Revenues from the delivery of infrastructure are recognised on installation with associated training and consultancy fees recognised when specified contractual milestones are met or on project completion. In the event that these services are invoiced in advance they will be credited to deferred income and released to the profit and loss account once delivered.

Income from the sale of perpetual licences is recognisable in full at the date of sale.

1.4 Intangible fixed assets other than goodwill

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Development cost	10% Straight Line
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The carrying value of the Company's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated based upon the value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

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:

Leasehold improvements	10% Reducing Balance
Computer equipment	15% Reducing Balance

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.

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.

TRAILIGHT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash at bank and in hand

Cash at bank and in hand 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' and Section 12 'Other Financial Instruments Issues' 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.

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.

TRAILIGHT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

(Continued)

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.

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.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

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.

TRAILIGHT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies (Continued)

1.12 Retirement benefits

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

1.13 Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the period in which it is incurred.

Development costs are also charged to the profit and loss accounts in the period of expenditure unless individual projects satisfy the following criteria:-

- The project is clearly defined and creates a new product;
- The project involves conversion of an existing product into a new coding language;
- The expenditure is separately identifiable and material in cost terms;
- There have been fundamentally no sales in current period; and
- There is a likelihood of future sales exceeding costs.

Once capitalised development assets will be written down over a 10 year term on a straight line basis reflecting structured, scalable and flexible code structures used in new .net software development.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 28 (2016 - 23).

3 Intangible fixed assets

	Other £
Cost	
At 1 December 2016 and 30 November 2017	1,799,535
Amortisation and impairment	
At 1 December 2016 and 30 November 2017	1,799,535
Carrying amount	
At 30 November 2017	-
At 30 November 2016	-

TRAILIGHT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

3 Intangible fixed assets

(Continued)

On 30 November 2015 an impairment test was undertaken by comparing the carrying values of capitalised development with recoverable amount. The recoverable amount is based on value-in use calculations. These calculations use pre-tax cash flow projections covering a ten year period based on financial budgets and forecasts as approved by the directors with no terminal value. Ten years were selected as this represents the estimated lifetime of the software platforms.

The key assumptions used for value-in-use calculations are those regarding revenue growth rates and discount rates over the forecast period. Growth rates are based on past experience, the anticipated impact of the company's significant investment in research and development and expectations of future changes in the market. The value in use calculations use information from approved budgets in the first three years, followed by applying specific growth rates for which the key assumptions in respect of annual revenue growth rates range between 0% and 7% from year 4 onwards.

The discount rate used was 12%, based on an assessment of the Group's cost of capital and on comparison with other listed technology companies.

After review of the value-in-use of Trailight Ltd, the directors considers that the recent history of losses and net cash outflows forecast in the immediate future meant that a provision was recognised at 30 November 2015 representing the full carrying value of development costs capitalised by the company being £1,692,018.

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 December 2016	-	11,947	11,947
Additions	91,701	3,612	95,313
At 30 November 2017	91,701	15,559	107,260
Depreciation and impairment			
At 1 December 2016	-	149	149
Depreciation charged in the year	5,341	1,967	7,308
At 30 November 2017	5,341	2,116	7,457
Carrying amount			
At 30 November 2017	86,360	13,443	99,803
At 30 November 2016	-	11,798	11,798

TRAILIGHT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

5 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Corporation tax recoverable	288,143	235,716
Other debtors	111,123	96,459
	<u>399,266</u>	<u>332,175</u>

6 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	14,619	107,076
Amounts due to group undertakings	1,838,873	638,511
Other taxation and social security	54,403	38,627
Other creditors	116,960	76,304
	<u>2,024,855</u>	<u>860,518</u>

7 Called up share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
40,000 Ordinary A shares of 1p each	400	400
1,000 Ordinary B shares of 1p each	10	10
	<u>410</u>	<u>410</u>

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights, the do not confer any rights of redemption.

8 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2017	2016
	£	£
	433,125	-
	<u>433,125</u>	<u>-</u>

9 Parent company

The ultimate parent company is Track Record Holdings Limited, a company registered in England and Wales.