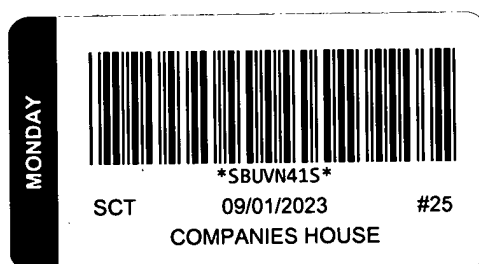


BLACKFORD ANALYSIS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
PAGES FOR FILING WITH REGISTRAR



BLACKFORD ANALYSIS LIMITED

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BLACKFORD ANALYSIS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	6	275,187		251,816	
Investments	7	2		2	
		<u>275,189</u>		<u>251,818</u>	
Current assets					
Debtors	9	946,866		672,262	
Cash at bank and in hand		2,077,451		320,397	
		<u>3,024,317</u>		<u>992,659</u>	
Creditors: amounts falling due within one year	10	<u>(1,282,513)</u>		<u>(988,870)</u>	
Net current assets			1,741,804		3,789
Total assets less current liabilities			2,016,993		255,607
Creditors: amounts falling due after more than one year	11		-		(240,000)
Net assets			<u>2,016,993</u>		<u>15,607</u>
Capital and reserves					
Called up share capital	13	7,124		4,446	
Share premium account		10,869,354		5,466,073	
Profit and loss reserves		(8,859,485)		(5,454,912)	
Total equity			<u>2,016,993</u>		<u>15,607</u>

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

These financial statements have been prepared and delivered 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 22 Dec 2022 and are signed on its behalf by:



Dr Benjamin Panter
Director

Company Registration No. SC380297

BLACKFORD ANALYSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Blackford Analysis Limited is a private company limited by shares incorporated in Scotland. The registered office is Level 4, 160 Causewayside, Edinburgh, EH9 1PR.

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.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

In assessing whether the financial statements should continue to be prepared on a going concern basis, the Directors have considered a period of twelve months from the date of approval of these financial statements. The ability of the company to meet its liabilities as they fall due over this period is dependent on a number of factors which have a material uncertainty including;

Sales pipeline: From a product perspective, the company has a healthy pipeline of direct sales opportunities and a number of live trials which it plans to convert into paying custom. Revenues are expected to start flowing through multiple channel partnerships within the coming 12 months, including new opportunities to expand income from consultancy services.

Securing additional funding: The company has already secured loan funding from its investors which it expects to draw down in the coming months. Further funding will be sought from the same investor group, who have funded the business through a series of investment rounds since its inception, or from new investors, with whom discussions have already begun.

Additionally, the company has the ability to manage its cost base to mitigate any projected cash shortfalls.

The Directors are satisfied that on balance, and on the basis of the above assumptions, the company will have sufficient resources to meet its liabilities as they fall due for at least twelve months from the date of signing of these financial statements. The Directors consider it is therefore appropriate to prepare the financial statements on a going concern basis.

These financial statements do not include any adjustments to the balance sheet value of assets and their recoverable amounts or provide for further liabilities which may arise if the going concern basis of preparation is appropriate.

1.3 Turnover

Turnover represents amounts receivable for goods, services and group entity recharges net of VAT and trade discounts. For service contracts, revenue is generally recognised as contract activity progresses, so that for incomplete contracts it reflects the partial performance of contractual obligations. Licence fees are recognised on a contractual basis over the life of the service agreement. Maintenance revenue is recognised on a long term contractual basis in line with the length of the support service agreement.

BLACKFORD ANALYSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.4 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	20% straight line
Office furniture	20% straight line
Computer equipment	33% straight line
Fixtures, fittings & equipment	33% straight line

1.5 Fixed asset investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

1.7 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.

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.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

BLACKFORD ANALYSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

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. 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.

Research and development tax credits are recognised on a systematic basis as the entity recognises the costs for which the research and development tax credits are intended to incentivise, and only to the extent that the directors are satisfied, based on previous claims, that amounts will be recoverable.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

1.10 Retirement benefits

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

1.11 Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the black scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants are recognised in accordance with the accruals model. Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

BLACKFORD ANALYSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.15 Patents

Expenditure associated with patents is expensed as incurred.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Share option assumptions

The determination of the value of share based payment requires management to use professional judgement to arrive at assumptions to be used to calculate the value of the share based payment using the Black-Scholes model, including the vesting period and the discount rate.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	54	35

4 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	599,330	414,141

BLACKFORD ANALYSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

4 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	199,839	120,093

5 Intangible fixed assets

	Other £
Cost	
At 1 July 2021 and 30 June 2022	98,160
Amortisation and impairment	
At 1 July 2021 and 30 June 2022	98,160
Carrying amount	
At 30 June 2022	-
At 30 June 2021	-

6 Tangible fixed assets

	Leasehold improvements £	Plant and machinery etc £	Total £
Cost			
At 1 July 2021	145,334	188,265	333,599
Additions	17,520	87,467	104,987
At 30 June 2022	162,854	275,732	438,586
Depreciation and impairment			
At 1 July 2021	3,172	78,611	81,783
Depreciation charged in the year	30,819	50,797	81,616
At 30 June 2022	33,991	129,408	163,399
Carrying amount			
At 30 June 2022	128,863	146,324	275,187
At 30 June 2021	142,162	109,654	251,816

BLACKFORD ANALYSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

7 Fixed asset investments

	2022 £	2021 £
Shares in group undertakings and participating interests	2	2

8 Subsidiaries

Details of the company's subsidiaries at 30 June 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Blackford Analysis Inc.	USA	Provision of computer software and consultancy services	Ordinary	100
Blackford Analysis International Limited	UK	Dormant company	Ordinary	100

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Blackford Analysis Inc.	-	2,918
Blackford Analysis International Limited	574	187

9 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	286,391	258,397
Corporation tax recoverable	33,586	-
Amounts owed by group undertakings	228,531	187,198
Other debtors	398,358	226,667
	<u>946,866</u>	<u>672,262</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

10 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	160,956	226,475
Taxation and social security	115,082	68,420
Other creditors	1,006,475	693,975
	<u>1,282,513</u>	<u>988,870</u>

BLACKFORD ANALYSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

11 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Convertible Loan	-	240,000

Prior year convertible loan balance (£240,000) was converted into equity on the 6th August 2021.

12 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 July 2021	53,477	46,395	12.76	12.14
Granted	69,302	20,501	21.06	12.94
Expired	(7,101)	(13,419)	8.96	8.18
Outstanding at 30 June 2022	115,678	53,477	18.20	12.76
Exercisable at 30 June 2022	103,144	45,438	18.82	14.81

Options generally lapse when employees leave the company or on the 10th anniversary, for equity settled options, and 3rd anniversary, for cash settled options, of date of grant. The options may be exercised by the option holder in the event of an exit.

The weighted average remaining contractual life of the options at 30 June 2022 is 8.05 years (2021: 5.8 years).

During the period to 30th June 2022, 49,993 (2021: 17,706) equity settled options over company shares were granted. The weighted average fair value of these options granted in the year ended 30th June 2022 was £1.62 (2021: £1.47) per option.

Also during the period to 30th June 2022, 19,309 (2021: 2,795) cash settled options were granted. The weighted average fair value of these options granted in the year ended 30th June 2022 was £4.42 (2021: £3.42 per option).

Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. A share option charge was posted in the current year on the basis of materiality but not in the prior year. The fair value per option granted and the assumptions used in the calculation are as follows:

Inputs were as follows:

	2022	2021
Weighted average share price	18.20	12.76
Expected volatility	50.00%	50.00%
Expected life	10.00	10.00
Risk free rate	0.56%	0.53%

BLACKFORD ANALYSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

13 Called up share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	712,400	444,634	7,124	4,446

During the year 15,403 shares were issued at a value of £17.90 and 252,363 shares were issued at a value of £21.06 (2021: £nil), thus resulting in an increase of £2,678 (2021: £nil) in ordinary shares and a £5,595,263 (2021: £nil) increase in share premium (net of issue costs of £191,981 (2021: £nil)).

14 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Irvine Spowart and the auditor was Johnston Carmichael LLP.

15 Financial commitments, guarantees and contingent liabilities

HSBC UK hold a floating charge over the company dated from 29th March 2018.

16 Operating lease commitments

Lessee

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

	2022	2021
	£	£
Within one year	41,291	20,645
Between two and five years	247,755	289,046
Total	289,046	309,691

17 Events after the reporting date

Post year end, convertible loan note instruments were issued, constituting £3,668,000 convertible unsecured loan notes, £733,600 of which has been drawn down post year end.

18 Related party transactions

The company has taken advantage of the exemption within FRS 102 section 1A paragraph 1AC.35 from the requirements to disclose transactions with other wholly owned companies in the same group.

19 Ultimate controlling party

In the opinion of the directors, there is no ultimate controlling party.