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NETCRAFT LTD

**DIRECTOR'S REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 SEPTEMBER 2020**

**REGISTRATION NUMBER
02161164**

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NETCRAFT LTD

DIRECTORS AND OTHER INFORMATION

Director	Mr M H Prettejohn
Secretary	Mrs F J Prettejohn
Company number	02161164
Registered office	2 Belmont Bath BA1 5DZ
Business address	2 Belmont Bath BA1 5DZ
Auditor	Thomas Westcott 26-28 Southernhay East Exeter Devon EX1 1NS

NETCRAFT LTD

STRATEGIC REPORT YEAR ENDED 30 SEPTEMBER 2020

Business review

Netcraft has continued to make good progress during the past year.

Coronavirus

In the early days of the pandemic we commenced countermeasures against coronavirus themed cybercrime, including advance fee frauds, Windows malware, counterfeit goods, phishing, and impersonation of government relief schemes and health organisations. By the end of our year we had successfully taken down over 20,000 coronavirus themed attacks, blocking all of them at the time of validation for users of the Netcraft Apps, browser extension and corporate customers of our anti-cybercrime feeds. Cybercrime has increased materially during the pandemic and our services have scaled to deal with a level of attacks approximately fivefold higher at the end of our year than at the start.

Queen's Award for Enterprise

In April we received a Double Queen's Award for Enterprise. A Queen's Award is the highest UK Government award for a British business. It is awarded on the Queen's Birthday each year, and, in different times, would include an invitation to a mass gathering at Buckingham Palace. The criteria set by our Government searches for considerable progress sustained over a six year period. This year, 128 companies received a Queen's Award for International Trade and 66 companies a Queen's Award for Innovation.

The Queen's Award for International Trade recognises how our business evolved from the internet infrastructure industry to a broader community of governments, banks, financial services and other large enterprises in over fifty countries, including five of the forty largest economies by GDP, four of the world's ten largest companies by market capitalisation and eleven of the top fifty banks worldwide.

The Queen's Award for Innovation is in respect of our cybercrime disruption services. In the UK these are used by the British Government and seven of the eight constituents of the FTSE-350 Banking index. The same services underpin the growth in exports reflected in the International Trade award, representing a force for good across the whole internet.

Netcraft is one of three companies to receive a Queen's Award in both categories.

London Office

We have purchased an office in Westminster as many of our staff live in central London. Although we are encouraging our staff to work from wherever they feel safest throughout the pandemic, we have part-refurbished the offices and expect that it will fill up as when people feel safe about the journey to and from work as it provides spacious accommodation and welcome interaction.

Principal risks and uncertainties

The company faces many risks and uncertainties, some outside of our control. Key risks include the pandemic, competition from very large companies or investor financed companies who may be prepared to sustain a loss making service which restricts our ability to profit from our services; competition for staff which may limit our ability to recruit successfully, and any increase in barriers to trade, nationalism and xenophobia which may constrain sales of our services globally.

Research and Development

We innovate to solve problems and to take advantage of opportunities we see and a large proportion of our payroll is invested in R & D. We're delighted that our commercial success through innovation was recognised with the Queen's Award for Innovation.

NETCRAFT LTD

**STRATEGIC REPORT (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2020**

Future developments

The company is in a strong financial position, recruiting well and since the year end we have secured new contracts to disrupt cybercrime at scale.

Financial instruments

We have customers in over fifty countries and consequently are exposed to foreign exchange rate risk. We mitigate this by accepting payment in a set of currencies which are widely traded. The company did not make use of formally designated hedging arrangements or derivatives during the year.

This report was approved by the board of directors on 4th February 2021 and signed on behalf of the board by:



Mr M H Prettejohn
Director

NETCRAFT LTD

DIRECTOR'S REPORT YEAR ENDED 30 SEPTEMBER 2020

The director presents his report and the financial statements of the company for the year ended 30 September 2020.

Director

The director who served the company during the year was as follows:

Mr M H Prettejohn

Events after the end of the reporting period

Particulars of events after the reporting period are detailed in note 21 to the financial statements.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

NETCRAFT LTD

**DIRECTOR'S REPORT (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2020**

This report was approved by the director on 4 February 2021 and signed by:



**Mr M H Prettejohn
Director**

NETCRAFT LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETCRAFT LTD YEAR ENDED 30 SEPTEMBER 2020

Opinion

We have audited the financial statements of Netcraft Ltd for the year ended 30 September 2020 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 September 2020 and of its profit 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The financial information shown in the comparative period to the entity's financial statements were not required to be audited and therefore no audit was undertaken.

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 director is responsible for the other information. 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.

NETCRAFT LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NETCRAFT LTD (CONTINUED) YEAR ENDED 30 SEPTEMBER 2020

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 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 strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the 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 strategic report or the director's report.

We have nothing to report in respect of the following matters where 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 the returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 the director either intends to liquidate the company or to cease operations, or has 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

NETCRAFT LTD

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NETCRAFT LTD (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2020**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 auditors 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.



Shona Godefroy FCCA (Senior Statutory Auditor)

For and on behalf of
Thomas Westcott
Chartered Accountants and Statutory Auditor
26-28 Southernhay East
Exeter
Devon
EX1 1NS

12 February 2021

NETCRAFT LTD**STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 30 SEPTEMBER 2020**

		2020	2019
	Note	£	£
Turnover	4	12,374,722	9,910,192
Cost of sales		(717,708)	(528,155)
Gross profit		11,657,014	9,382,037
Administrative expenses		(7,771,767)	(5,383,434)
Other operating income	5	587,656	95,776
Operating profit	6	4,472,903	4,094,379
Other interest receivable and similar income	9	10,671	31,092
Profit before taxation		4,483,574	4,125,471
Tax on profit	10	13,181	(346,605)
Profit for the financial year and total comprehensive income		4,496,755	3,778,866

All the activities of the company are from continuing operations.

The notes on pages 14 to 22 form part of these financial statements.

NETCRAFT LTD**STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2020**

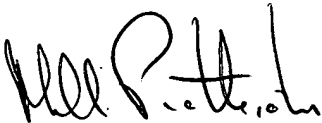
	Note	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	11	14,949,332		8,010,832	
			14,949,332		8,010,832
Current assets					
Debtors	12	532,342		575,693	
Cash at bank and in hand		8,361,806		10,054,726	
			8,894,148		10,630,419
Creditors: amounts falling due within one year	13	(5,635,668)		(4,833,378)	
Net current assets			3,258,480		5,797,041
Total assets less current liabilities			18,207,812		13,807,873
Provisions for liabilities	14		(613,763)		(620,579)
Net assets			17,594,049		13,187,294
Capital and reserves					
Called up share capital	18		1,000		1,000
Profit and loss account	19		17,593,049		13,186,294
Shareholders funds			17,594,049		13,187,294

The notes on pages 14 to 22 form part of these financial statements.

NETCRAFT LTD

STATEMENT OF FINANCIAL POSITION (CONTINUED)
30 SEPTEMBER 2020

These financial statements were approved by the board of directors and authorised for issue on 4th February 2021 and are signed on behalf of the board by:



Mr M H Prettejohn
Director

Company registration number: 02161164

The notes on pages 14 to 22 form part of these financial statements.

NETCRAFT LTD

**STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital	Profit and loss account	Total
	£	£	£
At 1 October 2018	1,000	9,407,428	9,408,428
Profit for the year		3,778,866	3,778,866
Total comprehensive income for the year	-	3,778,866	3,778,866
At 30 September 2019 and 1 October 2019	1,000	13,186,294	13,187,294
Profit for the year		4,496,755	4,496,755
Total comprehensive income for the year	-	4,496,755	4,496,755
Dividends paid and payable		(90,000)	(90,000)
Total investments by and distributions to owners	-	(90,000)	(90,000)
At 30 September 2020	1,000	17,593,049	17,594,049

NETCRAFT LTD**STATEMENT OF CASH FLOWS
YEAR ENDED 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the financial year		4,496,755	3,778,866
<i>Adjustments for:</i>			
Depreciation of tangible assets		230,232	152,568
Other interest receivable and similar income		(10,671)	(31,092)
Gain on disposal of tangible assets		237	4,476
Tax on profit		(13,181)	346,605
(Accrued income)		(5,713)	(3,549)
<i>Changes in:</i>			
Trade and other debtors		42,444	555,835
Trade and other creditors		802,290	380,442
Cash generated from operations		<u>5,542,393</u>	<u>5,184,151</u>
Interest received		10,671	31,092
Tax paid		12,985	(314,555)
Net cash from operating activities		<u>5,566,049</u>	<u>4,900,688</u>
Cash flows from investing activities			
Purchase of tangible assets		(7,169,169)	(6,730,406)
Proceeds from sale of tangible assets		200	-
Net cash used in investing activities		<u>(7,168,969)</u>	<u>(6,730,406)</u>
Cash flows from financing activities			
Equity dividends paid		(90,000)	-
Net cash used in financing activities		<u>(90,000)</u>	<u>-</u>
(Net decrease in cash and cash equivalents)		(1,692,920)	(1,829,718)
Cash and cash equivalents at beginning of year		10,054,726	11,884,444
Cash and cash equivalents at end of year		<u>8,361,806</u>	<u>10,054,726</u>

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 SEPTEMBER 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 2 Belmont, Bath, BA1 5DZ.

Principal activity

The principal activity of the company continued to be the provision of internet security services.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and 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.

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

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key accounting judgement in the financial statements relates to deferred income. Deferred income relates to payments received for the proportion of services yet to be provided.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the rendering of services through long-term contracts is recognised by reference to the stage of completion of the contract.

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED 30 SEPTEMBER 2020

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

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.

Tangible assets

Tangible assets are recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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:

Freehold property	- 2%	straight line
Plant and machinery	- 33%	straight line
Fittings fixtures and equipment	- 15%	straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowing or current liabilities.

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2020

Financial instruments

A financial asset or a financial liability is recognised only when the company 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.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

Investment properties

Investment properties are shown within freehold property in the financial statements. Valuation is performed on a cyclical basis to show investment property at fair value. This group of assets is not being depreciated in the financial statements.

4. Turnover

Turnover arises from:

	2020	2019
	£	£
Rendering of services	12,374,722	9,910,192

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2020	2019
	£	£
Rental income	587,656	95,776

NETCRAFT LTD

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2020**

6. Operating profit

Operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Depreciation of tangible assets	230,232	152,568
Loss on disposal of tangible assets	237	4,476
Foreign exchange differences	<u>421,407</u>	<u>(216,747)</u>

7. Employee numbers

The average number of persons employed by the company during the year, including the director, amounted to:

	2020	2019
Technical Staff	<u>96</u>	<u>75</u>

The aggregate payroll costs incurred during the year were:

	2020	2019
	£	£
Wages and salaries	4,939,967	3,913,527
Social security costs	510,936	421,910
Other pension costs	590,594	369,344
	<u>6,041,497</u>	<u>4,704,781</u>

8. Directors remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2020	2019
	£	£
Remuneration	<u>8,896</u>	<u>45</u>

9. Other interest receivable and similar income

	2020	2019
	£	£
Bank deposits	<u>10,671</u>	<u>31,092</u>

NETCRAFT LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2020****10. Tax on profit****Major components of tax income/expense**

	2020	2019
	£	£
Current tax:		
Adjustments in respect of previous periods	(6,365)	(235,511)
Deferred tax:		
Origination and reversal of timing differences	(6,816)	582,116
Tax on profit	<u>(13,181)</u>	<u>346,605</u>

Reconciliation of tax income/expense

The tax assessed on the profit for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

	2020	2019
	£	£
Profit before taxation	4,483,574	4,125,471
Profit multiplied by rate of tax	851,879	783,839
Adjustments in respect of prior periods	(6,365)	(235,511)
Effect of expenses not deductible for tax purposes	-	(56)
Effect of capital allowances and depreciation	775,466	397,631
Research and Development Expenditure Credit Adjustment	(1,634,161)	(599,298)
Tax on profit	<u>(13,181)</u>	<u>346,605</u>

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2020

11. Tangible assets

	Freehold property	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 October 2019	8,327,929	438,922	89,652	8,856,503
Additions	7,079,356	76,058	13,755	7,169,169
Disposals	-	(9,013)	-	(9,013)
At 30 September 2020	<u>15,407,285</u>	<u>505,967</u>	<u>103,407</u>	<u>16,016,659</u>
Depreciation				
At 1 October 2019	437,653	342,641	65,377	845,671
Charge for the year	139,631	83,274	7,327	230,232
Disposals	-	(8,576)	-	(8,576)
At 30 September 2020	<u>577,284</u>	<u>417,339</u>	<u>72,704</u>	<u>1,067,327</u>
Carrying amount				
At 30 September 2020	<u>14,830,001</u>	<u>88,628</u>	<u>30,703</u>	<u>14,949,332</u>
At 30 September 2019	<u>7,890,276</u>	<u>96,281</u>	<u>24,275</u>	<u>8,010,832</u>

Included within Freehold Property is £8,981,120 (2019: £4,756,571) of investment property.

12. Debtors

	2020	2019
	£	£
Trade debtors	306,111	140,312
Prepayments and accrued income	160,318	159,414
Other debtors	65,913	275,967
	<u>532,342</u>	<u>575,693</u>

13. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	2,213	15,043
Social security and other taxes	528,117	491,151
Other creditors	5,105,338	4,327,184
	<u>5,635,668</u>	<u>4,833,378</u>

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2020

14. Provisions

	Deferred tax (note 15)	Total
	£	£
At 1 October 2019	620,579	620,579
Additions	(6,816)	(6,816)
At 30 September 2020	<u>613,763</u>	<u>613,763</u>

15. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020	2019
	£	£
Included in provisions (note 14)	<u>613,763</u>	<u>620,579</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2020	2019
	£	£
Accelerated capital allowances	<u>613,763</u>	<u>620,579</u>

16. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £590,594 (2019: £369,344).

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2020**

17. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2020	2019
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	306,002	140,312
Other debtors	80,480	39,187
	<u>386,482</u>	<u>179,499</u>
Financial liabilities measured at amortised cost		
Trade creditors	1,202	15,043
Other creditors	349,350	96,150
Deferred income	4,948,533	4,231,035
	<u>5,299,085</u>	<u>4,342,228</u>

18. Called up share capital

Authorised share capital

	2020		2019	
	No	£	No	£
Ordinary shares of £ 1.00 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Issued, called up and fully paid

	2020		2019	
	No	£	No	£
Ordinary shares of £ 1.00 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

19. Reserves

Profit and loss account:

This reserve records retained earnings and accumulated losses.

NETCRAFT LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 30 SEPTEMBER 2020

20. Operating leases

The company as lessee

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

	2020	2019
	£	£
Not later than 1 year	<u>-</u>	<u>31,722</u>

21. Events after the end of the reporting period

On 23 December 2020, freehold property at the Net Book Value of £775,564 was sold to a related party of Mr M H Prettejohn, generating a profit on disposal of £374,436.

Although there are no specific known factors which could have an impact on the company's financial statements, it should be noted that after the end of the financial year there was instability relating to the global health emergency in respect of Coronavirus. Coronavirus initially affected China in the first few weeks of 2020. It has since spread to other countries and was declared an international public health emergency by the World Health Organisation at the end of January 2020. The UK introduced lockdown arrangements in March 2020. Whilst we do not feel that this event and the lockdown which subsequently followed triggers any adjustments to the financial statements either based upon the position at the year-end or due to events that have transpired since, it is worth noting that there is uncertainty in this area. The company has started the activity of reviewing the scenario and evaluating the management actions to mitigate the impact to the business. The Company has adopted initiatives to safeguard health of its people and actions aimed at maintaining operational activity, whilst also adhering to the latest government guidance. The repercussions of any adjustments to the financial statements are currently not determinable in light of the volatility of the scenarios and the continuous evolution of the market, these will be reflected in the 2021 financial statements.