

SEEBYTE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**



SEEBYTE LIMITED

COMPANY INFORMATION

Directors	George Lecakes Dr Christopher Haworth Dr Scott Reed Robert Johnson (appointed 16 November 2022) Shawn Irish (appointed 15 July 2023)
Registered number	SC194014
Registered office	Orchard Brae House 30 Queensferry Road Edinburgh EH4 2HS
Independent auditor	Anderson Anderson & Brown Audit LLP 81 George Street Edinburgh EH2 3ES
Bankers	Royal Bank of Scotland 142-144 Princes Street Edinburgh EH2 3JT

SEEBYTE LIMITED

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SEEBYTE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 30 September 2022.

Business review

SeeByte Limited's principal activity is the development of software solutions for uncrewed vehicles.

Demand is strong for the services provided by the company. There has been recruitment of additional specialist software engineers. The company has taken on additional office space and now operates in two cities in the United Kingdom.

Principal risks and uncertainties

Competitive risk

The company has developed strong long-term partnerships with multiple customers. There are significant reputational and technological barriers to entry in the markets in which the company operates. New competitors are expected but the group expects to maintain a strong competitive position for the foreseeable future.

Legislative risk

The company's products and services are subject to UK and US export control regulations. No significant changes to these, which might adversely affect the company's business, are anticipated. Nevertheless, volatile geo-political situations exist that might result in restrictions being tightened and which may, in turn, restrict the company's ability to sell to new customers in emerging markets outside the core markets of the UK, EU and NAFTA. The company is monitoring these closely. No specific adverse impact from Brexit or from the Russian invasion of Ukraine is expected as the company's products and services are primarily sold to government clients and are not reliant on physical operations or transfers to EU nations.

Financial key performance indicators

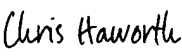
Alongside maintaining revenues and profit at acceptable levels the company delivered a strong level of sales and improvements in short and long-term sales pipeline we recorded.

Working capital has been strengthened in anticipation of increased trading in future years.

Other key performance indicators

Client satisfaction remains high. The company continues to experience success in the development and deployment of novel software solutions for uncrewed vehicles. Staff levels have increased reflecting increased current demand and anticipated increases in the demand for the company's goods and services.

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

DocuSigned by:

.....5244A0101AD3424.....
Dr Christopher Haworth
Director

Date: 29 September 2023

SEEBYTE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements for the year ended 30 September 2022.

Results and dividends

The profit for the year, after taxation, amounted to £406,939 (2021 - £1,258,273).

There were no dividends declared in the year (2021 - £Nil).

Directors

The directors who served during the year were:

George Lecakes
Dr Christopher Haworth
Dr Scott Reed
Kristina Arcara (resigned 15 July 2023)
Dr Robert Black (resigned 16 November 2022)

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 directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors 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 have been no significant events affecting the Company since the year end.

Going Concern

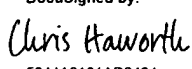
Forecasts have been prepared which cover the period until December 2024 which model three scenarios, including one which considers the impact which no new business (i.e. no new orders beyond existing contracts) would have on the liquidity of the company. Under this scenario, the company would have sufficient cash reserves to meet all liabilities as they fall due for the period to December 2024 without any mitigating cost reductions being required.

As a result of these factors, the directors do not consider there to be a material uncertainty arising over the going concern basis of preparation.

Auditor

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

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

DocuSigned by:

.....5244A0101A03A2A.....
Dr Christopher Haworth
Director

Date: 29 September 2023

SEEBYTE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors are responsible for preparing the Strategic report, 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'. 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

SEEBYTE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SEEBYTE LIMITED

Opinion

We have audited the financial statements of SeeByte Limited (the 'Company') for the year ended 30 September 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 2022 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 United Kingdom, including the Financial Reporting Council'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.

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. 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 this gives rise to a material misstatement in the financial statements themselves. 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.

SEEBYTE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SEEBYTE LIMITED (CONTINUED)

Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have 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 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

SEEBYTE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SEEBYTE LIMITED (CONTINUED)

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the company's key performance indicators to meet targets;
- Timing of revenue recognition;
- Management judgement applied in calculating provisions; and
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading.

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Vouching sales contracts, invoices and services delivery to assess revenue recognition;
- Enquiries of management about litigation and claims and inspection of relevant correspondence;
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations;
- Analytical procedures to identify any unusual or unexpected trends or relationship; and
- Reviewing minutes of meetings of those charged with governance to identify any matters indicating actual or potential fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

SEEBYTE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF SEEBYTE LIMITED (CONTINUED)

Use of our 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.

DocuSigned by:

Andrew Shaw

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Andrew Shaw (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown Audit LLP

Statutory Auditor

81 George Street
Edinburgh
EH2 3ES

29 September 2023

SEEBYTE LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	6,786,570	7,188,329
Cost of sales		(2,496,244)	(2,084,973)
Gross profit		<u>4,290,326</u>	<u>5,103,356</u>
Administrative expenses		(3,845,466)	(3,853,061)
Other operating income	5	215,466	335,285
Operating profit	6	<u>660,326</u>	<u>1,585,580</u>
Interest receivable and similar income	9	13,756	1,598
Interest payable and similar expenses	10	-	(1,146)
Profit before tax		<u>674,082</u>	<u>1,586,032</u>
Tax on profit	11	(267,143)	(327,759)
Profit for the financial year		<u><u>406,939</u></u>	<u><u>1,258,273</u></u>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

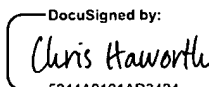
The notes on pages 11 to 25 form part of these financial statements.

SEEBYTE LIMITED
REGISTERED NUMBER: SC194014

BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	834,986	856,944
		<u>834,986</u>	<u>856,944</u>
Current assets			
Stock	13	48,987	35,546
Debtors: amounts falling due within one year	14	4,443,841	3,200,250
Cash at bank and in hand	15	8,791,592	8,353,675
		<u>13,284,420</u>	<u>11,589,471</u>
Creditors: amounts falling due within one year	16	(5,223,900)	(3,958,046)
		<u>8,060,520</u>	<u>7,631,425</u>
Net current assets		<u>8,060,520</u>	<u>7,631,425</u>
Total assets less current liabilities		<u>8,895,506</u>	<u>8,488,369</u>
Provisions for liabilities			
Deferred tax	17	(90,668)	(92,248)
Other provisions	18	(85,740)	(83,962)
		<u>(176,408)</u>	<u>(176,210)</u>
Net assets		<u><u>8,719,098</u></u>	<u><u>8,312,159</u></u>
Capital and reserves			
Called up share capital	19	1,275	1,275
Share premium account	20	436,568	436,568
Capital redemption reserve	20	25	25
Profit and loss account	20	8,281,230	7,874,291
		<u>8,719,098</u>	<u>8,312,159</u>

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

DocuSigned by:

5244A0101AD3424.....
Dr Christopher Haworth
 Director

Date: 29 September 2023

The notes on pages 11 to 25 form part of these financial statements.

SEEBYTE LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 October 2020	1,275	436,568	25	6,616,018	7,053,886
Profit for the financial year	-	-	-	1,258,273	1,258,273
At 1 October 2021	<u>1,275</u>	<u>436,568</u>	<u>25</u>	<u>7,874,291</u>	<u>8,312,159</u>
Profit for the financial year	-	-	-	406,939	406,939
At 30 September 2022	<u><u>1,275</u></u>	<u><u>436,568</u></u>	<u><u>25</u></u>	<u><u>8,281,230</u></u>	<u><u>8,719,098</u></u>

The notes on pages 11 to 25 form part of these financial statements.

SEEBYTE LIMITED

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

1. General information

The company is a private company limited by shares and incorporated in Scotland, UK. The company's registered office and company number are disclosed on the company information page. The company's principal activity is as described in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Seebyte Holdings Limited as at 30 September 2022 and these financial statements may be obtained from Companies House.

2.3 Going concern

The directors have prepared financial projections based on anticipated future trading. The forecasts have also taken account of potential risks arising from the market and wider economic conditions and considered sensitivities arising from plausible downside scenarios. The financial projections demonstrate the Company is forecast to generate profits and cash in the year ending 30 September 2023 and beyond and that the Company has sufficient cash reserves to meet its obligations as they fall due for a period of at least 12 months from the date of signing these financial statements.

As such, the directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future and therefore continue to adopt the going concern basis for preparing these financial statements.

SEEBYTE LIMITED

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

2. Accounting policies (continued)

2.4 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Revenue represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its performance.

Licences and support services

The company recognises revenue from the sale of licences of its internally developed software and from related post contract customer support services. The company recognises revenue on the sale of licences on the delivery of licence keys. Revenue from support contracts is recognised straight line over the life of the support contract sold.

Software development services

The company recognises revenue from the provision of software development services on the basis of the services provided and subject to the following criteria:

1. the amount of revenue can be measured reliably;
2. it is probable that the company will receive the consideration due under contract;
3. the stage of completion of the contract at the end of the reporting period can be measured reliably; and
4. the costs incurred and the costs to complete the contract can be measured reliably.

SEEBYTE LIMITED

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

2. Accounting policies (continued)

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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

Expenditure on pure and applied research is charged to the statement of income and retained earnings in the year in which it is incurred. Development costs are also charged to the statement of comprehensive income in the year of expenditure. The company is eligible for a government tax relief and is taking advantage of this research and development tax credit that is calculated based on the level of eligible expenditure in this category. This tax credit is recognised in the period in which the related expenditure occurred and is presented in the statement of income and retained earnings within 'other operating income'.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

SEEBYTE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022****2. Accounting policies (continued)****2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Tangible fixed assets

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:

Motor vehicles	-	33% straight Line
Fixtures and fittings	-	10% to 33% straight line
Office equipment	-	10% to 33% straight line
Computer equipment	-	33% 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 profit or loss.

SEEBYTE LIMITED

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

2. Accounting policies (continued)

2.13 Stock

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 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.

2.15 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.

2.16 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.

2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.18 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 profit or loss 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.

SEEBYTE LIMITED

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

2. Accounting policies (continued)

2.19 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

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 trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, 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.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

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 the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

SEEBYTE LIMITED

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

2. Accounting policies (continued)

2.19 Financial instruments (continued)

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determining the stage of completion of contracts for the basis of revenue recognition. These decisions are based on an assessment of the budgeted performance and demonstrable completion of contract milestones.

In preparing these financial statements, the directors have made the following estimates:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider such as future market conditions, the remaining life of the asset and projected disposal values.
- The company bills certain contracts at provisional rates. After the conclusion of the contract, the customer will examine and finalise the rates used in billings. At each reporting date, the company estimates the rate for each relevant contract and adjusts the revenue accordingly. Management bases this estimate upon prior experience with similar contracts, prior experience with similar contracts, prior experience with that specific customer, and analyses of the provisional rates' components.
- Licences sold include a support and maintenance service for a period of 12 months from the date that the licence key is made available. Management has estimated the portion of the licence income relating to this separately identifiable performance obligation, and has deferred such revenue over the 12 months during which the group is obligated to deliver support and maintenance services.

SEEBYTE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022****4. Turnover**

	2022 £	2021 £
Turnover	6,786,570	7,188,329

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	2,738,365	2,419,992
Rest of Europe	426,214	480,363
Rest of the world	3,621,991	4,287,974
	<u>6,786,570</u>	<u>7,188,329</u>

5. Other operating income

	2022 £	2021 £
Research and development tax credit	215,466	335,285

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Amounts charged under operating leases	240,780	215,665
Depreciation	180,021	151,021
Auditor's remuneration	24,800	20,500
Exchange differences	(482,396)	83,573

SEEBYTE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022****7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	4,297,128	3,744,027
Social security costs	422,178	384,862
Cost of defined contribution scheme	284,397	269,904
	<u>5,003,703</u>	<u>4,398,793</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Employees	<u>78</u>	<u>74</u>

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	290,379	283,747
Company contributions to defined contribution pension schemes	26,463	25,858
	<u>316,842</u>	<u>309,605</u>

During the year retirement benefits were accruing to 2 directors (2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £153,504 (2021 - £134,250).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,790 (2021 - £11,359).

9. Interest receivable

	2022 £	2021 £
Bank and other interest receivable	<u>13,756</u>	<u>1,598</u>

SEEBYTE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022****10. Interest payable and similar expenses**

	2022 £	2021 £
Other interest payable	-	1,146

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	145,971	295,852
Adjustments in respect of previous periods	122,752	5,767
Total current tax	<u>268,723</u>	<u>301,619</u>
Deferred tax		
Origination and reversal of timing differences	(888)	5,264
Changes to tax rates	3,242	20,876
Adjustments in respect of previous period	(3,934)	-
Total deferred tax	<u>(1,580)</u>	<u>26,140</u>
Taxation on profit on ordinary activities	<u>267,143</u>	<u>327,759</u>

SEEBYTE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022****11. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	674,082	1,586,032
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	128,076	301,346
Effects of:		
Fixed asset differences	(400)	6,012
Expenses not deductible for tax purposes	10,573	1,437
Adjustments to tax charge in respect of prior periods	128,329	5,767
Remeasurement of deferred tax for changes in tax rates	565	20,876
Other differences leading to an increase (decrease) in the tax charge	-	(932)
Group relief	-	(6,747)
Total tax charge for the year	267,143	327,759

Factors that may affect future tax charges

Increase in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax liability at the balance sheet date has been calculated using the applicable rate when the liability is expected to be realised.

Research and development above the tax line tax credit is treated as other income, see note 5. The tax charge for the period which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2021 - 19%) prior to research and development and other adjustments.

SEEBYTE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022****12. Tangible fixed assets**

	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 October 2021	11,837	415,264	542,910	591,674	1,561,685
Additions	-	17,456	25,679	114,928	158,063
At 30 September 2022	<u>11,837</u>	<u>432,720</u>	<u>568,589</u>	<u>706,602</u>	<u>1,719,748</u>
Depreciation					
At 1 October 2021	11,837	112,167	101,509	479,228	704,741
Charge for the year on owned assets	-	36,017	61,040	82,964	180,021
At 30 September 2022	<u>11,837</u>	<u>148,184</u>	<u>162,549</u>	<u>562,192</u>	<u>884,762</u>
Net book value					
At 30 September 2022	<u>-</u>	<u>284,536</u>	<u>406,040</u>	<u>144,410</u>	<u>834,986</u>
At 30 September 2021	<u>-</u>	<u>303,097</u>	<u>441,401</u>	<u>112,446</u>	<u>856,944</u>

13. Stock

	2022 £	2021 £
Finished goods and goods for resale	<u>48,987</u>	<u>35,546</u>

14. Debtors

	2022 £	2021 £
Trade debtors	1,482,476	980,339
Amounts owed by group undertakings	1,596,431	531,444
Prepayments and accrued income	88,060	120,179
Amounts recoverable on long-term contracts	855,074	1,489,709
Corporation tax debtor	421,800	78,579
	<u>4,443,841</u>	<u>3,200,250</u>

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

SEEBYTE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022****15. Cash and cash equivalents**

	2022 £	2021 £
Cash at bank and in hand	8,791,592	8,353,675

16. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	28,993	119,144
Amounts owed to group undertakings	2,561	117,962
Other taxation and social security	564,852	230,042
Other creditors	-	3,540
Accruals and deferred income	4,627,494	3,487,358
	<u>5,223,900</u>	<u>3,958,046</u>

The bank holds security of £100,000 in respect of the company's credit card facility as a bond and floating charge over all the assets of the company.

Amounts due to group undertakings are unsecured, interest free and due on demand.

17. Deferred taxation

	2022 £
At beginning of year	(92,248)
Charged to profit or loss	1,580
At end of year	<u>(90,668)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(93,120)	(97,942)
Short term timing differences	2,452	5,694
	<u>(90,668)</u>	<u>(92,248)</u>

SEEBYTE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022****18. Provisions**

	Other provisions £
At 1 October 2021	83,962
Unwind of discount	1,778
At 30 September 2022	<u>85,740</u>

The provision relates to dilapidations payable upon exit of the company's current leased office space.

19. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
127,529 (2021 - 127,529) Ordinary Shares shares of £0.01 each	<u>1,275</u>	<u>1,275</u>

The shares have voting, dividend and capital distribution rights (including on winding up). They do not confer rights of redemption.

20. Reserves**Share premium account**

The share premium account represents the premium paid on purchase of the company's shares by shareholders.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve and represents paid up share capital of the company which has been subject to a buy back.

Profit and loss account

The profit and loss account represents the accumulated profits and losses, net of dividends paid, from the activities of the company.

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £283,045 (2021 - £244,046). Contributions totalling £17,992 (2021 - £14,381) were payable to the fund at the balance sheet date and are included in creditors.

SEEBYTE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022****22. Commitments under operating leases**

At 30 September 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	284,180	214,298
Later than 1 year and not later than 5 years	998,021	857,193
Later than 5 years	467,560	779,267
	<u>1,749,761</u>	<u>1,850,758</u>

23. Related party transactions

The company has taken advantage of the available exemption from disclosing transactions with wholly owned group companies.

24. Controlling party

The company's controlling party is Seebyte Holdings Limited, a holding company incorporated in the UK. The company's ultimate controlling party is Battelle Memorial Institute (incorporated in USA).

The largest consolidated financial statements where Seebyte Limited is included is that of Battelle Memorial Institute, incorporated in the United States of America. The financial statements of Battelle Memorial Institute are not publicly available.

The smallest consolidation where Seebyte Limited is included is that of Seebyte Holdings Limited. The financial statements of Seebyte Holdings Limited can be obtained from Companies House, Edinburgh.