

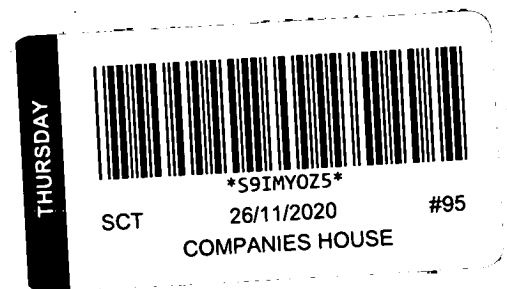
Company Registration No. SC239401 (Scotland)

EXCEPTION LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**

PAGES FOR FILING WITH REGISTRAR

COMPANIES HOUSE
26 NOV 2020
EDINBURGH MAILBOX



EXCEPTION LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements 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 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.


EXCEPTION LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	4		49,451		85,291
Current assets					
Debtors	5	1,724,808		3,810,815	
Cash at bank and in hand		59,525		80,923	
		<u>1,784,333</u>		<u>3,891,738</u>	
Creditors: amounts falling due within one year	6	<u>(1,214,670)</u>		<u>(1,920,123)</u>	
Net current assets			<u>569,663</u>		<u>1,971,615</u>
Total assets less current liabilities			<u>619,114</u>		<u>2,056,906</u>
Provisions for liabilities	7		<u>(7,909)</u>		<u>(13,145)</u>
Net assets			<u>611,205</u>		<u>2,043,761</u>
Capital and reserves					
Called up share capital	8		3		3
Profit and loss reserves	9		611,202		2,043,758
Total equity			<u>611,205</u>		<u>2,043,761</u>

The directors of the company have elected not to include a copy of the income statement 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 19/11/20 and are signed on its behalf by:


Mr M Burke
Director

EXCEPTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Exception Limited is a private company limited by shares and is registered and incorporated in Scotland. The registered office is Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH.

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.

Going concern

The directors have prepared detailed cash flow forecasts which cover a period of at least 12 months from the point of sign off of these financial statements, and have been revised to consider the potential impact of the ongoing Coronavirus pandemic. The directors, with reference to these forecasts, contracted work, and available finance through the company's secured invoice discounting facility, believe that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors acknowledge the ongoing pandemic as highlighted in the directors' report and post balance sheet event note but do not believe this creates a material uncertainty and continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover represents the invoiced value of services supplied under the terms of individual contracts net of value added tax. Turnover is recognised when the service is delivered appropriate to the stage of completion of the contract.

Other income represents management time recharged to associated entities and recharges for desk space utilised by associated entities.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20% on cost
Plant and equipment	33% on cost
Fixtures and fittings	20% on cost
Computers	33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

EXCEPTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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 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 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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 trade and other creditors that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Equity instruments

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

EXCEPTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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.

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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

EXCEPTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 45 (2018 - 41).

3 Directors' remuneration

	2019 £	2018 £
Remuneration paid to directors	114,164	220,207

4 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost					
At 1 January 2019	138,624	5,270	61,751	67,368	273,013
Additions	-	-	-	10,717	10,717
At 31 December 2019	138,624	5,270	61,751	78,085	283,730
Depreciation and impairment					
At 1 January 2019	85,485	5,270	37,485	59,482	187,722
Depreciation charged in the year	27,725	-	12,350	6,482	46,557
At 31 December 2019	113,210	5,270	49,835	65,964	234,279
Carrying amount					
At 31 December 2019	25,414	-	11,916	12,121	49,451
At 31 December 2018	53,139	-	24,266	7,886	85,291

5 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	1,401,442	2,167,241
Corporation tax recoverable	142,402	-
Amounts owed by group undertakings	20	-
Other debtors	81,126	1,643,574
	1,624,990	3,810,815
Deferred tax asset	99,818	-
	1,724,808	3,810,815

Other debtors includes an amount of £13,872 (2018: £255,505) in relation to invoice finance lines.

EXCEPTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

6 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	652,426	935,941
Corporation tax	-	187,375
Other taxation and social security	357,222	450,240
Other creditors	205,022	346,567
	<u>1,214,670</u>	<u>1,920,123</u>

Credit card liabilities of £3,095 (2018: £3,738) included in other creditors are secured by way of a floating charge over the assets of the company and a charge over the debtor book.

7 Provisions for liabilities

	2019 £	2018 £
Deferred tax liabilities	<u>7,909</u>	<u>13,145</u>

8 Called up share capital

	2019 £	2018 £
Ordinary share capital Issued and fully paid		
3 Ordinary of £1 each	<u>3</u>	<u>3</u>
	<u>3</u>	<u>3</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

9 Profit and loss reserves

	2019 £	2018 £
At the beginning of the year	2,043,758	1,523,708
(Loss)/profit for the year	(270,590)	1,529,970
Dividends declared and paid in the year	(1,161,966)	(1,009,920)
At the end of the year	<u>611,202</u>	<u>2,043,758</u>

The profit and loss reserves represents the cumulative profit and loss net of distributions to owners.

EXCEPTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Operating lease commitments

Lessee

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

	2019	2018
	£	£
Within one year	54,477	64,350
Between one and five years	-	54,477
	<u>54,477</u>	<u>118,827</u>

11 Events after the reporting date

A Coronavirus pandemic is impacting global business. The full extent of the impact of the Coronavirus on the United Kingdom is only now starting to be seen. The directors continue to monitor the situation to manage the risks to the business, however the financial impact cannot be determined with certainty.

12 Parent company

Exception Holdings Limited is the smallest and largest company for which consolidated accounts including Exception Limited are prepared. The registered office of Exception Holdings Limited is Exchange Tower, 19 Canning Street, Edinburgh, Scotland, EH3 8EH.

13 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 Claire Monaghan.
The auditor was RSM UK Audit LLP.