Company Registration No. SC380297 (Scotland)

BLACKFORD ANALYSIS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

PAGES FOR FILING WITH REGISTRAR

BLACKFORD ANALYSIS LIMITED

CONTENTS

BLACKFORD ANALYSIS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		251,816		21,831
Investments	7		2		2
			251,818		21,833
Current assets					
Debtors	9	672,262		410,329	
Cash at bank and in hand		320,397		1,074,119	
		992,659		1,484,448	
Creditors: amounts falling due within one year	10	(988,870)		(548,862)	
Net current assets			3,789		935,586
Total assets less current liabilities			255,607		957,419
Creditors: amounts falling due after more than one year	11		(240,000)		-
Net assets			15,607		957,419
Capital and reserves					
Called up share capital	13		4,446		4,446
Share premium account			5,466,073		5,466,073
Profit and loss reserves			(5,454,912)		(4,513,100)
Total equity			15,607		957,419

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

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

The financial statements were approved by the board of directors and authorised for issue on 17 Dec 2021 and are signed on its behalf by:

Dr Benjamin Panter
Director

Company Registration No. SC380297

1 Accounting policies

Company information

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

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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

1.2 Going concern

In assessing whether the financial statements should continue to be prepared on a going concern basis, the directors have considered a period of twelve months from the date of approval of these financial statements. In their evaluation of going concern, the directors have assessed the year end cash position of the company, positive trading progress since then and the post year end funding received, as well as taking a balanced view of the conversion of future opportunities. This has included allowance for the ongoing impact of Covid-19 on the business.

The directors are satisfied based on cashflow projections that the company will have sufficient resource to enable it to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. The directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

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

1.4 Tangible fixed assets

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

1 Accounting policies **(Continued)**

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

Leasehold improvements	20% straight line
Plant and machinery	33% straight line
Computer equipment	33% straight line
Fixtures, fittings & equipment	33% straight line

1.5 Fixed asset investments

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

1.6 Cash and cash equivalents

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

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1 Accounting policies **(Continued)**

1.8 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

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

1.9 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

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

1.11 Share-based payments

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

1.12 Leases

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

1 Accounting policies (Continued)

1.13 Government grants

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

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

1.14 Foreign exchange

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

1.15 Patents

Expenditure associated with patents is expensed as incurred.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Share option assumptions

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

3 Employees

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

	2021 Number	2020 Number
Total	35	27

4 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	414,141	317,211

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

	2021	2020
	£	£
Remuneration for qualifying services	120,093	93,964

5 Intangible fixed assets

	Other
	£
Cost	
At 1 July 2020 and 30 June 2021	98,160
Amortisation and impairment	
At 1 July 2020 and 30 June 2021	98,160
Carrying amount	
At 30 June 2021	-
At 30 June 2020	-

6 Tangible fixed assets

	Leasehold improvements	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 July 2020	-	80,353	80,353
Additions	145,334	107,912	253,246
At 30 June 2021	145,334	188,265	333,599
Depreciation and impairment			
At 1 July 2020	-	58,522	58,522
Depreciation charged in the year	3,172	20,089	23,261
At 30 June 2021	3,172	78,611	81,783
Carrying amount			
At 30 June 2021	142,162	109,654	251,816
At 30 June 2020	-	21,831	21,831

7 Fixed asset investments

	2021	2020
	£	£
Investments	2	2

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 July 2020 & 30 June 2021	2
Carrying amount	
At 30 June 2021	2
At 30 June 2020	2

8 Subsidiaries

Details of the company's subsidiaries at 30 June 2021 are as follows:

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

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

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Blackford Analysis Inc.	-	(2,449)
Blackford Analysis International Limited	(701)	(387)

9 Debtors

	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	258,397	317,002
Amounts owed by group undertakings	187,198	15,068
Other debtors	226,667	78,259
	672,262	410,329

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

10 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	226,475	46,413
Taxation and social security	68,420	41,087
Other creditors	693,975	461,362
	988,870	548,862

11 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Converabile Loan	240,000	-

As noted in note 16, post year end the convertible loan was converted into equity on the 6th August 2021.

12 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2021	2020	2021	2020
	Number	Number	£	£
Outstanding at 1 July 2020	46,395	37,951	12.14	11.43
Granted	20,501	10,643	12.94	14.65
Expired	(13,419)	(2,199)	8.18	10.33
Outstanding at 30 June 2021	53,477	46,395	12.76	12.14
Exercisable at 30 June 2021	45,438	41,151	14.81	11.77

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

The weighted average remaining contractual life of the options at 30 June 2021 is 5.8years (2020: 5.3 years).

During the period to 30th June 2021, 17,706 (2020: 5,399) equity settled options over company shares were granted. The weighted average fair value of these options granted in the year ended 30th June 2021 was £1.47 (2020: £0.683) per option.

Also during the period to 30th June 2021, 2.795 (2020: 5,244) cash settled options were granted. The weighted average fair value of these options granted in the year ended 30th June 2021 was £3.42 (2020: £2.48 per option).

12 Share-based payment transactions (Continued)

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

Inputs were as follows:

	2021	2020
Weighted average share price	12.76	12.14
Expected volatility	50.00%	50.00%
Expected life	10.00	10.00
Risk free rate	0.56%	0.53%

13 Called up share capital

	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
444,634 (2020: 444,6343) Ordinary shares of 1p each	4,446	4,446

During the year £nil (2020: 93,191) shares were issued at a value of £nil (2020: £16.85), thus resulting in an increase of £nil (2020: £932) in ordinary shares and a £nil (2020: £1,482,778) increase in share premium (net of issue costs of £nil (2020: £86,558)).

14 Audit report information

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

The auditor's report was unqualified.

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

15 Operating lease commitments

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

	2021	2020
	£	£
Within one year	20,645	-
Between two and five years	289,046	-
Total	309,691	-

16 Events after the reporting date

Post year end, a fundraising round was undertaken resulting in funds of £5,313,943 being generated. As a result of this, the convertible loan included in creditors falling due after one year was converted into equity. Both events occurred on the 6th August 2021.

17 Related party transactions

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

During the year £Nil (2020: £4,424) was paid to a company with a common director. Nil (2020: £1,118) was outstanding at the year end.

18 Ultimate controlling party

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