

Datactics Limited

Financial Statements

for the financial year ended 31 October 2023

Datactics Limited

Company Registration Number: 03847379

BALANCE SHEET

as at 31 October 2023

| | Notes | 2023 £ | 2022 £ |
|---|-------|--------------------|--------------------|
| Fixed Assets | | | |
| Intangible assets | 7 | 1,963,689 | 1,407,989 |
| Tangible assets | 8 | 148,466 | 196,991 |
| Fixed Assets | | 2,112,155 | 1,604,980 |
| Current Assets | | | |
| Debtors | 9 | 973,617 | 1,411,051 |
| Cash and cash equivalents | | 485,346 | 776,855 |
| | | 1,458,963 | 2,187,906 |
| Creditors: amounts falling due within one year | 10 | (1,718,420) | (2,300,831) |
| Net Current Liabilities | | (259,457) | (112,925) |
| Total Assets less Current Liabilities | | 1,852,698 | 1,492,055 |
| Creditors: | | | |
| amounts falling due after more than one year | 11 | (960,594) | - |
| Provisions for liabilities | 14 | 1,036,581 | 982,691 |
| Net Assets | | 1,928,685 | 2,474,746 |
| Capital and Reserves | | | |
| Called up share capital | | 14,543 | 14,543 |
| Share premium account | 15 | 7,649,682 | 7,649,682 |
| Revaluation reserve | 15 | 21,979 | 21,979 |
| Retained earnings | | (5,757,519) | (5,211,458) |
| Equity attributable to owners of the company | | 1,928,685 | 2,474,746 |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A (Small Entities).

The company has taken advantage of the exemption under section 444 not to file the Profit and Loss Account and Directors' Report.

Approved by the Board and authorised for issue on 31 July 2024 and signed on its behalf by

S Harvey
Director

Datactics Limited

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 October 2023

1. General Information

Datactics Limited is a company limited by shares incorporated and registered in England. The registered number of the company is 03847379. The registered office of the company is Suite 1 7th Floor, 50 Broadway, London. The financial statements have been presented in Pound (£) which is also the functional currency of the company.

2. Summary of Significant Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the financial year ended 31 October 2023 have been prepared in accordance with the provisions of FRS 102 Section 1A (Small Entities) and the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Turnover

Turnover comprises the invoice value of goods supplied by the company, exclusive of trade discounts and value added tax.

The company recognises fees received for the use of the company's intellectual property in accordance with the substance of the agreement. Where the agreement is for a fixed term, with ongoing support and maintenance obligations, this is recognised on a straight-line basis over the annual lease charge.

An assignment of rights for a fixed fee under a non-cancellable contract that permits the licensee to exploit those rights freely and the company has no remaining obligations to perform is, in substance, a sale. Revenue from a sale is recognised when the significant risks and rewards of ownership have transferred to the licensee; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably. Whereby a licence fee is contingent on a future event revenue is recognised only when it is probable that the fee will be received.

Revenue from services provided is recognised in the accounting period in which the services are rendered when the outcome of the contract can be estimated reliably. The company uses a percentage completion method based on the actual service performed as a percentage of the total services to be provided.

Intangible assets

Computer software licences

Computer software licences are valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 3 years.

Computer software licenses

Computer software licenses are valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 5 years.

Tangible assets and depreciation

Tangible assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible assets, less their estimated residual value, over their expected useful lives as follows:

| | | |
|----------------------------------|---|---|
| Short leasehold property | - | Items being depreciated over the remaining lease term |
| Plant and machinery | - | Items being depreciated over the remaining lease term |
| Fixtures, fittings and equipment | - | 20% Straight line |
| Computer Equipment | - | 25% Straight line |

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

Borrowing costs

Borrowing costs relating to the acquisition of assets are capitalised at the appropriate rate by adding them to the cost of assets being acquired. Investment income earned on the temporary investment of specific borrowings pending their expenditure on the assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the same value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

**Employee
benefits**

The company operates a defined contribution pension scheme. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. The assets of the scheme are held separately from those of the company in an independently administered fund.

**Taxation and
deferred
taxation**

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the financial year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements. Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

**Government
grants**

Capital grants received and receivable are treated as deferred income and amortised to the Profit and Loss Account annually over the useful economic life of the asset to which it relates. Revenue grants are credited to the Profit and Loss Account when received.

**Foreign
currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Profit and Loss Account.

**Research
and
development**

Research expenditure is written off to the Profit and Loss Account in the financial year in which it is incurred. Development expenditure is written off in the same financial year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

**Ordinary
share capital**

The ordinary share capital of the company is presented as equity.

3. Going concern

Datactics continued to be a loss-making company in 2023 and as at 31 October 2023 Datactics had net current liabilities of £261,792. Current liabilities include deferred income totalling £1,094,451, with a significant amount relating to annual licence subscriptions, which are not due to be repaid, and Datactics anticipate will renew in 2024. In financial year 2024 Datactics revenues decreased, due to a significant reduction in service revenue and delays in the sales cycle for licences. As part of funding of this working capital deficit Datactics undertook a cost reduction plan in February 2024 and decided to seek additional funding to cover ongoing working capital requirements as it looks to achieve a cash break even position. On 28th June 2024 Datactics board and investors agreed to seek additional funding, through a mixture of debt and convertible loan notes. Based on Datactics projections, the anticipated funding will be sufficient to allow Datactics to continue to trade as a Going Concern and the financial statements have been prepared on this basis.

4. INFORMATION RELATING TO THE AUDITOR'S REPORT

The Audit Report was unqualified. There were no matters to which the auditor was required to refer by way of emphasis.

The financial statements were audited by Allen Fleming CA Limited.

The Auditor's Report was signed by Chris Fleming (Senior Statutory Auditor) for and on behalf of Allen Fleming CA Limited on 31st July 2024.

5. Judgements and key sources of estimation uncertainty

The directors consider the accounting estimates and assumptions below to be its critical accounting judgements and estimates:

Critical accounting judgements

There are no critical judgements in applying the company's accounting policies.

Key account estimates and assumptions

The company has based revenue recognition on term licences on a straight-line basis, with income being recognised evenly over the term of the licence, with a full month on commencement and none in the month of cessation.

6. Employees

The average monthly number of employees, including directors, during the financial year was 70, (2022 - 65).

7. Intangible assets

| | Computer software licenses | Development Costs |
|---------------------------|-----------------------------------|--------------------------|
| | £ | £ |
| Cost | | |
| At 1 November 2022 | 26,074 | 1,711,268 |
| Additions | 6,000 | 922,056 |
| Disposals | (26,074) | - |
| | <hr/> | <hr/> |
| At 31 October 2023 | 6,000 | 2,633,324 |
| | <hr/> | <hr/> |
| Amortisation | | |
| At 1 November 2022 | 19,943 | 309,410 |
| Charge for financial year | 833 | 365,393 |
| On disposals | (19,944) | - |
| | <hr/> | <hr/> |
| At 31 October 2023 | 832 | 674,803 |
| | <hr/> | <hr/> |
| Net book value | | |
| At 31 October 2023 | 5,168 | 1,958,521 |
| | <hr/> <hr/> | <hr/> <hr/> |
| At 31 October 2022 | 6,131 | 1,401,858 |
| | <hr/> <hr/> | <hr/> <hr/> |

8. Tangible assets

| Short | Plant and | Fixtures, | Computer | Total |
|-------|-----------|-----------|----------|-------|
|-------|-----------|-----------|----------|-------|

| | leasehold property | machinery | fittings and equipment | Equipment | |
|-------------------------------|-----------------------|--------------|---------------------------|---------------|----------------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 November 2022 | 85,876 | 17,247 | 21,919 | 154,601 | 279,643 |
| Additions | - | - | 701 | 5,228 | 5,929 |
| Disposals | - | (13,414) | - | - | (13,414) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 October 2023 | 85,876 | 3,833 | 22,620 | 159,829 | 272,158 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation | | | | | |
| At 1 November 2022 | 10,564 | 14,512 | 7,776 | 49,800 | 82,652 |
| Charge for the financial year | 21,955 | 781 | 4,524 | 27,194 | 54,454 |
| On disposals | - | (13,414) | - | - | (13,414) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 October 2023 | 32,519 | 1,879 | 12,300 | 76,994 | 123,692 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book value | | | | | |
| At 31 October 2023 | 53,357 | 1,954 | 10,320 | 82,835 | 148,466 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| At 31 October 2022 | 75,312 | 2,735 | 14,143 | 104,801 | 196,991 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

| 9. Debtors | 2023 | 2022 |
|--------------------------------|----------------|------------------|
| | £ | £ |
| Trade debtors | 418,148 | 632,433 |
| Other debtors | 418,058 | 667,056 |
| Prepayments and accrued income | 137,411 | 111,562 |
| | <hr/> | <hr/> |
| | 973,617 | 1,411,051 |
| | <hr/> <hr/> | <hr/> <hr/> |

| 10. Creditors | 2023 | 2022 |
|---|------------------|------------------|
| Amounts falling due within one year | £ | £ |
| Bank loans and overdrafts | 26,013 | - |
| Net obligations under finance leases and hire purchase contracts | 9,325 | 39,796 |
| Trade creditors | 74,261 | 103,905 |
| Taxation (Note 12) | 310,690 | 129,457 |
| Other creditors | 27,333 | 3,458 |
| Accruals and deferred income: | | |
| Pension accrual | - | 18,276 |
| Other accruals | 1,270,798 | 2,005,939 |
| | <hr/> | <hr/> |
| | 1,718,420 | 2,300,831 |
| | <hr/> <hr/> | <hr/> <hr/> |

| 11. Creditors | 2023 | 2022 |
|--|---------|------|
| Amounts falling due after more than one year | £ | £ |
| Finance leases and hire purchase contracts | 19,883 | - |
| Bank loans and overdrafts | 940,711 | - |

| | |
|----------------|---|
| 960,594 | - |
|----------------|---|

**Net obligations under finance leases
and hire purchase contracts**

| | | |
|--------------------------------------|---------------|--------|
| Repayable within one year | 9,325 | 39,796 |
| Repayable between one and five years | 19,883 | - |
| | 29,208 | 39,796 |

| | | |
|---------------------|----------------|---------|
| 12. Taxation | 2023 | 2022 |
| | £ | £ |
| Creditors: | | |
| VAT | 235,229 | 60,161 |
| PAYE / NI | 75,461 | 69,296 |
| | 310,690 | 129,457 |

13. Details of creditors

Security given in respect of creditors

The loan from BPC UK Lending DAC is secured by a fixed and floating charge over all the intellectual property or undertaking of the company.

14. Provisions for liabilities

The amounts provided for deferred taxation are analysed below:

| | Capital allowances | Losses | Other differences | Total | Total |
|----------------------------|-------------------------------|------------------|------------------------------|--------------------|-----------|
| | £ | £ | £ | 2023 | 2022 |
| | | | | £ | £ |
| At financial year start | 23,219 | (974,930) | (30,980) | (982,691) | (623,358) |
| Charged to profit and loss | (48,445) | (5,445) | - | (53,890) | (359,333) |
| At financial year end | (25,226) | (980,375) | (30,980) | (1,036,581) | (982,691) |

15. Reserves

Share Premium Reserve

The amount carried forward is the premium that arose from the issue of shares in previous investment rounds.

16. Capital commitments

The company had no material capital commitments at the financial year-ended 31 October 2023.

17. Post-Balance Sheet Events

On 2 July 2024 Datactics Board of Directors approved an unsecured convertible loan note instrument and are in discussions with current debt provider BPC UK Lending DAC to extend secured loan facility.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.