

VERACITY SYSTEMS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Company Registration No. 04316461 (England and Wales)
PAGES FOR FILING WITH REGISTRAR**

VERACITY SYSTEMS LIMITED

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VERACITY SYSTEMS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	3		45,832		57,436
Investments	4		149,774		25,534
			<u>195,606</u>		<u>82,970</u>
Current assets					
Stocks		27,659		6,862	
Debtors	5	395,142		477,520	
Cash at bank and in hand		241,523		106,494	
		<u>664,324</u>		<u>590,876</u>	
Creditors: amounts falling due within one year	6	<u>(379,081)</u>		<u>(525,044)</u>	
Net current assets			<u>285,243</u>		<u>65,832</u>
Total assets less current liabilities			<u>480,849</u>		<u>148,802</u>
Capital and reserves					
Called up share capital	7		356,900		356,900
Profit and loss reserves			123,949		(208,098)
Total equity			<u>480,849</u>		<u>148,802</u>

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 10 May 2019 and are signed on its behalf by:

Mr David Corson B.Acc.,CA
Director

Mr Alastair McLeod BSc (Hons)
Director

Company Registration No. 04316461

VERACITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Veracity Systems Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 5, Courtyard 31, Pontefract Road, Normanton, WF6 1JU.

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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Veracity UK Limited. These consolidated financial statements are available from its registered office, 4 Dow Road, Monkton, Prestwick, KA9 2TU.

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.

VERACITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied and licence income for access to software and hosted hardware, exclusive of Value Added Tax. Licence income is recognised over the contractual period access and help desk support is provided.

Revenue on the sale of hardware and third party software, where no significant vendor obligations exist, is recognised on despatch. Revenue on non-standard software or where significant vendor obligations exists is recognised on customer acceptance.

Revenue from the sale of software is recognised at the time the software licence is granted, in accordance with agreed contract milestones such as installation at customer location. Revenues for support and maintenance services are recognised proportionately over the period that the services are provided. Payments received in advance of services are recorded in the balance sheet as deferred income.

Revenue from professional services (project management, consultancy and training) is recognised as the service provided.

1.3 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

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.

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
Fixtures, fittings & equipment	33% straight line
Computer equipment	33% straight line

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.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 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.

VERACITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 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.

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 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, bank loans, loans from fellow group companies and preference shares 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. Financial liabilities classified as payable within one year are not amortised.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the 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.

VERACITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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.

1.12 Retirement benefits

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

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 12 (2017 - 9).

3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2018	48,226	129,309	177,535
Additions	1,432	7,991	9,423
Disposals	-	(92,602)	(92,602)
	<u>49,658</u>	<u>44,698</u>	<u>94,356</u>
At 31 December 2018			
	<u>49,658</u>	<u>44,698</u>	<u>94,356</u>
Depreciation and impairment			
At 1 January 2018	9,115	110,983	120,098
Depreciation charged in the year	9,716	11,312	21,028
Eliminated in respect of disposals	-	(92,602)	(92,602)
	<u>18,831</u>	<u>29,693</u>	<u>48,524</u>
At 31 December 2018			
	<u>18,831</u>	<u>29,693</u>	<u>48,524</u>
Carrying amount			
At 31 December 2018	30,827	15,005	45,832
	<u>30,827</u>	<u>15,005</u>	<u>45,832</u>
At 31 December 2017	39,111	18,325	57,436
	<u>39,111</u>	<u>18,325</u>	<u>57,436</u>

VERACITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

4 Fixed asset investments

	2018 £	2017 £
Investments	149,774	25,534

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2018	25,534
Additions	124,240
At 31 December 2018	149,774
Carrying amount	
At 31 December 2018	149,774
At 31 December 2017	25,534

5 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	310,949	416,299
Amounts owed by group undertakings	74,641	48,231
Other debtors	9,552	12,990
	395,142	477,520

6 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	14,731	92,358
Amounts owed to group undertakings	161,302	252,101
Taxation and social security	90,718	66,803
Other creditors	112,330	113,782
	379,081	525,044

VERACITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Called up share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
356,900 Ordinary A Shares of £1 each	356,900	356,900
	<u>356,900</u>	<u>356,900</u>

8 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 Mr John Wallace.
The auditor was William Duncan + Co Ltd.

9 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:

2018	2017
£	£
59,128	74,923

10 Parent company

The ultimate parent company of Veracity Systems Limited is Veracity UK Limited, a company incorporated in Scotland.

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.