

Company Registration No. 04884651 (England and Wales)

CTI DIGITAL LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021
PAGES FOR FILING WITH REGISTRAR

CTI DIGITAL LIMITED

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CTI DIGITAL LIMITED

BALANCE SHEET

AS AT 28 FEBRUARY 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	3	81,679		-	
Tangible assets	4	251,462		249,078	
			333,141		249,078
Current assets					
Debtors	5	2,402,953		2,072,109	
Cash at bank and in hand		1,555,259		102,510	
		3,958,212		2,174,619	
Creditors: amounts falling due within one year	6	(1,449,584)		(1,034,727)	
Net current assets		2,508,628		1,139,892	
Total assets less current liabilities		2,841,769		1,388,970	
Creditors: amounts falling due after more than one year	7	(420,816)		-	
Provisions for liabilities	8	(84,418)		(87,851)	
Net assets		2,336,535		1,301,119	
Capital and reserves					
Called up share capital	9	106		106	
Share premium account		-		68,863	
Profit and loss reserves		2,336,429		1,232,150	
Total equity		2,336,535		1,301,119	

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

For the financial year ended 28 February 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

CTI DIGITAL LIMITED

BALANCE SHEET (CONTINUED)

AS AT 28 FEBRUARY 2021

The financial statements were approved by the board of directors and authorised for issue on 27 July 2021 and are signed on its behalf by:

M Stapleton

Director

Company Registration No. 04884651

CTI DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

1 Accounting policies

Company information

CTI Digital Limited is a private company limited by shares incorporated in England and Wales. The registered office is Express Networks 2, 3 George Leigh Street, Manchester, M4 5DL.

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.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.3 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation 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:

Software	20% p.a. straight line basis
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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.

CTI DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

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% p.a straight line basis
Fixtures and fittings	20% p.a straight line basis
Computers	20% p.a straight line basis

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 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash at bank and in hand

Cash and cash equivalents 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.

1.7 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.

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.

CTI DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

1 Accounting policies

(Continued)

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.

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.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1.8 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.

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.

1.9 Taxation

The tax credit represents the sum of the tax currently receivable following Research and Development tax claims surrendered plus the deferred tax credit/(charge) for the year.

Current tax

The tax currently receivable is based on taxable profit for the year, after deduction of the Research and Development tax claim surrendered 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.

CTI DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. 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.

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

CTI DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

1 Accounting policies

(Continued)

1.14 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.

1.15 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.

2 Employees

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

	2021 Number	2020 Number
Total	88	78

3 Intangible fixed assets

	Other £
Cost	
At 29 February 2020	-
Additions	87,513
At 28 February 2021	87,513
Amortisation and impairment	
At 29 February 2020	-
Amortisation charged for the year	5,834
At 28 February 2021	5,834
Carrying amount	
At 28 February 2021	81,679
At 28 February 2020	-

CTI DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

4 Tangible fixed assets

	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 29 February 2020	47,500	137,843	107,941	293,284
Additions	-	58,471	-	58,471
Disposals	-	(27,450)	-	(27,450)
At 28 February 2021	47,500	168,864	107,941	324,305
Depreciation and impairment				
At 29 February 2020	792	29,289	14,125	44,206
Depreciation charged in the year	9,500	27,467	19,120	56,087
Eliminated in respect of disposals	-	(27,450)	-	(27,450)
At 28 February 2021	10,292	29,306	33,245	72,843
Carrying amount				
At 28 February 2021	37,208	139,558	74,696	251,462
At 28 February 2020	46,708	108,554	93,816	249,078

5 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	871,229	733,226
Corporation tax recoverable	-	356,444
Amounts owed by group undertakings	1,108,227	372,360
Other debtors	423,497	610,079
	2,402,953	2,072,109

CTI DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

6 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	91,276	184,555
Amounts owed to group undertakings	315,863	-
Taxation and social security	314,271	219,755
Other creditors	728,174	630,417
	<u>1,449,584</u>	<u>1,034,727</u>

Included within other creditors is £Nil (2020: £193,787) in respect of an invoice discounting facility which is secured on the associated trade debtors.

Included within other creditors is £48,460 (2020: £Nil) in respect of obligations under finance leases, which are secured on assets to which they relate.

7 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Bank loans and overdrafts	250,000	-
Other creditors	170,816	-
	<u>420,816</u>	<u>-</u>

Included within other creditors is £170,816 (2020: £Nil) in respect of obligations under finance leases, which are secured on assets to which they relate.

The bank loan is secured over the property to which it relates.

8 Provisions for liabilities

	2021 £	2020 £
Dilapidations provision	50,000	45,000
Deferred tax liabilities	34,418	42,851
	<u>84,418</u>	<u>87,851</u>

Movements on provisions apart from deferred tax liabilities:

	Dilapidations provision £
Additional provisions in the year	<u>50,000</u>

CTI DIGITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2021

9 Called up share capital

	2021 £	2020 £
Ordinary share capital		
Issued and fully paid		
10,558 Ordinary Shares of 1p each	105.58	105.58
1 Ordinary B Shares of 1p each	0.01	0.01
	<u>105.59</u>	<u>105.59</u>

On the 14th October 2020 the share premium reserve of £68,863 was fully redeemed and transferred to retained earnings.

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, as follows:

2021 £	2020 £
<u>1,043,514</u>	<u>1,265,389</u>

11 Parent company

The ultimate parent company is CTI Holdings Limited, a company registered in England and Wales.

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