

Company Registration No. 10805652 (England and Wales)

SELLIGENCE TECHNOLOGY LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2020
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SELLIGENCE TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors N Vaughan
N Marshall

Secretary A Cochlin

Company number 10805652

Registered office International House
10 Churchill Way
Cardiff
CF10 2HE
Wales

Accountants RSM UK Tax and Accounting Limited
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

SELLIGENCE TECHNOLOGY LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

		31 December 2020		30 September 2020	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	6		1,024,117		958,979
Tangible assets	7		7,182		6,708
			<u>1,031,299</u>		<u>965,687</u>
Current assets					
Debtors	8	883,407		482,964	
Cash at bank and in hand		54,601		146,696	
		<u>938,008</u>		<u>629,660</u>	
Creditors: amounts falling due within one year	9	(2,468,040)		(1,936,453)	
Net current liabilities			<u>(1,530,032)</u>		<u>(1,306,793)</u>
Total assets less current liabilities			<u>(498,733)</u>		<u>(341,106)</u>
Creditors: amounts falling due after more than one year	10		(90,000)		(90,000)
Provisions for liabilities	11		(195,947)		(183,481)
Net liabilities			<u>(784,680)</u>		<u>(614,587)</u>
Capital and reserves					
Called up share capital			1		1
Profit and loss reserves	12		(784,681)		(614,588)
Total equity			<u>(784,680)</u>		<u>(614,587)</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial period ended 31 December 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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

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.

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 4/10/2021 and are signed on its behalf by:

N.D. Vaughan
 N Vaughan
 Director

SELLIGENCE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Selligence Technology Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is International House, 10 Churchill Way, Cardiff, Wales, CF10 2HE.

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 board has given consideration to the unprecedented impact of COVID-19 on the business with an immediate review of trade and plans to preserve the solvency of the business. The business made a loss in the three months to 31 December 2020 of £170,093 (Year ended 30 September 2020: £187,691) which is inline with the business plan. The board has reviewed the government backed reliefs and initiatives made available to support businesses in the United Kingdom. The board will continue to review the business position and react accordingly. At the period end the company had net liabilities of £784,680 (2020: £614,587) of which £2,423,991 (2020: £1,888,870) relates to amounts payable to entities under common control. The board have received sufficient notice that the amounts due to entities under common control will not be recalled within twelve months from the approval of these accounts, but it should be noted the current situation means there is inherent material uncertainty in the assessment made above.

Reporting period

These financial statements represent the three months ended 31 December 2020. The comparatives cover the year from 1 October 2019 to 30 September 2020. The reporting period was shortened to bring the company's financial reporting period in line with the wider group of entities under common control. The comparative amounts presented in these financial statements (including the related notes) are therefore not directly comparable to the amounts presented for the current period.

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.

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.

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.

SELLIGENCE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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

Development costs	3 years straight line
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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:

Computer equipment	3 years straight line
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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.

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.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

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.

SELLIGENCE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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, amounts owed to companies under common control, 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.

Convertible loan notes

The company follows the requirements of FRS 102. Where it is material to the financial statements, the liability and equity components of convertible loan notes are presented separately. Fair value of the liability is estimated using the prevailing market interest rate for a similar non-convertible instrument and the difference between the proceeds of issue and this fair value is assigned to equity. The liability component is subsequently measured at amortised cost and the difference between liability and principle is recognised as an interest expense. The directors have reviewed the accounting requirements and concluded that any adjustment is not material to the accounts and on this basis no amount has been assigned to equity at inception.

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.

SELLIGENCE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

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.

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.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Share option scheme

The company operates a share option scheme for related party employees who provide services to Selligence Technology Limited. No charge has been recognised in respect of these options as the director believes the impact is not material to the accounts. No options were exercised in the current financial year. As at 31 December 2020 the total number of active options are 33,351 (2020: 18,201).

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was nil (2019 - nil).

All wages and salaries costs are recharged from a related party, a company under common control.

4 Directors' remuneration

	31 December 2020 £	30 September 2020 £
Remuneration paid to directors recharged by related party	-	8,701

Included in directors' remuneration is £nil (2020: £73) of pension contributions paid to a defined contribution scheme in respect of one director.

SELLIGENCE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

5 Taxation

	2020 £	2020 £
Current tax		
UK corporation tax on profits for the current period	(63,527)	(220,448)
Adjustments in respect of prior periods	-	(219,997)
Total current tax	<u>(63,527)</u>	<u>(440,445)</u>
Deferred tax		
Origination and reversal of timing differences	12,466	53,331
Adjustment in respect of prior periods	-	112,003
Total deferred tax	<u>12,466</u>	<u>165,334</u>
Total tax credit	<u>(51,061)</u>	<u>(275,111)</u>

The total tax credit for the period included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2020 £	2020 £
Loss before taxation	<u>(221,154)</u>	<u>(462,802)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(42,019)	(87,932)
Change in unrecognised deferred tax assets	18,292	6,943
Adjustments in respect of prior years	-	(219,997)
Effect of change in corporation tax rate	-	8,728
Deferred tax adjustments in respect of prior years	-	112,003
Additional deduction for R&D expenditure	(47,050)	(163,270)
Surrender tax losses for R&D tax credit refund	19,716	68,414
Taxation credit for the period	<u>(51,061)</u>	<u>(275,111)</u>

SELLIGENCE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

6 Intangible fixed assets

	Development costs £
Cost	
At 1 October 2020	1,403,306
Additions - internally developed	192,790
At 31 December 2020	1,596,096
Amortisation and impairment	
At 1 October 2020	444,327
Amortisation charged for the period	127,652
At 31 December 2020	571,979
Carrying amount	
At 31 December 2020	1,024,117
At 30 September 2020	958,979

7 Tangible fixed assets

	Computer equipment £
Cost	
At 1 October 2020	14,922
Additions	1,241
At 31 December 2020	16,163
Depreciation and impairment	
At 1 October 2020	8,214
Depreciation charged in the period	767
At 31 December 2020	8,981
Carrying amount	
At 31 December 2020	7,182
At 30 September 2020	6,708

SELLIGENCE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2020

8 Debtors

	31 December 2020	30 September 2020
	£	£
Amounts falling due within one year:		
Trade debtors	36,880	31,775
Corporation tax recoverable	503,700	440,173
Other debtors	322,618	13
Prepayments and accrued income	20,209	11,003
	<u>883,407</u>	<u>482,964</u>

9 Creditors: amounts falling due within one year

	31 December 2020	30 September 2020
	£	£
Trade creditors	12,141	9,516
Taxation and social security	-	6,107
Other creditors	2,433,991	1,898,870
Accruals and deferred income	21,908	21,960
	<u>2,468,040</u>	<u>1,936,453</u>

Included within other creditors are amounts due to entities under common control. At the period end the balance owed to entities under common control was £2,423,991 (2020: £1,888,870).

10 Creditors: amounts falling due after more than one year

	31 December 2020	30 September 2020
	£	£
Other creditors	<u>90,000</u>	<u>90,000</u>

Included within other creditors are convertible loan notes which were issued at a par for £90,000 during 2018 and are convertible into the ordinary shares of the company. These loan notes are non-interest bearing.

In the event of a qualifying fund raising the loan notes are automatically convertible or in the event of a change in control the loan notes are convertible in the discretion of the holder. The number of shares and the price per share is variable and is determined at the date of conversion.

11 Provisions for liabilities

	31 December 2020	30 September 2020
	£	£
Deferred tax liabilities	<u>195,947</u>	<u>183,481</u>

SELLIGENCE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

12 Reserves

Profit and loss reserves

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

13 Related party transactions

Transactions with related parties

During the period the company entered into the following transactions with related parties:

	Services provided		Services received	
	Period ended 31 December		Year ended 30 September	
	2020	2020	2020	2020
	£	£	£	£
Entities under common control	5,400	21,600	276,957	801,530

	31 December	30 September
	2020	2020
Amounts due to related parties	£	£
Entities under common control	2,423,991	1,888,870

The following amounts were outstanding at the reporting end date:

	31 December	30 September
	2020	2020
Amounts due from related parties	£	£
Entities under common control	-	5,413

Other information

Convertible loans

Included within other creditors are convertible loan notes issued to a close family member of the director. These loan notes were issued at a par for £70,000 during 2018 and are convertible into the ordinary shares of the company. These loan notes are non-interest bearing (see note 10).

14 Directors' transactions

Included in other creditors is a balance of £10,000 (2019: £10,000) on the directors' loan account. This balance is not interest bearing and is repayable on demand.