

Company Registration No. SC307569 (Scotland)

QUARCH TECHNOLOGY LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020
PAGES FOR FILING WITH REGISTRAR

QUARCH TECHNOLOGY LIMITED

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QUARCH TECHNOLOGY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Non-current assets					
Property, plant and equipment	5		37,959		43,208
Investments	6		208,136		275,179
			<u>246,095</u>		<u>318,387</u>
Current assets					
Inventories		331,323		274,712	
Trade and other receivables	7	897,475		851,236	
Cash and cash equivalents		<u>1,738,973</u>		<u>1,850,988</u>	
		2,967,771		2,976,936	
Current liabilities	8	<u>(121,459)</u>		<u>(197,374)</u>	
Net current assets			<u>2,846,312</u>		<u>2,779,562</u>
Total assets less current liabilities			<u>3,092,407</u>		<u>3,097,949</u>
Provisions for liabilities			<u>(7,212)</u>		<u>(8,209)</u>
Net assets			<u><u>3,085,195</u></u>		<u><u>3,089,740</u></u>
Equity					
Called up share capital	10		200		200
Share premium account			13,700		13,700
Retained earnings			<u>3,071,295</u>		<u>3,075,840</u>
Total equity			<u><u>3,085,195</u></u>		<u><u>3,089,740</u></u>

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

For the financial year ended 31 August 2020 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.

QUARCH TECHNOLOGY LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 AUGUST 2020

The financial statements were approved by the board of directors and authorised for issue on 1 December 2020 and are signed on its behalf by:

Mr M Dearman
Director

Company Registration No. SC307569

QUARCH TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Company Information

Quarch Technology Limited is a private company limited by shares incorporated in Scotland. The registered office is Unit 7 Dalfaber Industrial Estate, Dalfaber Drive, Aviemore, Inverness-shire, PH22 1ST.

2 Compliance with accounting standards

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.

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

3 Accounting policies

3.1 Revenue

Turnover represents the value of sales to customers, net of discounts and other payments to customers and excludes VAT. Sales of goods or services are recognised when the company has provided the goods or services to the customer and collectability of the related receivable is reasonably assured.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

3.2 Property, plant and equipment

Property, plant and equipment 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:

Plant and equipment	25% straight line
Fixtures, fittings and equipment	25% straight line
Computer equipment	33% straight line

QUARCH TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

3 Accounting policies

(Continued)

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.

Listed investments are valued at market price.

3.3 Inventories

Inventories 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 inventories to their present location and condition.

3.4 Basic 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 statement of financial position 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.

3.5 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 income statement 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

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and the law enacted or substantively enacted at the balance sheet date.

3.6 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 non-current assets.

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

QUARCH TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

3 Accounting policies (Continued)

3.7 Retirement benefits

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

3.8 Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3.9 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.

3.10 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.

3.11 Cash and cash equivalents

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.

3.12 Research and development

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.

4 Employees

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

	2020 Number	2019 Number
Total	17	14
	<u> </u>	<u> </u>

QUARCH TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

5 Property, plant and equipment

	Plant and machinery etc
	£
Cost	
At 1 September 2019	146,930
Additions	25,165
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At 31 August 2020	172,095
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Depreciation and impairment	
At 1 September 2019	103,722
Depreciation charged in the year	30,414
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At 31 August 2020	134,136
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Carrying amount	
At 31 August 2020	37,959
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At 31 August 2019	43,208
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6 Fixed asset investments

	2020	2019
	£	£
Other investments other than loans	208,136	275,179
	<hr/>	<hr/>

Movements in non-current investments

	Investments other than loans
	£
Cost or valuation	
At 1 September 2019	275,179
Additions	74,000
Valuation changes	(2,603)
Disposals	(138,440)
	<hr/>
At 31 August 2020	208,136
	<hr/>
Carrying amount	
At 31 August 2020	208,136
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At 31 August 2019	275,179
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QUARCH TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

7 Trade and other receivables

	2020	2019
	£	£
Amounts falling due within one year:		
Trade receivables	352,651	326,846
Corporation tax recoverable	7,067	-
Other receivables	537,757	524,390
	<u>897,475</u>	<u>851,236</u>

8 Current liabilities

	2020	2019
	£	£
Trade payables	55,691	56,017
Corporation tax	-	85,596
Other taxation and social security	17,686	12,662
Other payables	48,082	43,099
	<u>121,459</u>	<u>197,374</u>

9 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2020	2019	2020	2019
	Number	Number	£	£
Outstanding at 1 September 2019	4,747	-	-	-
Granted	-	5,000	-	-
Forfeited	-	(253)	-	-
	<u>4,747</u>	<u>4,747</u>	<u>-</u>	<u>-</u>
Outstanding at 31 August 2020	4,747	4,747	-	-
	<u>4,747</u>	<u>4,747</u>	<u>-</u>	<u>-</u>
Exercisable at 31 August 2020	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The options outstanding at 31 August 2020 had an exercise price of £90, and a remaining contractual life of 4 years.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Called up share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
69,300 A Ordinary shares of 0.2p each	139	139
29,700 B Ordinary shares of 0.2p each	59	59
700 C Ordinary shares of 0.2p each	1	1
300 D Ordinary shares of 0.2p each	1	1
	<u>200</u>	<u>200</u>

11 Operating lease commitments

Lessee

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

2020	2019
£	£
462,024	539,028

12 Related party transaction

At 31 August 2019 Nordman Property Ltd, a connected company, owed Quarch Technology Limited £474,811. During the year Quarch Technology Limited charged interest totalling £12,007 on this loan. At 31 August 2020, Nordman Property Ltd owed Quarch Technology Limited £486,818. The loan is secured and carries interest at 2.5%, it has no fixed terms of repayment.

During the year the company rented a property from a connected party, Nordman Property Ltd, at arms length rent. The total rent paid in the year was £76,999 (2019 - £61,999).

During the year the company paid dividends totalling £500,000 (2019 - £749,999) to the directors.

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.