

Company Registration No. SC453182 (Scotland)

DOCS24 Ltd

**Financial statements
for the year ended 31 December 2020**

Pages for filing with the Registrar

DOCS24 Ltd

Company information

Directors	Ian Paterson-Brown James Rae
Company number	SC453182
Registered office	20-22 Torphichen Street Edinburgh EH3 8JB
Independent auditor	Saffery Champness LLP Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Bankers	The Royal Bank of Scotland plc 142-144 Princes Street Edinburgh EH2 4EQ Barclays Bank plc 1 St Andrew Square Edinburgh EH2 2BD

DOCS24 Ltd

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DOCS24 Ltd

**Statement of financial position
As at 31 December 2020**

		2020	2019
			as restated
	Notes	£	£
Fixed assets			
Intangible assets	4	253,082	276,540
Tangible assets	5	1,292	1,847
Investments	6	1	1
		<u>254,375</u>	<u>278,388</u>
Current assets			
Debtors	8	425,932	311,770
Cash at bank and in hand		210,297	180,168
		<u>636,229</u>	<u>491,938</u>
Creditors: amounts falling due within one year	9	(238,839)	(208,980)
Net current assets		<u>397,390</u>	<u>282,958</u>
Total assets less current liabilities		<u>651,765</u>	<u>561,346</u>
Creditors: amounts falling due after more than one year	10	(266,945)	(131,945)
Provisions for liabilities		<u>(36,010)</u>	<u>(38,672)</u>
Net assets		<u><u>348,810</u></u>	<u><u>390,729</u></u>
Capital and reserves			
Called up share capital	11	1,053	1,053
Share premium account		459,229	459,229
Profit and loss reserves		(111,472)	(69,553)
Total equity		<u><u>348,810</u></u>	<u><u>390,729</u></u>

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

DOCS24 Ltd

Statement of financial position (continued)

As at 31 December 2020

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

James Rae

Director

Company Registration No. SC453182

1 Accounting policies

Company information

DOCS24 Ltd is a private company limited by shares incorporated in Scotland. The registered office is 20-22 Torphichen Street, Edinburgh, EH3 8JB.

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.

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.

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 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.

Notes to the financial statements (continued)
For the year ended 31 December 2020

1 Accounting policies (continued)

1.4 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% straight line
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1.5 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:

Fixtures and fittings	20% reducing balance
Computer equipment	33.33% reducing balance

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.

1.6 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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1 Accounting policies (continued)

1.7 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.

1.8 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.

1.9 Basic financial assets

Basic financial assets, which include debtors, 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.

1.10 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.

Notes to the financial statements (continued)
For the year ended 31 December 2020

1 Accounting policies (continued)

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.

1.11 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

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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. 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.

1.12 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.

Notes to the financial statements (continued)
For the year ended 31 December 2020

1 Accounting policies (continued)

1.13 Retirement benefits

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

1.14 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.

1.15 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.

1.16 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:

	2020 Number	2019 Number
Total	8	6
	<u> </u>	<u> </u>

3 Directors' remuneration

	2020 £	2019 £
Remuneration paid to directors	105,913	83,161
	<u> </u>	<u> </u>

Notes to the financial statements (continued)
For the year ended 31 December 2020

3 Directors' remuneration (continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

Directors' remuneration of £48,187 (2019 - £47,555) was capitalised as software development expenditure during the period.

4 Intangible fixed assets

	Software
	£
Cost	
At 1 January 2020	738,301
Additions	155,253
	<hr/>
At 31 December 2020	893,554
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Amortisation and impairment	
At 1 January 2020	461,761
Amortisation charged for the year	178,711
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At 31 December 2020	640,472
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Carrying amount	
At 31 December 2020	253,082
	<hr/> <hr/>
At 31 December 2019	276,540
	<hr/> <hr/>

DOCS24 Ltd

Notes to the financial statements (continued)
For the year ended 31 December 2020

5 Tangible fixed assets

	Fixtures & fittings	Computer equipment	Total
	£	£	£
Cost			
At 1 January 2020 and 31 December 2020	1,860	2,415	4,275
Depreciation and impairment			
At 1 January 2020	818	1,610	2,428
Depreciation charged in the year	208	347	555
At 31 December 2020	1,026	1,957	2,983
Carrying amount			
At 31 December 2020	834	458	1,292
At 31 December 2019	1,042	805	1,847

6 Fixed asset investments

	2020	2019
	£	£
Investment in subsidiary	1	1

7 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
DOCS24 LLC	USA	Document management	Ordinary	100.00	0

The unaudited aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves*
	£	£
DOCS24 LLC	(45,940)	19,135

*Includes loan capital (note 8)

DOCS24 Ltd**Notes to the financial statements (continued)****For the year ended 31 December 2020****8 Debtors**

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	184,617	39,046
Corporation tax recoverable	30,409	66,361
Amounts owed by group undertakings	190,731	189,946
Other debtors	-	3,433
Prepayments and accrued income	20,175	12,984
	<u>425,932</u>	<u>311,770</u>

9 Creditors: amounts falling due within one year

	2020	2019
	£	£
Finance lease obligations	83,333	83,333
Bank loans	23,333	-
Trade creditors	35,452	33,280
Other taxation and social security	8,587	7,527
Other creditors	5,488	10,445
Accruals and deferred income	82,646	74,395
	<u>238,839</u>	<u>208,980</u>

10 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Finance lease obligations	90,278	131,945
Bank loans	176,667	-
	<u>266,945</u>	<u>131,945</u>

11 Called up share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
1,053 Ordinary shares of £1 each	<u>1,053</u>	<u>1,053</u>

12 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 Kenneth McDowell.

The auditor was Saffery Champness LLP.

13 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:

2020	2019
£	£
68,310	103,950
<u><u> </u></u>	<u><u> </u></u>

14 Directors' transactions

The balance due to the directors of £65,064 (2019: £65,064) is included within other creditors and is repayable on demand. Interest was charged on the original loan amount.

15 COVID-19

In March 2020, the World Health Organisation declared COVID-19 a pandemic. In accordance with Government advice, the company closed its offices and reduced operations significantly.

In April 2020, the company entered the Coronavirus Job Retention Scheme for government support for eligible employees and sought and secured a Coronavirus Business Interruption Loan Scheme (CBILS) which the directors considered necessary for ongoing activities of the company. This facility required the company to grant a bond and floating charge over the company's assets.

At the date of approval, the directors have prepared and approved up to date management accounts, budgets and cash flow projections which include the utilisation of the CBIL funding, the timely settlement of HMRC claims and trade debtors and ongoing support from directors and shareholders that the directors consider reasonable and prudent.

Having considered the matters above the directors are of the view that, at the date of approval of the financial statements, the company will have sufficient resources to continue to operate and meet debts as they fall due for the foreseeable future. The financial statements have therefore be drawn up on a going concern basis.

Notes to the financial statements (continued)

For the year ended 31 December 2020

16 Prior period adjustment

A prior period adjustment has been posted to recognise a deferred tax liability in the opening reserves of the 2019 financial statements.

Changes to the statement of financial position

	As previously reported	Adjustment	As restated at 31 Dec 2019
	£	£	£
Provisions for liabilities			
Deferred tax	-	(38,672)	(38,672)
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves			
Profit and loss	(30,881)	(38,672)	(69,553)
	<u> </u>	<u> </u>	<u> </u>

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