

VERACITY SYSTEMS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

**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 2023

| | | 2023 | 2022 |
|---|-------|------------------|------------------|
| | Notes | £ | £ |
| Fixed assets | | | |
| Tangible assets | 4 | 10,386 | 3,506 |
| Investments | 5 | 149,774 | 149,774 |
| | | <u>160,160</u> | <u>153,280</u> |
| Current assets | | | |
| Stocks | | 33,390 | 91,081 |
| Debtors | 6 | 288,264 | 363,353 |
| Cash at bank and in hand | | 801,194 | 587,024 |
| | | <u>1,122,848</u> | <u>1,041,458</u> |
| Creditors: amounts falling due within one year | 7 | <u>(265,511)</u> | <u>(308,469)</u> |
| Net current assets | | <u>857,337</u> | <u>732,989</u> |
| Net assets | | <u>1,017,497</u> | <u>886,269</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | 356,900 | 356,900 |
| Profit and loss reserves | | 660,597 | 529,369 |
| Total equity | | <u>1,017,497</u> | <u>886,269</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 14 March 2024 and are signed on its behalf by:

Mr David Corson B.Acc.,CA
Director

Mr Alastair McLeod BSc (Hons)
Director

Company registration number 04316461 (England and Wales)

VERACITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023

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.

1.3 Research and development expenditure

Research and development expenditure is written off against profits in the year in which it is incurred.

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 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.

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.

VERACITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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 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 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.

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 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.

VERACITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

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.

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.

1.13 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 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 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

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

| | 2023 Number | 2022 Number |
|-------|----------------|----------------|
| Total | 14 | 14 |

VERACITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

4 Tangible fixed assets

| | Land and buildings | Plant and machinery etc | Total |
|------------------------------------|-----------------------|----------------------------|---------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2023 | 51,572 | 64,029 | 115,601 |
| Additions | - | 15,276 | 15,276 |
| At 31 December 2023 | 51,572 | 79,305 | 130,877 |
| Depreciation and impairment | | | |
| At 1 January 2023 | 51,444 | 60,651 | 112,095 |
| Depreciation charged in the year | 128 | 8,268 | 8,396 |
| At 31 December 2023 | 51,572 | 68,919 | 120,491 |
| Carrying amount | | | |
| At 31 December 2023 | - | 10,386 | 10,386 |
| At 31 December 2022 | 128 | 3,378 | 3,506 |

5 Fixed asset investments

| | 2023 £ | 2022 £ |
|--|-----------|-----------|
| Shares in group undertakings and participating interests | 149,774 | 149,774 |

6 Debtors

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 116,830 | 212,956 |
| Amounts owed by group undertakings | 141,340 | 130,530 |
| Other debtors | 30,094 | 19,867 |
| | 288,264 | 363,353 |

7 Creditors: amounts falling due within one year

| | 2023 £ | 2022 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 16,659 | 29,191 |
| Amounts owed to group undertakings | 2,463 | - |
| Taxation and social security | 66,254 | 67,656 |
| Other creditors | 180,135 | 211,622 |
| | 265,511 | 308,469 |

VERACITY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

8 Called up share capital

| | 2023 | 2022 | 2023 | 2022 |
|---|---------|---------|---------|---------|
| | Number | Number | £ | £ |
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary A Shares of £1 each | 356,900 | 356,900 | 356,900 | 356,900 |

9 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.

Senior Statutory Auditor:

Mr Graeme Bryson CTA, ACA

Statutory Auditor:

William Duncan + Co (Audit) Ltd

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:

| 2023 | 2022 |
|--------|--------|
| £ | £ |
| 63,294 | 82,769 |

11 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.