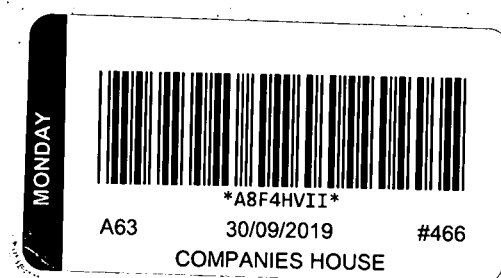


**Registered number: 07902511**

**TRAKCEL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



# **TRAKCEL LIMITED**

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# **TRAKCEL LIMITED**

## **COMPANY INFORMATION**

### **Directors**

R C Hart  
J M Mackowski  
R Nalliah  
P J Roberts  
J Welsh

### **Registered number**

07902511

### **Registered office**

10-11 Raleigh Walk  
Waterfront 2000  
Brigantine Place  
Cardiff  
CF10 4LN

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
One Kingsway  
Cardiff  
CF10 3PW

## **TRAKCEL LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their annual report and the audited financial statements of Trakcel Limited (the "Company") for the year ended 31 December 2018.

#### **Principal activity**

Trakcel Limited is a software company specialising in developing software solutions to facilitate efficiency in cell and gene therapy development and commercialisation by providing a platform by which critical information can be collated, tracked and documented.

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

R C Hart  
J M Mackowski  
R Nalliah  
T A Raffin (resigned 1 October 2018)  
P J Roberts  
J Welsh (appointed 19 November 2018)

#### **Going concern**

As at 31 December 2018, the Company had a cash equivalent position of £780,623 (2017: £617,792). In June 2019, Trakcel started a 'Series C' investment round, raising a commitment to receive \$4m. To date, the Company have received \$2.5m and expect to receive the remaining \$1.5m in Quarter 4 of 2019.

The Series C funding of \$4m has and will be received as share capital in the Company's immediate parent, Trakcel Holding Company Inc (the "Parent Company"). Trakcel Limited has access to these funds to support its day to day operations by virtue of a parental letter of support. Trakcel Limited is the only subsidiary of the Parent Company. The Company and the Parent Company also have a letter of support from the main shareholder.

The Directors have prepared detailed monthly forecasts and projected cash flows for the remainder of the December 2019 financial year end and for the full year ended December 2020. The Directors have prepared forecasts under various different scenarios, including reasonable downside sensitivities and reflecting alternative strategic options for the Company. After due consideration, the Directors have concluded that, based on their forecasts and the continued support of the main shareholder, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## **TRAKCEL LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising section 1A of FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as they have is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

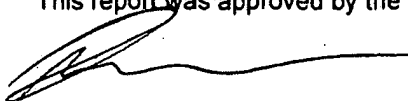
#### **Independent auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

#### **Small companies exemption**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. In addition, the Company has taken advantage of the exemption available and has not presented a Strategic Report.

This report was approved by the board and signed on its behalf by:



**R Nalliah**  
Director

Date: 30 September 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAKCEL LIMITED

## Report on the audit of the financial statements

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### Opinion

In our opinion, Trakcel Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Statement of Income and Retained Earnings for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAKCEL LIMITED (CONTINUED)**

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**Other required reporting**

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**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

TRAKCEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAKCEL LIMITED (CONTINUED)

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**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

*Stuart Couch*

Stuart Couch (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff

Date: 30 SEPTEMBER 2019



**TRAKCEL LIMITED****STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Turnover	2,188,416	730,604
Cost of sales	(1,201,421)	(544,275)
<b>Gross profit</b>	<b>986,995</b>	<b>186,329</b>
Administrative expenses	(3,774,841)	(2,620,578)
Other operating income	270,233	192,786
<b>Operating loss</b>	<b>(2,517,613)</b>	<b>(2,241,463)</b>
Interest payable and similar expenses	(1,396)	(722)
<b>Loss before taxation</b>	<b>(2,519,009)</b>	<b>(2,242,185)</b>
Tax on loss	(13,991)	(2,911)
<b>Loss for the financial year</b>	<b>(2,533,000)</b>	<b>(2,245,096)</b>
<b>Accumulated losses:</b>		
Accumulated losses at the beginning of the financial year	(3,300,867)	(1,055,771)
Loss for the financial year	(2,533,000)	(2,245,096)
<b>Accumulated losses at the end of the financial year</b>	<b>(5,833,867)</b>	<b>(3,300,867)</b>

**TRAKCEL LIMITED**  
**REGISTERED NUMBER: 07902511**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	6	3,418,782	3,283,406
Tangible assets	7	172,712	87,215
		<u>3,591,494</u>	<u>3,370,621</u>
<b>Current assets</b>			
Debtors	8	803,574	454,164
Cash at bank and in hand		780,623	617,792
		<u>1,584,197</u>	<u>1,071,956</u>
Creditors: amounts falling due within one year	9	(3,641,503)	(352,706)
<b>Net current (liabilities)/assets</b>		<u>(2,057,306)</u>	<u>719,250</u>
<b>Total assets less current liabilities</b>		<u>1,534,188</u>	<u>4,089,871</u>
Creditors: amounts falling due after more than one year	10	(6,900)	(29,583)
<b>Net assets</b>		<u><u>1,527,288</u></u>	<u><u>4,060,288</u></u>
<b>Capital and reserves</b>			
Called up share capital		4,562	4,562
Share premium account		7,356,593	7,356,593
Accumulated losses		(5,833,867)	(3,300,867)
<b>Total shareholders' funds</b>		<u><u>1,527,288</u></u>	<u><u>4,060,288</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements on pages 7 to 18 were approved and authorised for issue by the board and were signed on its behalf by:



**R Nalliah**  
Director

Date: 30 September 2019.

The notes on pages 9 to 18 form part of these financial statements.

## **TRAKCEL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **1. General information**

Trakcel Limited (the "Company") is a private company limited by shares and is incorporated and registered in England and Wales. The address of its registered office is 10-11 Raleigh Walk Waterfront 2000, Brigantine Place, Cardiff, CF10 4LN.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied consistently throughout the year:

##### **2.2 Going concern**

As at 31 December 2018, the Company had a cash equivalent position of £780,623 (2017: £617,792). In June 2019, Trakcel started a 'Series C' investment round, raising a commitment to receive \$4m. To date, the Company have received \$2.5m and expect to receive the remaining \$1.5m in Quarter 4 of 2019.

The Series C funding of \$4m has and will be received as share capital in the Company's immediate parent, Trakcel Holding Company Inc (the "Parent Company"). Trakcel Limited has access to these funds to support its day to day operations by virtue of a parental letter of support. Trakcel Limited is the only subsidiary of the Parent Company. The Company and the Parent Company also have a letter of support from the main shareholder.

The Directors have prepared detailed monthly forecasts and projected cash flows for the remainder of the December 2019 financial year end and for the full year ended December 2020. The Directors have prepared forecasts under various different scenarios, including reasonable downside sensitivities and reflecting alternative strategic options for the Company. After due consideration, the Directors have concluded that, based on their forecasts and the continued support of the main shareholder, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

##### **2.3 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

##### **Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.3 Turnover (continued)**

**Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.4 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Income and Retained Earnings over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Assets under construction are stated at cost. These assets are not amortised until they become available for use.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	3 to 10 years
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**2.5 Tangible assets**

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.5 Tangible assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Fixtures and fittings	- 4 years
Computer equipment	- 5 years
Leasehold improvements	- 2.5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

**2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.8 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.8 Financial instruments (continued)**

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

**2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.10 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

**2.11 Finance costs**

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.12 Operating leases**

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

**2.13 Provision for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.14 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.15 Borrowing costs**

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.16 Current and deferred taxation**

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

**2.17 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 10 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

***Key accounting estimates and judgements***

***(i) Impairment of intangible assets***

The Company makes an estimate of the recoverable value of intangible assets, where indicators of an impairment arise, in line with FRS 102.

***(ii) Debtors provisioning***

The Company makes an estimate of the recoverable value of trade debtors. When assessing the impairment of trade debtors, factors including the current credit rating of the debtor, ageing of debtors and any known issues.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**4. Auditors' remuneration**

	2018 £	2017 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>10,700</u>	<u>10,500</u>

**5. Employees**

The average monthly number of employees, including directors, during the year was 74 (2017: 43).

**6. Intangible assets**

	Software £	Assets under course of construction £	Development costs £	Total £
<b>Cost</b>				
At 1 January 2018	20,859	1,295,940	2,229,782	3,546,581
Additions	47,237	88,684	623,322	759,243
Transfer of assets	-	(1,295,940)	1,295,940	-
At 31 December 2018	<u>68,096</u>	<u>88,684</u>	<u>4,149,044</u>	<u>4,305,824</u>
<b>Accumulated amortisation</b>				
At 1 January 2018	3,034	-	260,141	263,175
Charge for the year	9,165	-	614,702	623,867
At 31 December 2018	<u>12,199</u>	<u>-</u>	<u>874,843</u>	<u>887,042</u>
<b>Net book value</b>				
At 31 December 2018	<u>55,897</u>	<u>88,684</u>	<u>3,274,201</u>	<u>3,418,782</u>
At 31 December 2017	<u>17,825</u>	<u>1,295,940</u>	<u>1,969,641</u>	<u>3,283,406</u>

**TRAKCEL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**7. Tangible assets**

	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Leasehold improvements £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2018	12,143	121,557	-	133,700
Additions	19,923	59,082	43,975	122,980
At 31 December 2018	32,066	180,639	43,975	256,680
<b>Accumulated depreciation</b>				
At 1 January 2018	5,365	41,120	-	46,485
Charge for the year	3,726	26,844	6,913	37,483
At 31 December 2018	9,091	67,964	6,913	83,968
<b>Net book value</b>				
At 31 December 2018	22,975	112,675	37,062	172,712
At 31 December 2017	6,778	80,437	-	87,215

**8. Debtors**

	<b>2018 £</b>	<b>2017 £</b>
Trade debtors	279,894	2,285
Other debtors	22,397	77,537
Prepayments and accrued income	398,822	245,237
Corporation tax recoverable	102,461	129,105
	803,574	454,164

## TRAKCEL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 9. Creditors: amounts falling due within one year

	2018 £	2017 £
Other loans	22,727	40,234
Trade creditors	116,796	88,192
Amounts owed to group undertakings	2,938,825	-
Taxation and social security	113,103	70,974
Other creditors	22,623	22,784
Accruals and deferred income	427,429	130,522
	<u>3,641,503</u>	<u>352,706</u>

The amounts owed to group undertakings are owed to TrakCel Holding Company, Inc and are non-interest bearing and repayable on demand. TrakCel Holding Company, Inc, the parent company, has confirmed by way of a letter of support that it will continue to provide financial support to the Company (refer to note 2.2 for further details). Accordingly, the parent has effectively confirmed it will not seek repayment of the amount owed within 12 months from the date of signing the financial statements or until such a point that the Company can meet its obligations as they fall due within that period.

#### 10. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Other loans	-	22,727
Software loan	6,900	6,856
	<u>6,900</u>	<u>29,583</u>

The other loan, received from the Welsh Government, is unsecured, interest free and repayable within 3 years. This is now due to be repaid within 12 months.

#### 11. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £69,909 (2017: £37,003).

#### 12. Related party transactions

During the year, Trakcel Limited was invoiced £60,000 (2017: £60,000) in rent from Corvette Properties Limited. Corvette Properties Limited is a related party by virtue of common directors. The balance outstanding at year end was £17,840 (2017: £13,550).

During the year Trakcel Limited was invoiced £3,521 (2017: £17,858) for services provided by its controlling party, Telegraph Hill Partners. The balance outstanding at year end was £Nil (2017: £Nil).

## **TRAKCEL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **13. Ultimate parent undertaking and controlling party**

The immediate parent company is Trakcel Holding Company Inc., a company incorporated in the United States of America. The ultimate controlling parties are the members of Telegraph Hill Partners, a private equity fund based in the United States of America.