

AuditComply Ltd**Unaudited****Directors' Report and Financial Statements****For the Year Ended 30 June 2020**

Balance Sheet
As at 30 June 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	5	12,133	13,562
		<u>12,133</u>	<u>13,562</u>
Current assets			
Debtors: amounts falling due within one year	6	376,508	260,692
Cash at bank and in hand	7	120,244	149,053
		<u>496,752</u>	<u>409,745</u>
Creditors: amounts falling due within one year	8	(466,026)	(334,914)
Net current assets		<u>30,726</u>	<u>74,831</u>
Total assets less current liabilities		<u>42,859</u>	<u>88,393</u>
Net assets		<u>42,859</u>	<u>88,393</u>
Capital and reserves			
Called up share capital	9	131,595	97,502
Share premium account	10	2,435,953	2,169,444
Profit and loss account	10	(2,524,689)	(2,178,553)
		<u>42,859</u>	<u>88,393</u>

AuditComply Ltd
Registered number: NI623693

Balance Sheet (continued)
As at 30 June 2020

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

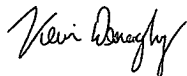
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The 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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 September 2020.



Mr Kevin Donaghy
Director

The notes on pages 3 to 7 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 30 June 2020**

1. General information

AuditComply Ltd is a private company limited by shares incorporated in Northern Ireland. The registration number and address of the registered office are given in the company information section of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Rendering of services

Revenue 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 revenue 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.

2.3 Tangible fixed assets

Tangible fixed 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	33%
Computer equipment	-	33%

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 profit or loss.

**Notes to the Financial Statements
For the Year Ended 30 June 2020**

2. Accounting policies (continued)

2.4 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.

2.5 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.

2.6 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.

2.7 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 ordinary shares.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.9 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.

**Notes to the Financial Statements
For the Year Ended 30 June 2020**

2. Accounting policies (continued)

2.10 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 profit or loss 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.

2.11 Taxation

Tax is recognised in profit or loss 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.

3. Going concern

The company made a loss of £607,929 during the year (2019: Loss of £525,415).

The company is growing and while it has significant software solutions in the market it continues to invest to research and develop them. This has led to significant losses in the past couple of years.

The company has a significant number of customers and continues to add notable customers on a regular basis. The company expects to continue to be loss making in the foreseeable future as it continues to grow its recurring revenues by investing in people and expanding its product suite. In this regard, the company secured further equity investment during the year and is in the process of raising substantial equity investment to allow it to significantly expand. While at the time of writing new investment has not been secured the directors are confident of achieving this and in the meantime expect to be in a position to meet its liabilities as they fall due.

While the above may represent an uncertainty, management and the directors are confident of securing significant future investment for the business. Based upon that and after making appropriate enquiries, the directors have formed a judgement at the time of writing that the company will have adequate resources to continue in operational existence for the foreseeable future and therefore it is appropriate to prepare the financial statement on a going concern basis.

The financial statements do not include any adjustments that would result if the company were unable to continue as a going concern.

4. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Employees	17	16

Notes to the Financial Statements
For the Year Ended 30 June 2020

5. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 July 2019	14,068	14,926	28,994
Additions	-	6,744	6,744
At 30 June 2020	14,068	21,670	35,738
Depreciation			
At 1 July 2019	7,535	7,896	15,431
Charge for the year on owned assets	2,742	5,432	8,174
At 30 June 2020	10,277	13,328	23,605
Net book value			
At 30 June 2020	3,791	8,342	12,133
At 30 June 2019	6,532	7,030	13,562

6. Debtors

	2020 £	2019 £
Trade debtors	154,407	25,625
Other debtors	649	11,139
Prepayments and accrued income	5,045	16,382
Tax recoverable	216,407	207,546
	376,508	260,692

7. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	120,244	149,051
	120,244	149,051

**Notes to the Financial Statements
For the Year Ended 30 June 2020**

8. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	8,890	62,593
Other taxation and social security	168,513	72,364
Other creditors	15,456	35,838
Accruals and deferred income	273,167	164,119
	<u>466,026</u>	<u>334,914</u>

9. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,014,841 (2019 - 281,050) Ordinary shares of £0.001 each	1,015	281
107,104,130 (2019 - 82,482,920) A Ordinary shares of £0.001 each	107,104	82,483
23,475,830 (2019 - 14,737,720) B Ordinary shares of £0.001 each	23,476	14,738
	<u>131,595</u>	<u>97,502</u>

On 2 August 2019 the Company issued 3,474,287 £0.001 A ordinary shares at a premium of £0.013276 per share, issues 8,755,763 B ordinary shares at a premium of £0.0133 per share and issued 12,391,164 £0.001 A ordinary shares by way of a bonus issue for nil consideration.

On 30 November 2019 the Company issued 716,142 ordinary shares at par.

On 16 April 2020 the Company issued 8,755,763 £0.001 A ordinary shares at a premium of £0.0133 per share.

10. Reserves

Share premium account

includes all amounts paid for shares in excess of nominal value.

Profit and loss account

Includes all current and prior years retained profits and losses.