

Celoxica Limited
Report And Financial Statements
31 December 2018

Rees Pollock
Chartered Accountants



Celoxica Limited

COMPANY INFORMATION

Directors	L Staines A Rescourio
Company secretary	A Rescourio
Registered number	03209209
Registered office	20 Craven Terrace London W2 3QH
Independent auditors	Rees Pollock 35 New Bridge Street London EC4V 6BW

DIRECTORS' REPORT
For the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors

The directors who served during the year were:

L Staines
A Rescourio

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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. They 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.

Directors' and Officers' Liability Insurance

The Company has, as permitted by the Companies Act 2006, maintained insurance on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director 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.

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 December 2018

Small companies provisions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

27 June 2019 and signed on its behalf.

A handwritten signature in black ink, consisting of a large, stylized 'A' followed by a series of loops and a long horizontal stroke.

A Rescourio
Director

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF CELOXICA LIMITED**

Opinion

We have audited the financial statements of Celoxica Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CELOXICA LIMITED (CONTINUED)
Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.


Alexander Macpherson (Senior Statutory Auditor)
for and on behalf of
Rees Pollock, statutory auditor

28 June 2019

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover		3,491,676	3,622,363
Cost of sales		(291,881)	(414,912)
Gross profit		3,199,795	3,207,451
Administrative expenses		(3,530,804)	(3,673,090)
Operating loss	3	(331,009)	(465,639)
Interest payable and expenses	6	(12,075)	(60,031)
Loss before tax		(343,084)	(525,670)
Tax on loss	7	129,591	85,030
Loss for the financial year		(213,493)	(440,640)

There was no other comprehensive income for 2018 (2017: £NIL).

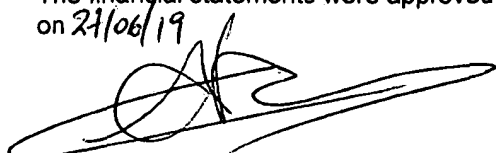
The notes on pages 8 to 22 form part of these financial statements.

BALANCE SHEET
As at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	8	564,698	454,074
Tangible assets	9	14,965	43,608
Investments	10	69	69
		<u>579,732</u>	<u>497,751</u>
Current assets			
Stocks	11	88,419	62,426
Debtors: amounts falling due within one year	12	332,816	444,531
Cash at bank and in hand		638,918	903,107
		<u>1,060,153</u>	<u>1,410,064</u>
Creditors: amounts falling due within one year	13	(45,859,297)	(45,854,416)
Net current liabilities		<u>(44,799,144)</u>	<u>(44,444,352)</u>
Total assets less current liabilities		<u>(44,219,412)</u>	<u>(43,946,601)</u>
Creditors: amounts falling due after more than one year	14	(3,064)	(62,382)
Net liabilities		<u>(44,222,476)</u>	<u>(44,008,983)</u>
Capital and reserves			
Called up share capital	15	117,166	117,166
Share premium account		23,729,845	23,729,845
Other reserves		1,046,558	1,046,558
Profit and loss account		(69,116,045)	(68,902,552)
		<u>(44,222,476)</u>	<u>(44,008,983)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities 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 21/06/19



A Rescourio
Director

The notes on pages 8 to 22 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2018

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2017	117,166	23,729,845	1,046,558	(68,461,912)	(43,568,343)
Loss for the year	-	-	-	(440,640)	(440,640)
At 1 January 2018	117,166	23,729,845	1,046,558	(68,902,552)	(44,008,983)
Loss for the year	-	-	-	(213,493)	(213,493)
At 31 December 2018	117,166	23,729,845	1,046,558	(69,116,045)	(44,222,476)

The notes on pages 8 to 22 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

Celoxica Limited is a private company limited by shares and incorporated in the United Kingdom. The registered address is 20 Craven Terrace, London, W2 3QH. The company's principal activity is the provision of solutions utilizing FPGA-based architectures to support growing demands for ultra-low latency and efficient footprint solutions in the financial services industry and, in particular to the advanced, electronic trading community.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Details of the Company's subsidiaries are given in note 10. The Company is exempt from preparing consolidated accounts by the Companies Act 2006 and IFRS 10. Accordingly, the financial statements give information about the company only.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46 52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 10(d), 16, 38A, 38B, 111 and 134 136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

1.3 Going concern

The company has net current liabilities of £44,799,144 but this includes £44,808,517 of current liabilities due to fellow group members, which the directors have a valid expectation will not be called within twelve months, and £705,229 of deferred income which does not represent a cash outflow.

As more fully disclosed in notes 13 and 14, the company has on-going obligations under term secured debt financing. In 2017 the Company secured additional debt financing of £250,000 repayable over two years. The directors have prepared financial projections reflecting current market conditions, the repayment and interest profile of the debt financing, the current sales pipeline and the Company's expected future costs. These projections are based on assumptions regarding sales growth and new business which, by their nature, are subject to uncertainty as to the precise timing of when potential sales will convert.

The directors consider that the financial projections are achievable and after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. No assessment has been possible of the going concern assumption proving not to be appropriate.

1.4 Impact of new international reporting standards, amendments and interpretations

IFRS 9

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 1 January 2018.

IFRS 15

From 1 January 2018, the Company has applied IFRS 15 using the cumulative effect method.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

1.5 Revenue

Turnover (excluding value added tax) comprises the fair value of sales of licenses, revenue from support, maintenance, training and consulting contracts and the sale of hardware boards provided in the normal course of business, net of discounts and other sales related taxes.

Due to the fast-moving environment in which the company operates, licences typically include an embedded agreement to supply on-going maintenance services. A key judgement is whether the initial licence and the on-going maintenance are separable performance conditions. As is explained in note 2, management is of the opinion that, due to the specialised nature of the product and the maintenance being critical to the on-going utility of the underlying product, the licence and maintenance are not separable performance conditions. Accordingly, both the licence and the maintenance services are recognised on a straight-line basis over the contractual period.

Additionally, contracts will often include on-going support services, which are delivered by both e-mail and telephonic support, and may include initial training services. The revenue from support services is recognised over the contractual term; revenue from support services are recognised as the training is delivered. The attribution of revenue to support and training is based on the underlying cost of delivery plus an estimated profit margin. To date the amount of revenue attributable to such services has not been significant and, as it does not alter the revenue profile of the underlying contracts, is not separately disclosed.

Revenue is typically invoiced either monthly or quarterly in advance for amounts agreed in contracts at the start of the service period. The contracts have no significant financing components. The excess of fees invoiced over revenue recognised in respect of such fees is recorded as deferred income. Cancellation terms are set out in the contracts and vary by customer however refunds are typically not permitted once the service period has commenced.

Revenue from hardware development boards is recognised when obligations under the relevant purchase agreement have been met and delivery has taken place

1.6 Research and development

Research expenditure is written off as incurred.

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over their estimated useful economic life of three years.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account.

1.7 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets (continued)

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:

Short term leasehold improvements	- 5 years straight line
Computer equipment	- 3 years straight line

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 comprehensive income.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost comprises direct material costs of purchase. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

1.9 Financial assets

Financial assets are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument and are recognised in the balance sheet at the lower of cost and net realisable value.

Provision is made for diminution in value where appropriate.

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the statement of comprehensive income in the financial period to which it relates.

Trade receivables do not carry any interest and are initially recognised at fair value, subsequently reduced by appropriate allowances for estimated irrecoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

1.10 Financial liabilities

Financial liabilities are obligations to pay cash or other financial instruments and are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised as an expense in the income statement.

Loans raised for support of long term funding of the Company's operations are recognised at fair value, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, and direct issues costs are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arose.

Trade payables are non interest bearing and are recorded initially at fair value net of transactions costs and thereafter at amortised cost using the effective interest rate method.

1.11 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.13 Foreign currencies

The Company's functional and presentational currency is pounds sterling.

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical costs are translated 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 Profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

1.14 Taxation

Tax is recognised in the Statement of comprehensive income, 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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computations of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill (or any discount on acquisition) or from the initial recognition (other than in a business combination) 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 balance sheet 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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

1.15 Investments

Investments in subsidiary companies held as fixed assets are shown at cost less provision for impairment.

1.16 Share-based payments

Celoxica Holdings plc (the parent company) issues share options to employees of Celoxica Limited. The options are measured at fair value at the date of grant, using a Black Scholes pricing model. The fair value is then expensed on a straight line basis over the vesting period, based on the Company's estimate of the number of shares that will eventually vest, updated at each balance sheet date. The options issued to employees are treated as a capital contribution from the parent company and recognised as a separate reserve.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors considered reasonable at the time, but actual results may differ from those estimates. Revisions to these estimates are made in the period in which they are recognised.

The principal judgements that have been exercised by the Board in the preparation of these financial statements are in respect of:

- Going concern – specifically the timing and quantum of cash flows which the group is forecast to generate;
- Revenue recognition – a typical service contract includes a licence fee, maintenance provision and on-going support services. Due to the bespoke nature of the product, maintenance services cannot be obtained from other providers and neither the licence nor the maintenance are sold on a stand-alone basis. On this basis, the Board consider that the licence fee and maintenance provision do not represent separate performance obligations.

Additionally, in the opinion of the Board the rights conferred by the licence fee are transferred over time rather than at the licence activation date. For the duration of the licence the Company undertakes such updates as are required to maintain compatibility and compliance of the product with the Exchanges with which it communicates, and in many instances these changes are both frequent and significant. In the absence of this on-going improvement, the IP conferred by the licence would not perform the task for which it had been purchased.

As a result of the above, both the licence/maintenance and on-going support services are recognised over the period of time to which the contract relates. As neither licences nor on-going support are sold as stand-alone items, allocating the transaction price between the performance obligations is a matter of judgement. The Board consider that the amount of revenue attributable to on-going support is immaterial since substantially all support services in substance relate to the on-going software development and improvements required for the continued operation of the product;

- Capitalisation of development costs – the Board has determined that, since it is now probable that an asset will be created that will generate future economic benefit, it is appropriate to capitalise development costs.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

3. Operating loss

The operating loss is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	39,303	46,007
Exchange differences	26,888	60,182
Operating lease rentals	16,718	17,953
Amortisation of intangible assets	350,198	358,817
Wages and salaries	493,304	601,632
Social security costs	93,867	93,330
Cost of defined contribution scheme	30,898	22,568
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	17,750	17,750
Fees payable to the company's auditor and its associates in respect of: Other services	17,600	20,850
	<u>357,311</u>	<u>1,139,917</u>

4. Employees

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

	2018 No.	2017 No.
Engineering	8	8
Selling and distribution	1	1
Administration	1	1
	<u>10</u>	<u>10</u>

5. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	324,000	351,697
Company contributions to defined contribution pension schemes	13,350	13,292
	<u>337,350</u>	<u>364,989</u>

During the year retirement benefits were accruing to 2 directors (2017 -2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £162,000 (2017 -£175,863).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,350 (2017 -£6,917).

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018
6. Interest payable and similar expenses

	2018 £	2017 £
On other loans	<u>12,075</u>	<u>60,031</u>

7. Taxation

	2018 £	2017 £
Corporation tax		
Taxation credit for the year	(129,591)	(85,030)
Total current tax	<u>(129,591)</u>	<u>(85,030)</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>(343,084)</u>	<u>(525,670)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 -19.25%)	(65,186)	(101,191)
Effects of:		
Non-tax deductible amortisation of R&D capitalised costs	56,203	57,824
Expenses not deductible for tax purposes	5,742	5,209
Adjustment in respect of R&D	(129,591)	(85,030)
Short term timing difference leading to an increase (decrease) in taxation	(880)	(2,068)
Unrelieved tax losses carried forward	4,121	40,226
Total tax charge for the year	<u>(129,591)</u>	<u>(85,030)</u>

Factors that may affect future tax charges

The Company has carried forward tax losses from trading activities of £54,182,797 (2017: £54,161,106) available to offset against future profits subject to HM Revenue and Customs approval. No deferred tax asset has been recognised due to the unpredictability of the future profit streams.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

8. Intangible assets

	Capitalised development costs £
Cost	
At 1 January 2018	3,451,618
Additions	460,822
At 31 December 2018	<u>3,912,440</u>
Amortisation	
At 1 January 2018	2,997,544
Charge for the year	350,198
At 31 December 2018	<u>3,347,742</u>
Net book value	
At 31 December 2018	<u><u>564,698</u></u>
At 31 December 2017	<u><u>454,074</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018
9. Tangible fixed assets

	Short-term leasehold improvements £	Computer equipment £	Total £
Cost			
At 1 January 2018	27,476	719,240	746,716
Additions	-	10,660	10,660
At 31 December 2018	<u>27,476</u>	<u>729,900</u>	<u>757,376</u>
Depreciation			
At 1 January 2018	19,885	683,223	703,108
Charge for the year	4,420	34,883	39,303
At 31 December 2018	<u>24,305</u>	<u>718,106</u>	<u>742,411</u>
Net book value			
At 31 December 2018	<u>3,171</u>	<u>11,794</u>	<u>14,965</u>
<i>At 31 December 2017</i>	<u>7,591</u>	<u>36,017</u>	<u>43,608</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018
10. Fixed asset investments

	Subsidiary companies £
Cost	
At 1 January 2018	69
At 31 December 2018	<u>69</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Celoxica Inc	275 Madison Avenue, New York, 10016	Dormant	Common stock of \$0.001	100%
Celoxica International Inc	200 East 66th Street New York, New York 10065 Unit B 1602	Client support	Common stock of \$0.001	100%

The aggregate of the share capital and reserves as at 31 December 2018 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit £
Celoxica Inc	-	-
Celoxica International Inc	<u>452,061</u>	<u>4,158</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018
11. Stocks

	2018 £	2017 £
Goods for sale	<u>88,419</u>	<u>62,426</u>

12. Debtors

	2018 £	2017 £
Trade debtors	143,842	243,884
Other debtors	-	35,812
Prepayments and accrued income	59,383	79,805
Tax recoverable	129,591	85,030
	<u>332,816</u>	<u>444,531</u>

Included in other debtors is an amount of £4,500 (2017: £4,500) in relation to rent deposit due in more than 1 year.

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	58,318	110,050
Trade creditors	75,981	133,485
Amounts owed to group undertakings	44,808,517	44,284,432
Corporation tax	162	162
Other taxation and social security	150,275	74,511
Other creditors	6,082	43,711
Accruals and deferred income	759,962	1,208,065
	<u>45,859,297</u>	<u>45,854,416</u>

Other loans are denominated in sterling, are repayable by monthly instalments over the period to March 2019 (2017: March 2019) and bear interest at a fixed rate of 7.3% (2017: 7.3%) per annum. The loans are secured by a fixed and floating charge over the assets of the Celoxica Holdings plc group. There are no undrawn facilities.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

14. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Other loans	-	59,318
Share capital treated as debt	3,064	3,064
	<u>3,064</u>	<u>62,382</u>

Disclosure of the terms and conditions attached to the non-equity share capital is provided in note 16.

15. Share capital

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
11,716,628 (2017 -11,716,628) Ordinary shares of £0.01 each	<u>117,166</u>	<u>117,166</u>
	2018 £	2017 £
Shares classified as debt		
Allotted, called up and fully paid		
306,405 (2017 -306,405) Redeemable deferred ordinary shares of £0.01 each	<u>3,064</u>	<u>3,064</u>

The redeemable deferred ordinary shares have no right to any dividends or participation in the profits or the company. They do not entitle the holders thereof to attend or vote at any General Meeting of the company. The shares may be redeemed in their entirety at any time at the option of all the holders thereof for an aggregate price of £1. The holders of the redeemable deferred shares may at any time and from time to time in tranches of not less than 1,000 or, if such holder at any time holds less than 1,000 redeemable deferred shares, in respect of all or the balance of shares held by him in one tranche, convert all or any of their convertible deferred shares into a like number of ordinary shares of 1p each. The ordinary shares resulting from the conversion shall rate pari passu in all respects with the other ordinary shares in issue at the time of conversion.

16. Share based payments

The Board of the Company's parent undertaking has authority to grant share options over up to 15% of the number of the parent undertaking's shares in issue.

No options were granted or exercised during the year. The total number of outstanding options, all of which are equity-settled, in issue at the 31 December 2018 is 133,781,184 (2017: 133,781,184), all of which were exercisable at the balance sheet date at 0.3p per share.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

17. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £30,898 (2017 - £28,200). Contributions totaling £6,082 (2017 - £7,437) were payable to the fund at the balance sheet date and are included in creditors.

18. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	15,129	18,000
Later than 1 year and not later than 5 years	-	15,129
	<u>15,129</u>	<u>33,129</u>

19. Controlling party

The company's immediate and ultimate parent company and controlling party is Celoxica Holdings plc, a company incorporated in the United Kingdom. Celoxica Holdings plc heads the smallest and largest group which produces consolidated accounts including the company's position and results. Copies of the group financial statements of Celoxica Holdings plc can be obtained from The Secretary, 20 Craven Terrace, London, W2 3QH.