

Company Registration No. SC288343 (Scotland)

FATHOM SYSTEMS LIMITED

**UNAUDITED FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

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FATHOM SYSTEMS LIMITED

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FATHOM SYSTEMS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	5	1,054,800		1,017,478	
Tangible assets	6	142,552		109,738	
		<u>1,197,352</u>		<u>1,127,216</u>	
Current assets					
Stocks		707,651		669,393	
Debtors	7	380,488		1,016,306	
Cash at bank and in hand		11,432		3,771	
		<u>1,099,571</u>		<u>1,689,470</u>	
Creditors: amounts falling due within one year	8	<u>(1,016,771)</u>		<u>(1,444,396)</u>	
Net current assets			82,800		245,074
Total assets less current liabilities			<u>1,280,152</u>		<u>1,372,290</u>
Creditors: amounts falling due after more than one year	9		(4,657)		(10,867)
Provisions for liabilities	10		<u>(120,303)</u>		<u>(190,502)</u>
Net assets			<u>1,155,192</u>		<u>1,170,921</u>
Capital and reserves					
Called up share capital	11		100		100
Profit and loss reserves			<u>1,155,092</u>		<u>1,170,821</u>
Total equity			<u>1,155,192</u>		<u>1,170,921</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

FATHOM SYSTEMS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2019

For the financial year ended 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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 member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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 30 September 2020 and are signed on its behalf by:

Mr G Kerr

Director

Company Registration No. SC288343

FATHOM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Fathom Systems Limited ("the company") is a private company limited by shares incorporated in Scotland. The registered office is C/O James Fisher Offshore Limited, North Meadows, Oldmeldrum, Aberdeenshire, United Kingdom, AB51 0GQ.

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 on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of signing these financial statements, the directors have considered the company's latest management accounts combined with its financial projections. The company enjoys the financial support of its new parent, James Fisher Holdings UK Limited, which is part of the James Fisher and Sons plc group.

Therefore, at the time of approving these financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

1.3 Turnover

Turnover represents amounts receivable for the sale of equipment and provision of mechanical engineering services, net of VAT and trade discounts.

Turnover from the sale of equipment is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on delivery of the equipment), the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from contracts for the provision of mechanical engineering services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that its technical, commercial and financial feasibility can be demonstrated.

FATHOM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Intangible fixed assets

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development expenditure	20% on cost
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1.6 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:

Land and buildings leasehold	20% straight line
Plant and machinery	33% on reducing balance
Fixtures, fittings & equipment	20% straight line
Computer equipment	20% straight line
Motor vehicles	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.8 Stocks

Stocks and work in progress 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 stock to their present location and condition.

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.

1.9 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.

FATHOM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.10 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.

Classification of financial assets

Financial assets are classified into specific categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are measured at transaction price including transaction costs.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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 trade and other creditors, banks loans and overdrafts and amounts due to fellow group companies, are recognised at transaction price.

Trade and other creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations specified in the contract are discharged, cancelled, or they expire.

1.11 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.

FATHOM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.12 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.

Any tax credits resulting from research and development activities are recognised when the directors have clarity over the value of these and a claim has been made to the tax authority.

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.15 Retirement benefits

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

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

FATHOM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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 lease asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 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 are included in the statement of income and retained earnings for the period.

1.19 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

At each reporting date, an assessment is made for impairment. Any losses on contracts are recognised when identified in profit or loss.

FATHOM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

The following are considered to be either judgements that have had the most significant effect on amounts recognised in the financial statements, or estimates that are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

Contracts for rendering of services (long term contracts)

Management assess the stage of completion for each long term contract on an ongoing basis, in order to allocate an appropriate level of turnover within each given period, which is a significant judgement exercised by management. This is performed by individuals with relevant experience to enable them to make such judgements.

Accounting for long term contracts impacts on a number of account balances within the company's financial statements, beyond turnover. Turnover, cost and ultimately profit recognition in respect of these contracts require management to make estimations on the outcome of these which require judgement. Balance sheet accounts including trade debtors, amounts recoverable on contracts, stock and work in progress and accruals are all impacted by management's assessment on the outcome of the company's long term contracts.

Development expenditure

As disclosed within the accounting policies, the company capitalises development expenditure in line with the requirements of Section 18 *Intangible Assets other than Goodwill*, of FRS 102. This involves the demonstration of technical, commercial and financial feasibilities of each project, which involves judgement by appropriate management. Management consider the net book value of capitalised development expenditure at the balance sheet date is fairly stated and will be recovered through the future economic benefits derived from these projects.

The directors consider that there are no other judgements, estimates and underlying assumptions which have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 28 (2018 - 32).

4 Taxation

The tax credit recognised within the profit and loss account, represents £158,440 in respect of historic research and development tax credits received by the company during the current year and £78,247 in respect of deferred tax reversal of timing differences (note 10). The prior year tax charge primarily represented the origin of deferred tax timing differences.

FATHOM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Intangible fixed assets

	Development expenditure £
Cost	
At 1 January 2019	1,579,993
Additions	536,721
At 31 December 2019	<u>2,116,714</u>
Amortisation and impairment	
At 1 January 2019	562,515
Amortisation charged for the year	499,399
At 31 December 2019	<u>1,061,914</u>
Carrying amount	
At 31 December 2019	<u>1,054,800</u>
At 31 December 2018	<u><u>1,017,478</u></u>

6 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 January 2019	24,005	452,819	476,824
Additions	-	79,587	79,587
At 31 December 2019	<u>24,005</u>	<u>532,406</u>	<u>556,411</u>
Depreciation and impairment			
At 1 January 2019	24,005	343,081	367,086
Depreciation charged in the year	-	46,773	46,773
At 31 December 2019	<u>24,005</u>	<u>389,854</u>	<u>413,859</u>
Carrying amount			
At 31 December 2019	<u>-</u>	<u>142,552</u>	<u>142,552</u>
At 31 December 2018	<u><u>-</u></u>	<u><u>109,738</u></u>	<u><u>109,738</u></u>

FATHOM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

7 Debtors	2019	2018
Amounts falling due within one year:	£	£
Trade debtors	262,964	539,205
Corporation tax recoverable	-	68,863
Other debtors	117,524	408,238
	<u>380,488</u>	<u>1,016,306</u>
	<u><u>380,488</u></u>	<u><u>1,016,306</u></u>
8 Creditors: amounts falling due within one year	2019	2018
	£	£
Bank loans and overdrafts	62,421	46,200
Trade creditors	138,255	332,672
Amounts owed to group undertakings	654,433	729,080
Taxation and social security	50,268	45,493
Other creditors	111,394	290,951
	<u>1,016,771</u>	<u>1,444,396</u>
	<u><u>1,016,771</u></u>	<u><u>1,444,396</u></u>
Bank overdrafts are secured by a floating charge over the assets of the company.		
9 Creditors: amounts falling due after more than one year	2019	2018
	£	£
Other creditors	4,657	10,867
	<u>4,657</u>	<u>10,867</u>
	<u><u>4,657</u></u>	<u><u>10,867</u></u>
10 Provisions for liabilities	2019	2018
	£	£
Warranty provisions	46,896	38,848
Deferred tax liabilities	73,407	151,654
	<u>120,303</u>	<u>190,502</u>
	<u><u>120,303</u></u>	<u><u>190,502</u></u>
11 Called up share capital	2019	2018
	£	£
Ordinary share capital Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
	<u><u>100</u></u>	<u><u>100</u></u>

FATHOM SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
	496,908	672,603
	<u>496,908</u>	<u>672,603</u>

13 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019	2018
	£	£
Acquisition of tangible fixed assets	-	24,563
	<u>-</u>	<u>24,563</u>

14 Events after the reporting date

On 12 March 2020 100% of the share capital of the company was transferred to James Fisher Holdings UK Limited. The registered office of James Fisher Holdings UK Limited is Fisher House, PO Box 4, Barrow-in-Furness, Cumbria, LA14 1HR, UK.

James Fisher and Sons plc is the ultimate parent company. The registered office for James Fisher and Sons plc is Fisher House, PO Box 4, Barrow-in-Furness, Cumbria, LA14 1HR, UK.

15 Parent company

At the year end date the immediate and ultimate parent company is Fathom Systems Group Limited, a company registered in Scotland. As per note 14, from 12 March 2020 the company's immediate parent became James Fisher Holdings UK Limited and its ultimate parent company became James Fisher and Sons plc. Copies of the financial statements can be obtained from Companies House at beta.companieshouse.gov.uk.

