

# Severnsoft Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2020



# Severnsoft Limited

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**Severnsoft Limited**  
**Company Information**

**Directors** D I Kellett  
C L Knight  
S J Appleyard

**Company secretary** M J Dimery

**Registered office** 33 Dial Hill Road  
Clevedon  
North Somerset  
BS21 7HN

**Accountants** JWB Corporate Ltd  
22 Mulberry Avenue  
Portishead  
North Somerset  
BS20 7LG

# Severnsoft Limited

## (Registration number: 01870663) Balance Sheet as at 31 December 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	<a href="#">4</a>	1	1
Tangible assets	<a href="#">5</a>	18,831	42,184
		18,832	42,185
<b>Current assets</b>			
Stocks	<a href="#">6</a>	69,766	55,997
Debtors	<a href="#">7</a>	2,870,346	1,913,247
Cash at bank and in hand		2,030,042	2,470,554
		4,970,154	4,439,798
<b>Creditors:</b> Amounts falling due within one year	<a href="#">8</a>	(2,006,878)	(1,706,351)
<b>Net current assets</b>		2,963,276	2,733,447
<b>Total assets less current liabilities</b>		2,982,108	2,775,632
<b>Creditors:</b> Amounts falling due after more than one year	<a href="#">8</a>	(500,271)	(516,532)
<b>Provisions for liabilities</b>		(2,767)	(5,506)
<b>Net assets</b>		2,479,070	2,253,594
<b>Capital and reserves</b>			
Called up share capital		1,000	1,000
Profit and loss account		2,478,070	2,252,594
Shareholders' funds		2,479,070	2,253,594

# Severnsoft Limited

## (Registration number: 01870663) Balance Sheet as at 31 December 2020

For the financial year ending 31 December 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 27 September 2021 and signed on its behalf by:

.....  
D I Kellett  
Director

.....  
C L Knight  
Director

# Severnsoft Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020

### 1 General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:  
33 Dial Hill Road  
Clevedon  
North Somerset  
BS21 7HN

These financial statements were authorised for issue by the Board on 27 September 2021.

### 2 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

#### Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

#### Judgements

Key judgements are made in respect of depreciation and amortisation rates as the use life of assets is most difficult to determine. There are not considered to be any other significant judgements made by the directors as most elements of the financial statements are matter of fact.

#### Key sources of estimation uncertainty

##### Carrying value of intangible fixed assets

The intangible fixed assets are near fully written down as at the end of this current and prior accounting period. However, the amortisation rate and impairment of these assets is considered to be the most subjective area and susceptible to estimation uncertainty. The directors have considered the carrying value is a true representation of the value to the business.

#### Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;  
it is probable that future economic benefits will flow to the entity;  
and specific criteria have been met for each of the company's activities.

# Severnsoft Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020

### Government grants

Government grants received in respect of the Coronavirus Job Retention Scheme are included in Other Operating Income within the Profit and Loss Account. This income is recognised in the same period as the staff cost is incurred.

### Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

### Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold property improvements	4% straight line
Fixtures, fittings and equipment	25% straight line
Motor vehicles	25% straight line

# Severnsoft Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020

### Intangible assets

#### Intellectual Property

The company purchased intellectual property during the year ended 31 December 2018. As at 31 December 2018 the software was incomplete and required significant work to make it ready for the market. No further expenditure was incurred during the year ended 31 December 2019 or 31 December 2020. The intellectual property has been impaired and is written down to a nominal £1 in the financial statements.

### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Software development costs	Fully amortised
Intellectual property	Fully amortised

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

# Severnsoft Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020

### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

### 3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 23 (2019 - 41).

# Severnsoft Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020

### 4 Intangible assets

	Internally generated software development costs £	Intellectual property £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	4,413,809	788,705	5,202,514
At 31 December 2020	4,413,809	788,705	5,202,514
<b>Amortisation</b>			
At 1 January 2020	4,413,809	788,704	5,202,513
At 31 December 2020	4,413,809	788,704	5,202,513
<b>Carrying amount</b>			
At 31 December 2020	-	1	1
At 31 December 2019	-	1	1

### 5 Tangible assets

	Leasehold property improvements £	Furniture, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	116,800	573,423	20,575	710,798
Additions	-	2,159	-	2,159
Disposals	-	-	(20,575)	(20,575)
At 31 December 2020	116,800	575,582	-	692,382
<b>Depreciation</b>				
At 1 January 2020	108,637	542,402	17,575	668,614
Charge for the year	4,672	17,840	428	22,940
Eliminated on disposal	-	-	(18,003)	(18,003)
At 31 December 2020	113,309	560,242	-	673,551
<b>Carrying amount</b>				
At 31 December 2020	3,491	15,340	-	18,831
At 31 December 2019	8,163	31,021	3,000	42,184

# Severnsoft Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020

Included within the net book value of land and buildings above is £3,491 (2019 - £8,163) in respect of short leasehold land and buildings.

### 6 Stocks

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Other inventories	<u>69,766</u>	<u>55,997</u>

### 7 Debtors

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors	625,254	637,056
Amounts owed by connected companies	<a href="#">10</a> 1,976,154	-
Prepayments	44,942	65,089
Other debtors	<u>223,996</u>	<u>1,211,102</u>
	<u>2,870,346</u>	<u>1,913,247</u>

# Severnsoft Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020

### 8 Creditors

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

	2020 £	2019 £
<b>Due within one year</b>		
Trade creditors	104,411	235,391
Taxation and social security	577,558	498,435
Accruals and deferred income	1,247,576	701,090
Other creditors	77,333	271,435
	<u>2,006,878</u>	<u>1,706,351</u>

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

	2020 £	2019 £
<b>Due after one year</b>		
Other non-current financial liabilities	<u>500,271</u>	<u>516,532</u>

### 9 Financial commitments, guarantees and contingencies

#### Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £205,417 (2019 - £290,417). No security is provided for financial commitments.

### 10 Related party transactions

The company has taken the exemption available under FRS 102 1AC.35 not to disclose related party transactions that are concluded under normal market conditions.

#### Transactions with directors

	At 1 January 2020 £	Repayments by director £	At 31 December 2020 £
<b>2020</b>			
<b>J Stokes</b>			
Interest free directors loan account	(6,453)	6,453	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>

# Severnsoft Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 December 2020

	At 1 January 2019 £	Advances to directors £	At 31 December 2019 £
<b>2019</b>			
<b>J Stokes</b>			
Interest free directors loan account	16,396	(22,849)	(6,453)

### 11 Non adjusting events after the financial period

On 1 April 2021 the company entered into a Vendor Initiated Management Buy-Out ("VIMBO") and restructuring exercise. As a result of the VIMBO, amounts owed by a connected company Transvault Software Limited were cleared. Intellectual property was transferred from Severnsoft Limited to the new group established and to which Transvault Software Limited belongs.

The VIMBO has no impact on the company's position as at 31 December 2020, other than in respect of the expense of professional advice that was taken in that period.