

# Critical Software Limited

## ABBREVIATED FINANCIAL STATEMENTS

31 December 2013

UNAUDITED



Company Registration No 04909220

**Critical Software Limited**  
**ABBREVIATED BALANCE SHEET**  
**at 31 December 2013**

UNAUDITED

	Note	2013		2012	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	1	636,831		296,290	
Tangible assets	2	202,085		232,134	
		<u>838,916</u>		<u>528,424</u>	
<b>CURRENT ASSETS</b>					
Debtors		515,443		403,517	
Cash at bank and in hand		204,439		481,641	
		<u>719,882</u>		<u>885,158</u>	
<b>CREDITORS</b> Amounts falling due within one year		<u>(548,223)</u>		<u>(565,357)</u>	
<b>NET CURRENT ASSETS</b>		<u>171,659</u>		<u>319,801</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,010,575</u>		<u>848,225</u>	
<b>CREDITORS</b> Amounts falling due after more than one year	3	-		(5,234)	
<b>DEFERRED INCOME</b>	4	(636,795)		(588,619)	
<b>PROVISION FOR LIABILITIES</b>		<u>(86,777)</u>		<u>-</u>	
<b>NET ASSETS</b>		<u>287,003</u>		<u>254,372</u>	
<b>CAPITAL AND RESERVES</b>					
Called up share capital	6	750		750	
Capital redemption reserve		250		250	
Profit and loss account		286,003		253,372	
<b>SHAREHOLDERS' FUNDS</b>		<u>287,003</u>		<u>254,372</u>	

The directors' statement on page 2 forms part of this balance sheet

**Critical Software Limited**  
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**STATEMENT BY THE DIRECTORS UNDER SECTION 477 COMPANIES ACT 2006**

For the year ending 31 December 2013 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and its members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476

The directors acknowledge their responsibilities for complying with the requirements of the Act 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 with the Financial Reporting Standards for Smaller Entities (effective April 2008)

The financial statements on pages 1 to 8 were approved by the board of directors and authorised for issue on *4 March* 2014 and are signed on its behalf by



**A Calvert**  
Director

Company Registration No 04909220

# Critical Software Limited

## ACCOUNTING POLICIES

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UNAUDITED

### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008), the "FRSSE 2008"

### GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future

As is customary with software supply companies a significant element of income is deferred to future years with payment being received in advance. The company has cash at bank of £204,439. The directors have also prepared detailed forecasts and do not anticipate a downturn in trade. Based on these conditions the directors are confident they can meet their creditors as they fall due for at least 12 months from the date of signing and as such consider adopting a going concern basis appropriate.

### INTANGIBLE ASSETS - RESEARCH AND DEVELOPMENT

Development expenditure for individual projects is deferred when its future recoverability can be foreseen with reasonable certainty. The identifiable expenditure is then amortised over the period during which the benefit is expected to occur. This period is 3 years. Provision is made for any impairment. All research and other development costs are written off as incurred.

### TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows -

Fixtures, fittings and equipment	- 20% - 25% on cost
Motor vehicles	- 30% on cost

### TURNOVER

Turnover represents income receivable on the supply of cloud-based email, web and archiving as a service.

The income on the contracts is split into its components parts with the supply of software and installation being recognised at the start of the contract and the remainder being spread evenly over the length of the contract. The level of income recognition at the start of the contract is dependent on the software supplied and the level of costs incurred at that date. Amounts received in advance are credited to deferred income on the balance sheet. The contracts range from 1 to 3 years.

### DEFERRED TAXATION

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date where a provision is required. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised once their recoverability can be established with reasonable certainty.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

**LEASED ASSETS AND OBLIGATIONS**

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Profit and Loss Account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

**FOREIGN CURRENCIES**

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

**Critical Software Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2013**

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**I INTANGIBLE FIXED ASSETS**

	Total £
<i>Cost</i>	
At beginning of year	837,088
Additions	443,349
	<hr/>
At end of year	1,280,437
	<hr/>
<i>Amortisation</i>	
At beginning of year	540,798
Charged in the year	102,808
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At end of year	643,606
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<i>Net book value</i>	
<b>At 31 December 2013</b>	<b>636,831</b>
	<hr/>
At 31 December 2012	296,290
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Intangible assets include £472,937 which have not been amortised to date as these are still in the development stage, prior to commercial release

**Critical Software Limited**  
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**2 TANGIBLE FIXED ASSETS**

	Total £
<b>COST</b>	
At beginning of year	565,294
Additions	72,455
	<hr/>
At end of year	637,749
	<hr/>
<b>DEPRECIATION</b>	
At beginning of year	333,160
Charge for year	102,504
	<hr/>
At end of year	435,664
	<hr/>
<b>NET BOOK VALUE</b>	
<b>At 31 December 2013</b>	<b>202,085</b>
	<hr/>
At 31 December 2012	232,134
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Included are assets held under finance leases and similar hire purchase contracts are as follows

	<b>Net book value</b>		<b>Depreciation</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Motor vehicles	8,719	32,404	4,185	10,046
	<hr/>	<hr/>	<hr/>	<hr/>

<b>3 CREDITORS</b>	<b>Amounts falling due in more than one year</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Obligations under finance leases	-	5,234
		<hr/>	<hr/>
		<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
	Obligations under finance leases		
	Amounts payable.		
	Within one year	5,232	19,352
	Within two to five years	-	5,234
		<hr/>	<hr/>
		<b>5,232</b>	<b>24,586</b>
		<hr/>	<hr/>

Obligations under finance leases are secured on the underlying assets (see note 2)

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4 DEFERRED INCOME

	2013 £	2012 £
Deferred income	636,795	588,619

5 SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
Equity 100 ordinary 'A' shares of £1 each	100	100
650 ordinary 'B' shares of £1 each	650	650
	750	750

The holders of the 'A' ordinary shares had control of the company up to 28 March 2013 and were entitled to vote at any general meeting of the company

The 'B' ordinary shares rank *pari passu* with regards to the 'A' ordinary as to dividend. The directors may resolve to declare a dividend on one or more classes of share and not one of the other classes. In addition, the 'B' ordinary shareholders were not entitled to receive notice of or attend to vote at any general meeting. From the 28 March 2013 the B share rights were changed to have the same rights as the existing A shares.

On 24 September 2012, the company bought back 100 Ordinary 'A' shares and 150 'B' shares at cost. This buy back was out of capital and a transfer of £250 has been made to the capital redemption reserve in the year.

6 RELATED PARTY TRANSACTIONS

The shareholders' loan included in creditors consists of:

	2013 £	2012 £
Chris Trotman	1,908	137,765

The directors, A Calvert and C Gee, are also shareholders of the company and received £24,000 each in respect of the dividend paid in the year.

A payment of £8,000 is due to the Critical Software EBT Ltd due to the dividend payable to the company. This is under the common control of the company.



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7 SECURITY

NatWest Bank plc holds a debenture over all the assets of the company dated 23 March 2011

8 ULTIMATE CONTROLLING PARTY

The company is controlled by C Trotman, C Gee and A Calvert