

Company Registration No. 06518321 (England and Wales)

Dalet UK Limited

**Annual report and financial statements
for the year ended 31 December 2019**



Dalet UK Limited

Company information

Directors	Mr S Schlayen Mr D Lasry Mr N R E Breugnon
Secretary	Castlegate Secretaries Limited
Company number	06518321
Registered office	Network House Basing View Basingstoke Hampshire RG21 4HG
Independent auditor	Saffery Champness LLP Midland House 2 Poole Road Bournemouth Dorset BH2 5QY

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Dalet UK Limited

Directors' report

For the year ended 31 December 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Company continued to be that of software tools that transform film, video and audio content into file-based formats required by professional broadcast and media distribution companies.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S Schlayen

Mr D Lasry

Mr N R E Breugnon

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Principal risks and uncertainties

The Directors continue to consider the principal risks facing the Company result from both technological and market changes. The broadcast market is changing rapidly in terms of digital, high definition and file based workflows, however they believe that the Company is positioned to convert these changes into opportunities. The Company seeks to minimise the risk inherent in technology through constant dialogue with major global organisations.

Financial risk

The company is exposed to foreign currency risk on sales and purchases in a currency other than the functional currency of the Company (sterling).

The exposure to foreign currency risk is managed by holding deposits in foreign currencies to settle monthly trading transactions.

Credit risk

The company is dependent on a relatively small number of customers. As such there is concentration of credit risk which could materially and adversely affect the Company's financial results. The credit worthiness of the customers is continually monitored by management.

Cash flow and liquidity risk

The Company meets its spending commitments from trading activities and funding from its controlling shareholder. The Company monitors cash flow as part of its day to day control procedures and the Board considers cash flow projections regularly.

Dalet UK Limited

Directors' report (continued)

For the year ended 31 December 2019

Going concern

The ultimate parent has agreed to provide financial support to the Company as it may require for its continued operations for a period of not less than one year from the date of this report.

Research and development

Research and development is concentrated on software tools that transform film, video and audio content into file-based formats. During the year the average number of staff employed on research and development was 12 (2018 - 12).

Future developments

The Directors consider that the Company is well placed in the market and remain confident about the Company's prospects for the next year and beyond.

Auditor

Saffery Champness LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

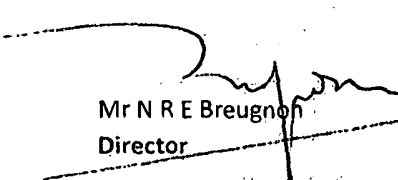
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Economic environment

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. In the UK market, activity is being impacted in all sectors and the current response to COVID-19 means that we are faced with an unprecedented set of circumstances. At the approval date of these financial statements the future impact to the market is unknown and we cannot reliably estimate its effect on trading in the short term.

In light of the current uncertainties the directors have assessed the potential financial implications of the pandemic, and have assessed that the company has sufficient resources to allow it to trade through this period without any additional working capital funding required.

On behalf of the board



Mr N R E Breugnot
Director

18 June 2020

**Directors' responsibilities statement
For the year ended 31 December 2019**

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements 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 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.

**Independent auditor's report
To the members of Dalet UK Limited**

Opinion

We have audited the financial statements of Dalet UK Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit 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 Auditor's 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 UK, including the FRC'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.

Independent auditor's report (continued)

To the members of Dalet UK Limited

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 auditor's 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 where 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 company is not entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Dalet UK Limited

Independent auditor's report (continued)
To the members of Dalet UK Limited

Auditor's 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 auditor's 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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 auditor's 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.



Jamie Lane (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

18 June 2020

Chartered Accountants
Statutory Auditors

Midland House
2 Poole Road
Bournemouth
Dorset
BH2 5QY

Dalet UK Limited

Statement of income and retained earnings
For the year ended 31 December 2019

	Notes	2019 £	2018 £
Turnover	3	4,004,388	3,163,123
Cost of sales		(1,265,786)	(667,240)
Gross profit		2,738,602	2,495,883
Administrative expenses		(2,247,399)	(2,270,766)
Operating profit	4	491,203	225,117
Interest payable and similar expenses	7	(94,830)	(125,532)
Profit before taxation		396,373	99,585
Tax on profit	8	27,595	76,501
Profit for the financial year		423,968	176,086
Retained earnings brought forward		(4,673,366)	(4,849,452)
Retained earnings carried forward		(4,249,398)	(4,673,366)

There are no recognised gains and losses other than those passing through the Statement of income and retained earnings.

The Statement of income and retained earnings has been prepared on the basis that all operations are continuing operations.

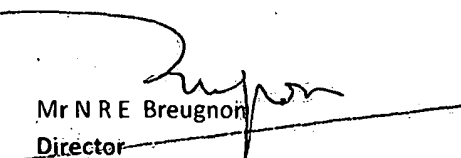
Dalet UK Limited

Balance sheet

As at 31 December 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	9		36,657		44,733
Current assets					
Stocks	10	1,316		9,254	
Debtors	11	1,750,653		872,611	
Cash at bank and in hand		198,162		439,570	
		<u>1,950,131</u>		<u>1,321,435</u>	
Creditors: amounts falling due within one year	12	<u>(2,371,794)</u>		<u>(2,175,142)</u>	
Net current liabilities			(421,663)		(853,707)
Total assets less current liabilities			<u>(385,006)</u>		<u>(808,974)</u>
Capital and reserves					
Called up share capital	14	1,664,599		1,664,599	
Share premium account	15	2,199,793		2,199,793	
Profit and loss reserves		(4,249,398)		(4,673,366)	
Total equity			<u>(385,006)</u>		<u>(808,974)</u>

The financial statements were approved by the board of directors and authorised for issue on 18 June 2020 and are signed on its behalf by:


Mr N R E Breugnot
Director

Company Registration No. 06518321

1 Accounting policies

Company information

Dalet UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Network House, Basing View, Basingstoke, Hampshire, RG21 4HG.

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.

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 under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Dalet SA. These consolidated financial statements are available from its registered office, 16, rue Rivay, 92300 Levallois-Perret, France.

1.2 Going concern

The ultimate parent has agreed to provide financial support to the company as it may require for its continued operations for a period of not less than one year from the date of signing these financial statements.

Notes to the financial statements (continued)

For the year ended 31 December 2019

1 Accounting policies (continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The company reports revenue under two revenue categories:

- Software and software-related service revenues, which includes software licences, sale of professional services, hardware and training; and
- Maintenance and support revenues, which are recurring in nature.

Software licences - The company recognises the revenue allocated to software licences when all the following conditions have been satisfied:

- The company has transferred to the buyer the significant risks and rewards of ownership of the licence;
- The company retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

Hardware revenue - recognised as the products are shipped.

Other services (which include the sale of professional services and training) - revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

- The amount of revenue can be measured easily;
- It is probable that the economic benefits associated with the transaction will flow to the company;
- The state of completion of the transaction at the balance sheet date can be measured reliably; and
- The cost incurred for the transaction and the costs to complete the transaction can be measured reliably.

Maintenance and support - revenue is recognised on a straight-line basis over the term of the contract. Revenue not recognised in the statement of income and retained earnings under this policy is classified as deferred revenue in the balance sheet.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred, except that development expenditure incurred on an individual project is capitalised when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

1 Accounting policies (continued)

1.5 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:

Leasehold improvements	33% straight line
Office and computer equipment	33-50% straight line
Demonstration equipment	33% straight line

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.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks 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 stocks to their present location and condition.

Notes to the financial statements (continued)

For the year ended 31 December 2019

1 Accounting policies (continued)

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.

1.8 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.

1.9 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.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies (continued)

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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

1 Accounting policies (continued)

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 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.

1.11 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.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition 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 reporting end 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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

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

1.14 Leases

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 leases asset are consumed.

1.15 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 profit and loss account for the period.

Notes to the financial statements (continued)

For the year ended 31 December 2019

2 Critical accounting 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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Bad debt provisions

The trade debtors balance of £721,106 recorded in the Company's Balance Sheet comprises a relatively small number of large balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

3 Turnover and other revenue

	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	1,162,196	1,184,147
Rest of Europe	1,757,553	1,251,903
Rest of the World	1,084,639	727,073
	<u>4,004,388</u>	<u>3,163,123</u>

Notes to the financial statements (continued)

For the year ended 31 December 2019

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging:		
Exchange losses	24,936	2,003
Research and development costs	1,075,617	934,125
Fees payable to the company's auditor for the audit of the company's financial statements	16,500	18,500
Depreciation of owned tangible fixed assets	20,130	39,111
Operating lease charges	53,653	74,750
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Sales, marketing and customer services	5	6
Administration	4	4
Research and development	12	12
	<u> </u>	<u> </u>
	21	22
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	1,435,515	1,314,444
Social security costs	164,503	152,587
Pension costs	60,754	54,223
	<u> </u>	<u> </u>
	1,660,772	1,521,254
	<u> </u>	<u> </u>

6 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	20,039	20,070
	<u> </u>	<u> </u>

Notes to the financial statements (continued)

For the year ended 31 December 2019

7 Interest payable and similar expenses

	2019	2018
	£	£
Interest payable to group undertakings	94,830	125,532
	<u> </u>	<u> </u>

8 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	(29,059)	(75,036)
Adjustments in respect of prior periods	1,464	(1,465)
	<u> </u>	<u> </u>
Total current tax	(27,595)	(76,501)
	<u> </u>	<u> </u>

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019	2018
	£	£
Profit before taxation	396,373	99,585
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	75,311	18,921
Tax effect of expenses that are not deductible in determining taxable profit	757	1,972
Adjustments in respect of prior years	1,464	(1,465)
Other non-reversing timing differences	-	93
Fixed asset differences	1,366	294
Additional deduction for R&D expenditure	(115,512)	(120,399)
Deferred tax not recognised	-	796
Adjust R&D tax credit to rate of 19%	9,019	23,287
	<u> </u>	<u> </u>
Taxation credit for the year	(27,595)	(76,501)
	<u> </u>	<u> </u>

Notes to the financial statements (continued)

For the year ended 31 December 2019

8 Taxation (continued)**Factors that may affect future tax charges**

On 8 July 2015 the Government announced its intentions to propose to Parliament a reduction in the corporation tax rate to 19% for the years 2017 to 2020 and 18% for the tax year 2020.

During September 2016 the Government enacted a further reduction in the tax rate to 17% for the years from 2020.

There is no deferred tax asset or liability recognised in the Balance Sheet of the Company. There is a deferred tax asset calculated at 17% (2018 - 17%) of £2,132,061 (2018 - £2,132,130) which has not been recognised due to the losses incurred by the company in recent periods, and the uncertainty as to when the deferred tax assets will be available for the use against future taxable periods.

9 Tangible fixed assets

	Leasehold improvements	Office and computer equipment	Demonstration equipment	Total
	£	£	£	£
Cost				
At 1 January 2019	41,017	199,434	102,263	342,714
Additions	6,975	5,079	-	12,054
Disposals	-	-	(102,263)	(102,263)
At 31 December 2019	47,992	204,513	-	252,505
Depreciation and impairment				
At 1 January 2019	3,418	192,300	102,263	297,981
Depreciation charged in the year	15,842	4,288	-	20,130
Eliminated in respect of disposals	-	-	(102,263)	(102,263)
At 31 December 2019	19,260	196,588	-	215,848
Carrying amount				
At 31 December 2019	28,732	7,925	-	36,657
At 31 December 2018	37,599	7,134	-	44,733

10 Stocks

	2019 £	2018 £
Finished goods and goods for resale	1,316	9,254

Notes to the financial statements (continued)

For the year ended 31 December 2019

11 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	721,105	406,452
Corporation tax recoverable	29,059	76,501
Amounts owed by group undertakings	417,911	68,128
Other debtors	23,577	51,833
Prepayments and accrued income	559,001	269,697
	<u>1,750,653</u>	<u>872,611</u>

12 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	75,383	66,622
Amounts owed to group undertakings	1,181,862	1,544,773
Taxation and social security	80,397	51,816
Other creditors	470,756	55,054
Accruals and deferred income	563,396	456,877
	<u>2,371,794</u>	<u>2,175,142</u>

13 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>60,754</u>	<u>54,223</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

There were no outstanding pension commitments outstanding at 31 December 2019 (2018 - £nil).

14 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
1,664,599 Ordinary shares of £1 each	<u>1,664,599</u>	<u>1,664,599</u>

15 Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

16 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
	£	£
Within one year	41,572	55,632
Between two and five years	109,196	155,893
	<u>150,768</u>	<u>211,525</u>

17 Events after the reporting date

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. In the UK market, activity is being impacted in all sectors and the current response to COVID-19 means that we are faced with an unprecedented set of circumstances. At the approval date of these financial statements the future impact to the market is unknown and we cannot reliably estimate its effect on trading in the short term.

In light of the current uncertainties the directors have assessed the potential financial implications of the pandemic, and have assessed that the company has sufficient resources to allow it to trade through this period without any additional working capital funding required.

18 Related party transactions

In accordance with Financial Reporting Standard FRS102 (section 33), the company has taken advantage of the exemption for the subsidiary undertakings, whose 100% voting rights are controlled within a group, from the requirement to disclose related party transactions.

19 Ultimate controlling party

The immediate parent of the company is Dalet SA, a company incorporated and registered in France. This entity is also the ultimate parent by virtue of its majority shareholding in Dalet UK Limited. The directors do not consider there to be a controlling party. Group financial statements for Dalet SA are available from 16, rue Rivay, 92300 Levallois-Perret, France.