

---

**PYTHAGORAS COMMUNICATIONS LIMITED**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**

---

**PYTHAGORAS COMMUNICATIONS LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	E Stone J Stone V Murria
<b>Company secretary</b>	E Stone
<b>Registered number</b>	03000842
<b>Registered office</b>	Ashwood House Grove Business Park White Waltham Maidenhead Berkshire SL6 3LW
<b>Trading Address</b>	Ashwood House Grove Business Park White Waltham Maidenhead Berkshire SL6 3LW
<b>Independent auditors</b>	Donald Reid Limited Chartered Accountants & Statutory Auditors Prince Albert House 20 King Street Maidenhead Berkshire SL6 1DT

---

PYTHAGORAS COMMUNICATIONS LIMITED

---

CONTENTS

---

	Page
Group strategic report	1
Directors' report	2 - 3
Independent auditors' report	4 - 5
Consolidated statement of comprehensive income	6
Consolidated balance sheet	7 - 8
Company balance sheet	9 - 10
Consolidated statement of changes in equity	11 - 12
Company statement of changes in equity	13 - 14
Consolidated Statement of cash flows	15
Notes to the financial statements	16 - 33

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2020**

---

**Principal activities**

Pythagoras refocused efforts in FY20 to grow the turnover based on the company's key strengths which are excellence in Consultancy and Managed Services based on Microsoft technologies. This allowed Pythagoras to grow by over 15% in the year whilst focusing on the innovation led projects.

Pythagoras's focus was to ensure colleagues have training in the latest technologies so that when deploying projects to our clients we are implementing the latest Innovative solutions.

**Business review and key performance indicators**

For the financial year ended 31 March 2020 the Company consolidated solid growth of 15% in its core sectors. Specifically, revenue growth was driven by an increasing number of new client wins in Microsoft Dynamics & Cloud Solutions.

Key Milestones include:

- First Partner in the UK to implement Microsoft's NfP Accelerator, into a large Charity
- Won Microsoft's Tech for Social Impact Partner Hackathon for Make-a-Wish UK, delivering a FOC App for the charity
- Strong performance from key partnerships enabling Pythagoras to access more tender opportunities
- Announced further key delivery partnerships with large system integrators highlighting our technology capability
- Introduced Customer Awards to recognise customer success
- Boosted a comprehensive marketing strategy, including 9 'sell out' Power Platform events and multiple Dynamics 365 events
- Within 72 hours launched the Pythagoras response to support organisations during the Covid-19 pandemic
- Launched multiple packaged 'Rapid Deployment' consultancy engagements to support go-to-market strategy and accelerate sales

**Principal risks and uncertainties**

The Company reviews the risks facing the business on a regular basis. Due to the pandemic-enforced change in working practices, the Pythagoras business has increased because we have been able to efficiently provide proven resources and agreed deliverables completely remotely. The projects Pythagoras are engaged with are growing in size but are also allowing clients deliver more from the same investment in technology and staff.

**Future Plans**

As the world has been hit by the global pandemic early 2020, still very much present as we embark on a new 12 month trading period, Pythagoras has demonstrated resilience and had a very strong first quarter at the time of signing these accounts. Growth is being developed across consultancy, CSP and managed service recurring revenue areas specifically enabling Pythagoras to expect continued revenue growth in excess of 15% for the financial year ended 31 March 2021.

This report was approved by the board on 27 July 2020 and signed on its behalf.

**J Stone**  
Director

---

**PYTHAGORAS COMMUNICATIONS LIMITED**

---

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2020**

---

The directors present their report and the financial statements for the year ended 31 March 2020.

**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,207,476 (2019 - £76,721).

**Directors**

The directors who served during the year were:

E Stone  
J Stone  
V Murria

---

**PYTHAGORAS COMMUNICATIONS LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

---

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditors**

The auditors, Donald Reid Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....  
J Stone  
Director

Date: 27 July 2020

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PYTHAGORAS COMMUNICATIONS LIMITED**

---

We have audited the financial statements of Pythagoras Communications Limited for the year ended 31 March 2020, set out on pages 6 to 33. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

**Respective responsibilities of Directors and Auditors**

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2020 and of the Group's 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PYTHAGORAS COMMUNICATIONS LIMITED (CONTINUED)

---

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

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

**Matters on which we are required to report by exception**

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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

Daniel Reid (FCA) (Senior statutory auditor)

for and on behalf of  
**Donald Reid Limited**

Chartered Accountants  
Statutory Auditors

Prince Albert House  
20 King Street  
Maidenhead  
Berkshire  
SL6 1DT

27 July 2020

PYTHAGORAS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover	4	10,445,339	9,097,164
Cost of sales		(5,007,388)	(4,607,596)
<b>Gross profit</b>		<b>5,437,951</b>	<b>4,489,568</b>
Administrative expenses		(4,381,767)	(4,812,615)
<b>Operating profit/(loss)</b>	5	<b>1,056,184</b>	<b>(323,047)</b>
Interest receivable and similar income	9	15,959	10,860
Interest payable and expenses	10	(423)	(148)
<b>Profit/(loss) before taxation</b>		<b>1,071,720</b>	<b>(312,335)</b>
Tax on profit/(loss)	11	135,756	389,056
<b>Profit for the financial year</b>		<b>1,207,476</b>	<b>76,721</b>
Owners of the parent Company		1,207,476	76,721
		<u>1,207,476</u>	<u>76,721</u>

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 16 to 33 form part of these financial statements.

**PYTHAGORAS COMMUNICATIONS LIMITED**  
**REGISTERED NUMBER: 03000842**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	13	-	22,927
Tangible assets	14	107,084	135,873
		<u>107,084</u>	<u>158,800</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	2,432,545	2,083,745
Cash at bank and in hand	17	3,919,815	2,807,592
		<u>6,352,360</u>	<u>4,891,337</u>
Creditors: amounts falling due within one year	18	(3,037,335)	(2,834,159)
<b>Net current assets</b>		<u>3,315,025</u>	<u>2,057,178</u>
<b>Total assets less current liabilities</b>		<u>3,422,109</u>	<u>2,215,978</u>
<b>Provisions for liabilities</b>			
Deferred tax	20	(16,970)	(18,315)
Other provisions	21	(3,835)	(3,835)
		<u>(20,805)</u>	<u>(22,150)</u>
<b>Net assets</b>		<u><u>3,401,304</u></u>	<u><u>2,193,828</u></u>

---

**PYTHAGORAS COMMUNICATIONS LIMITED**  
**REGISTERED NUMBER: 03000842**

---

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2020**

---

	<b>Note</b>	<b>2020</b> £	<i>2019</i> £
<b>Capital and reserves</b>			
Called up share capital	22	<b>903</b>	903
Share premium account	23	<b>2,381,005</b>	2,381,005
Capital redemption reserve	23	<b>128</b>	128
Profit and loss account	23	<b>1,019,268</b>	(188,208)
<b>Equity attributable to owners of the parent</b>		<hr/>	<hr/>
<b>Company</b>		<b>3,401,304</b>	2,193,828
		<hr/>	<hr/>
		<b>3,401,304</b>	2,193,828

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 July 2020.

**E Stone**  
Director

The notes on pages 16 to 33 form part of these financial statements.

**PYTHAGORAS COMMUNICATIONS LIMITED**  
**REGISTERED NUMBER: 03000842**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	13	-	181,757
Tangible assets	14	107,084	135,873
		<u>107,084</u>	<u>317,630</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	16	2,432,545	2,083,717
Cash at bank and in hand	17	3,919,815	2,807,592
		<u>6,352,360</u>	<u>4,891,309</u>
Creditors: amounts falling due within one year	18	(3,041,063)	(3,214,829)
<b>Net current assets</b>		<u>3,311,297</u>	<u>1,676,480</u>
<b>Total assets less current liabilities</b>		<u>3,418,381</u>	<u>1,994,110</u>
<b>Provisions for liabilities</b>			
Deferred tax	20	(16,970)	(18,315)
Other provisions	21	(3,835)	(3,835)
		<u>(20,805)</u>	<u>(22,150)</u>
<b>Net assets</b>		<u><u>3,397,576</u></u>	<u><u>1,971,960</u></u>

---

**PYTHAGORAS COMMUNICATIONS LIMITED**  
**REGISTERED NUMBER: 03000842**

---

**COMPANY BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2020**

---

	Note	31 March 2020 £	31 March 2019 £
<b>Capital and reserves</b>			
Called up share capital	22	903	903
Share premium account	23	2,381,005	2,381,005
Capital redemption reserve	23	128	128
Profit and loss account	23	1,015,540	(410,076)
		<u>3,397,576</u>	<u>1,971,960</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 July 2020.

**E Stone**

Director

The notes on pages 16 to 33 form part of these financial statements.

PYTHAGORAS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2019	903	2,381,005	128	(188,208)	2,193,828
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,207,476	1,207,476
<b>Total comprehensive income for the year</b>					
	-	-	-	1,207,476	1,207,476
<b>At 31 March 2020</b>	<b>903</b>	<b>2,381,005</b>	<b>128</b>	<b>1,019,268</b>	<b>3,401,304</b>

The notes on pages 16 to 33 form part of these financial statements.

PYTHAGORAS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2018 (as previously stated)	723	381,176	128	1,009,013	1,391,040
Prior year adjustment	-	-	-	(1,079,942)	(1,079,942)
At 1 April 2018 (as restated)	<u>723</u>	<u>381,176</u>	<u>128</u>	<u>(70,929)</u>	<u>311,098</u>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	76,721	76,721
<b>Total comprehensive income for the year</b>	-	-	-	76,721	76,721
Dividends: Equity capital	-	-	-	(194,000)	(194,000)
Shares issued during the year	180	1,999,829	-	-	2,000,009
<b>Total transactions with owners</b>	<u>180</u>	<u>1,999,829</u>	<u>-</u>	<u>(194,000)</u>	<u>1,806,009</u>
<b>At 31 March 2019</b>	<u><u>903</u></u>	<u><u>2,381,005</u></u>	<u><u>128</u></u>	<u><u>(188,208)</u></u>	<u><u>2,193,828</u></u>

The notes on pages 16 to 33 form part of these financial statements.

PYTHAGORAS COMMUNICATIONS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2019	903	2,381,005	128	(410,076)	1,971,960
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,425,616	1,425,616
	-----	-----	-----	-----	-----
<b>Total comprehensive income for the year</b>	-	-	-	1,425,616	1,425,616
	-----	-----	-----	-----	-----
<b>At 31 March 2020</b>	<b>903</b>	<b>2,381,005</b>	<b>128</b>	<b>1,015,540</b>	<b>3,397,576</b>
	=====	=====	=====	=====	=====

The notes on pages 16 to 33 form part of these financial statements.

PYTHAGORAS COMMUNICATIONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2018 (as previously stated)	723	381,176	128	898,419	1,280,446
Prior year adjustment	-	-	-	(1,079,931)	(1,079,931)
At 1 April 2018 (as restated)	<u>723</u>	<u>381,176</u>	<u>128</u>	<u>(181,512)</u>	<u>200,515</u>
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(34,564)	(34,564)
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,564)</u>	<u>(34,564)</u>
<b>Contributions by and distributions to owners</b>					
Dividends: Equity capital	-	-	-	(194,000)	(194,000)
Shares issued during the year	180	1,999,829	-	-	2,000,009
<b>Total transactions with owners</b>	<u>180</u>	<u>1,999,829</u>	<u>-</u>	<u>(194,000)</u>	<u>1,806,009</u>
<b>At 31 March 2019</b>	<u><u>903</u></u>	<u><u>2,381,005</u></u>	<u><u>128</u></u>	<u><u>(410,076)</u></u>	<u><u>1,971,960</u></u>

The notes on pages 16 to 33 form part of these financial statements.

PYTHAGORAS COMMUNICATIONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,207,476	76,721
<b>Adjustments for:</b>		
Amortisation of intangible assets	22,927	33,835
Depreciation of tangible assets	87,636	108,375
Interest paid	423	148
Interest received	(15,959)	(10,860)
Taxation charge	(135,756)	(389,056)
(Increase) in debtors	(595,525)	(50,595)
Increase/(decrease) in creditors	203,176	(793,194)
Corporation tax received	381,136	438,449
<b>Net cash generated from operating activities</b>	<b>1,155,534</b>	<b>(586,177)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(58,847)	(66,350)
Interest received	15,959	10,860
<b>Net cash from investing activities</b>	<b>(42,888)</b>	<b>(55,490)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	2,000,009
Repayment of other loans	-	(17,353)
Dividends paid	-	(194,000)
Interest paid	(423)	(148)
<b>Net cash used in financing activities</b>	<b>(423)</b>	<b>1,788,508</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,112,223</b>	<b>1,146,841</b>
Cash and cash equivalents at beginning of year	2,807,592	1,660,751
<b>Cash and cash equivalents at the end of year</b>	<b>3,919,815</b>	<b>2,807,592</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,919,815	2,807,592
	<b>3,919,815</b>	<b>2,807,592</b>

The notes on pages 16 to 33 form part of these financial statements.

---

**PYTHAGORAS COMMUNICATIONS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

---

**1. General information**

Pythagoras Communications Limited is a company limited by shares. The Company was incorporated in England and Wales. The registered office is Ashwood House, Grove Business, Park, White Waltham, Maidenhead, Berkshire, SL6 3LW.

The principal activity of the Company and Group continued to be that of software consultancy, support and supply.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

---

PYTHAGORAS COMMUNICATIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and that the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

There are three main sources of revenue which is made up of consultancy, licences, and maintenance and other support. For further segmentation of revenue refer to note 4 in the financial statements.

*Consultancy and managed service revenue*

Consultancy and managed service revenue is recognised once the services are provided and in accordance with the stage of completion of the contract once all the following conditions are satisfied;

- the amount of revenue can be measured reliably,
- it is probable that the Group will receive the consideration due under the contract,
- the stage of completion of the contract at the end of the reporting period can be measured reliably,  
and
- the costs incurred and the costs to complete the contract can be measured reliably

*Licensing revenue*

Licensing revenue is provided on either a subscription or consumption basis which allows the customer to use the software over the contract period, including any upgrades. Therefore, revenue is recognised evenly over the contract period as customers consume and receive benefits.

*Software, maintenance and other support revenue*

In house Software and support revenue is invoiced upfront at the point of sale and deferred over the course of the contract. Third party Software, maintenance and other support revenue is initially recognised upfront at the point of sale. Therefore, revenue is recognised when the following conditions are satisfied;

- the Group has transferred the significant risks and rewards of ownership to the buyer,
- the Group retains 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 Group will receive the consideration due under the transaction and,
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In respect of the different types of revenue detailed above, where payments have been received in advance for the services not yet delivered at the reporting date, those revenues are classified as deferred income on the Group's balance sheet.

2.4 Intangible assets

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its deemed useful economic life.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

**2. Accounting policies (continued)**

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short term leasehold property	- Over a period of 3 years
Fixtures and fittings	- 20% to 50% straight line
Office equipment	- 20% to 50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

**2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

**2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.8 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.9 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

**2. Accounting policies (continued)**

**2.9 Financial instruments (continued)**

other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

**2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

**2. Accounting policies (continued)**

**2.11 Foreign currency translation**

**Functional and presentation currency**

The Group's functional and presentational currency is GBP.

**Transactions and balances**

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

**2.12 Finance costs**

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.13 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**2.14 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

**2. Accounting policies (continued)**

**2.15 Interest income**

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

**2.16 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**2.17 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.18 Research and development**

The Company elects to expense all research and development expenditure when it is incurred.

---

PYTHAGORAS COMMUNICATIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

**Goodwill and intangible assets**

The group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, and any legal and regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

4. **Turnover**

An analysis of turnover by class of business is as follows:

	2020	2019
	£	£
Software/Licencing	1,140,665	1,034,442
Consultancy	7,081,534	5,625,874
Maintenance and support	2,223,140	2,436,848
	<u>10,445,339</u>	<u>9,097,164</u>

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	10,445,339	9,097,164
	<u>10,445,339</u>	<u>9,097,164</u>

5. **Operating profit**

The operating profit is stated after charging:

	2020	2019
	£	£
Exchange differences	588	3,523
Depreciation of tangible fixed assets	87,636	108,375
Amortisation of intangible assets, including goodwill	<u>22,927</u>	<u>33,835</u>

---

PYTHAGORAS COMMUNICATIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

6. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £1,425,616 (2019 - loss £34,564).

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £	Group 2019 £
Wages and salaries	6,282,182	6,371,338
Social security costs	719,347	730,419
Cost of defined contribution scheme	228,282	177,075
	<u>7,229,811</u>	<u>7,278,832</u>

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

	2020 No.	2019 No.
Office	<u>105</u>	<u>115</u>

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL)

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	191,054	216,075
Company contributions to defined contribution pension schemes	80,000	50,000
	<u>271,054</u>	<u>266,075</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

9. Interest receivable

	2020 £	2019 £
Other interest receivable	15,959	10,860
	<u>15,959</u>	<u>10,860</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	423	148
	<u>423</u>	<u>148</u>

11. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	(134,411)	(381,136)
	<u>(134,411)</u>	<u>(381,136)</u>
<b>Total current tax</b>	<u>(134,411)</u>	<u>(381,136)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,345)	(7,920)
	<u>(1,345)</u>	<u>(7,920)</u>
<b>Total deferred tax</b>	<u>(1,345)</u>	<u>(7,920)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(135,756)</u>	<u>(389,056)</u>

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	<u>1,071,720</u>	<u>(312,335)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	203,627	(59,344)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,832	4,417
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(351,817)	(342,149)
Other differences leading to an increase (decrease) in the tax charge	90	1,591
Changes in tax rate affecting deferred tax	2,156	-
Amortisation of goodwill	4,356	6,429
<b>Total tax charge for the year</b>	<u>(135,756)</u>	<u>(389,056)</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2020 £	2019 £
Equity Dividends	-	194,000
	<u>-</u>	<u>194,000</u>

---

PYTHAGORAS COMMUNICATIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

13. Intangible assets

Group

	Goodwill £
<b>Cost</b>	
At 1 April 2019	824,304
At 31 March 2020	<u>824,304</u>
<b>Amortisation</b>	
At 1 April 2019	801,377
Charge for the year on owned assets	22,927
At 31 March 2020	<u>824,304</u>
<b>Net book value</b>	
At 31 March 2020	<u>-</u>
<b>At 31 March 2019</b>	<u>22,927</u>

---

PYTHAGORAS COMMUNICATIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

13. Intangible assets (continued)

Company

	Goodwill £
<b>Cost</b>	
At 1 April 2019	1,109,740
At 31 March 2020	<u>1,109,740</u>
<b>Amortisation</b>	
At 1 April 2019	927,983
Charge for the year	181,757
At 31 March 2020	<u>1,109,740</u>
<b>Net book value</b>	
At 31 March 2020	<u>-</u>
<b>At 31 March 2019</b>	<u>181,757</u>

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

14. Tangible fixed assets

Group and Company

	Short-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2019	12,536	140,613	551,396	704,545
Additions	-	4,083	54,764	58,847
Disposals	-	(22,847)	(69,380)	(92,227)
At 31 March 2020	12,536	121,849	536,780	671,165
<b>Depreciation</b>				
At 1 April 2019	12,536	123,943	432,193	568,672
Charge for the year on owned assets	-	9,093	78,543	87,636
Disposals	-	(22,847)	(69,380)	(92,227)
At 31 March 2020	12,536	110,189	441,356	564,081
<b>Net book value</b>				
At 31 March 2020	-	11,660	95,424	107,084
<i>At 31 March 2019</i>	-	16,670	119,203	135,873

---

PYTHAGORAS COMMUNICATIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

15. Fixed asset investments

Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 April 2019	867,662
	<hr/>
At 31 March 2020	867,662
	<hr/>
<b>Impairment</b>	
At 1 April 2019	867,662
	<hr/>
At 31 March 2020	867,662
	<hr/>
<b>Net book value</b>	
At 31 March 2020	-
	<hr/> <hr/>
<b>At 31 March 2019</b>	-
	<hr/> <hr/>

The following were subsidiary undertakings of the Company:

**Point Beyond Limited**

The Company owns 100% of the issued share capital. The only share class of the subsidiary is Ordinary. The principal activity of the subsidiary is that of Software consultancy, support and supply.

**Creative Sharepoint Limited**

The Company owns 100% of the issued share capital. The share classes of the subsidiary are A and B. The principal activity of the subsidiary is that of Software consultancy, support and supply.

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

16. Debtors

	<b>Group</b> <b>2020</b> £	<i>Group</i> <i>2019</i> £	<b>Company</b> <b>2020</b> £	<i>Company</i> <i>2019</i> £
Trade debtors	1,778,220	1,453,677	1,778,220	1,453,659
Other debtors	147,236	412,561	147,236	412,551
Prepayments and accrued income	507,089	217,507	507,089	217,507
	<u>2,432,545</u>	<u>2,083,745</u>	<u>2,432,545</u>	<u>2,083,717</u>

17. Cash and cash equivalents

	<b>Group</b> <b>2020</b> £	<i>Group</i> <i>2019</i> £	<b>Company</b> <b>2020</b> £	<i>Company</i> <i>2019</i> £
Cash at bank and in hand	3,919,815	2,807,592	3,919,815	2,807,592
	<u>3,919,815</u>	<u>2,807,592</u>	<u>3,919,815</u>	<u>2,807,592</u>

18. Creditors: Amounts falling due within one year

	<b>Group</b> <b>2020</b> £	<i>Group</i> <i>2019</i> £	<b>Company</b> <b>2020</b> £	<i>Company</i> <i>2019</i> £
Trade creditors	341,243	246,307	341,243	246,294
Other taxation and social security	636,088	533,052	636,088	533,052
Other creditors	32,274	23,922	36,002	404,605
Accruals and deferred income	2,027,730	2,030,878	2,027,730	2,030,878
	<u>3,037,335</u>	<u>2,834,159</u>	<u>3,041,063</u>	<u>3,214,829</u>

PYTHAGORAS COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

19. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	<u>5,858,393</u>	<u>4,675,366</u>	<u>5,858,393</u>	<u>4,675,366</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>(664,738)</u>	<u>(505,309)</u>	<u>(664,738)</u>	<u>(885,991)</u>

Financial assets measured at amortised cost comprise cash at bank, trade debtors and other debtors.

20. Deferred taxation

Group and Company

	2020 £	2019 £
At beginning of year	(18,315)	(26,235)
Charged to profit and loss	1,345	7,920
	<u>(16,970)</u>	<u>(18,315)</u>

The provision for deferred tax is made up of a liability of £19,699 (2019: £22,387) relating to accelerated capital allowances and an asset relating to other temporary timing differences of £2,729 (2019: £4,072).

21. Provisions

Group

	Dilapidation £
At 1 April 2019	3,835
<b>At 31 March 2020</b>	<u>3,835</u>

**PYTHAGORAS COMMUNICATIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**Company**

	Dilapidation £	Total £
At 1 April 2019	3,835	3,835
<b>At 31 March 2020</b>	<u>3,835</u>	<u>3,835</u>

**22. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
9,033,000 (2019 - 9,033,000) Ordinary shares of £0.0001 each	<u>903.30</u>	<u>903.30</u>

**23. Reserves**

**Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

**Capital redemption reserve**

This reserve records the nominal value of shares repurchased by the company.

**Profit and loss account**

Includes all current and prior period retained profits and losses.

**24. Pension commitments**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £231,282 (2019: £177,075).

Contributions totalling £28,855 (2019: £23,922) were payable to the fund at the balance sheet date and are included in creditors.

---

PYTHAGORAS COMMUNICATIONS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

---

**25. Commitments under operating leases**

There are no differences between Group and Company commitments under operating leases. At 31 March 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2020</b>	<i>Group 2019</i>
	<b>£</b>	<i>£</i>
Not later than 1 year	<b>140,888</b>	<i>178,762</i>
Later than 1 year and not later than 5 years	<b>-</b>	<i>140,888</i>
	<b>140,888</b>	<i>319,650</i>

**26. Related party transactions**

During the period, equity distributions of £Nil (2019: £194,000) were made to J Stone, director.

**27. Controlling party**

The company is controlled by E Stone and J Stone, directors, by virtue of their combined shareholding.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.