

REGISTERED NUMBER: 07798782 (England and Wales)

**REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019
FOR
S4labour Limited**

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**S4labour Limited
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019**

DIRECTORS:

Alastair John Catton Scott
Richard Oliver Winston Hartley
Philip James Lunn
Andrew William Hardisty Scott
Henry Douglas Herbert Scott
Lucy Laura Scott
Sophie Antonia Scott

REGISTERED OFFICE:

Unit F170-177
Cherwell Business Village
Southam Road
Banbury
Oxfordshire
OX16 2SP

REGISTERED NUMBER:

07798782 (England and Wales)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2019**

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

Alastair John Catton Scott
Richard Oliver Winston Hartley
Philip James Lunn
Andrew William Hardisty Scott
Henry Douglas Herbert Scott
Lucy Laura Scott
Sophie Antonia Scott



DIRECTORS REPORT

Sales grew by 35% over the previous year, resulting in another doubling of sales over the last two years. The Directors believe that this rate of growth can be maintained for the foreseeable future. The company launched a payroll product and the S4 Mobile App during the year, both of which will drive additional revenue.

90% of the sales were recurring revenue and the revenue retention rate was over 90%. These demonstrate the stability of the business as a result of the focus on product development, customer service and network sales.

19% of revenue was spent on sales and marketing. This was an increase on previous years to allow the business to focus on specific market segments. 25% of revenue was spent on customer service with a dedicated team focused on helping the customer to use the product and improve their business.

£450k, 30% of revenue, was invested in product development. 10% of revenue was spent on core product improvement with the rest spent on business growth through development to take on new customers or the new products mentioned above. The business will launch two new products per year for the next few years. The percentage of revenue spent on development will slowly fall.

The underlying EBITDA, as shown below, was £547,000 before the write-off of expenditure on development of new products and investment for growth.

	£ '000
Underlying EBITDA	547
Investment in sales and marketing	300
Investment in development	450
Tax	-99
Loss after taxation	-104

The company borrowed £250k during the year to provide additional working capital. The cash balance at year-end was £261k, making the business net cash positive.

The directors believe that the business is well positioned to continue to achieve high levels of sustainable growth. They are focusing on recruiting and developing excellent people in order to do this.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

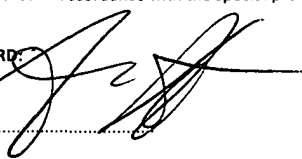
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- 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.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:


A J C Scott - Director

Date: 21/05/2019

ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF S4LABOUR LIMITED

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of S4labour Limited for the year ended 31 March 2019 which comprise the Income Statement, the Statement of Financial Position, and the related notes from the company's accounting records and from information and explanations you have given us.

It is your duty to ensure that S4labour Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of S4labour Limited. You consider that S4labour Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of S4labour Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Date: 21/05/2019

This page does not form part of the statutory financial statements

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
TURNOVER		1,600,156	1,181,164
Cost of sales	1	54,035	22,383
GROSS PROFIT		1,546,121	1,158,781
Administrative expenses		1,718,008	1,362,074
OPERATING PROFIT/(LOSS)	2	(171,888)	(203,293)
Interest receivable and similar income		373	117
Interest payable and similar charges		(31,692)	(4,219)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(203,206)	(207,394)
Tax on profit/(loss) on ordinary activities	3	(99,106)	(100,633)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>(104,101)</u>	<u>(106,761)</u>

The notes form part of these financial statements
S4labour Limited (Registered number: 07798782)
STATEMENT OF FINANCIAL POSITION as at 31 MARCH 2019

Notes	2019 £	2018 £
FIXED ASSETS		
Capitalised development expenditure	-	-
CURRENT ASSETS		
Debtors	5	301,730
Cash at bank and in hand	261,215	214,631
	<u>562,944</u>	<u>476,725</u>
CREDITORS		
Amounts falling due within one year	6	347,068
NET CURRENT ASSETS (LIABILITIES)	<u>215,877</u>	<u>111,491</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		
	<u>215,877</u>	<u>111,491</u>
CREDITORS		
Amounts falling due after more than one year	6a	448,956
	<u>448,956</u>	<u>288,373</u>
PROVISIONS FOR LIABILITIES		
Provision for legal costs	11	45,000
	<u>45,000</u>	-
NET ASSETS (LIABILITIES)		
	<u>(278,079)</u>	<u>(176,882)</u>
CAPITAL AND RESERVES		
Called up share capital	7	2,221
Share premium account	7	199,889
Profit and loss account	8	(480,189)
SHAREHOLDERS' FUNDS	<u>(278,079)</u>	<u>(176,882)</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2019.

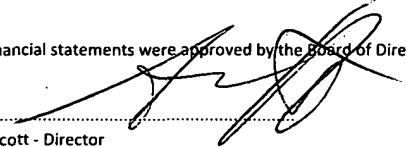
The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with Section 1A of FRS 102, dated September 2015.

The financial statements were approved by the Board of Directors and were signed on its behalf by:


 A J C Scott - Director

Date: 21/05/2019

21/05/2019

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of FRS 102, dated September 2015.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are recognised in profit and loss when payable.

Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Employee share options (EMI) scheme

The company operates an EMI share option scheme for employees.

This involves recognising at each year end the difference between the market value of the share at that date and the exercise price of the option so that over the vesting period of the option an expense is charged equivalent to the optionholder's gain on exercise. This difference has been assessed as nil by HMRC.

The total expense recognised for EMI share options in the period was nil, as the vesting period has not started.

The total carrying amount of EMI share options at the end of the period was nil as the vesting period has not started.

2. OPERATING PROFIT/(LOSS) BEFORE TAX

The operating loss (2018 - operating loss) is stated after charging:

	2019	2018
	£	£
Loss on sales of tangible fixed assets	-	917
Depreciation of fixed assets	8,000	-

3. TAXATION ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

Analysis of the tax charge

Liability to UK corporation tax on ordinary activities (interest received) for the year ended 31 March 2019 and for the year ended 31 March 2018.

R&D tax credit arising in year ended 31 March 2015, payable in 2016/2017 - correction for over-claim

R&D tax credit arising in year ended 31 March 2016, payable 2016/2017 - additional payment received December 2017

R&D tax credit arising in year ended 31 March 2017, payable 2016/2017 - additional payment received January 2017

R&D tax credit arising in year ended 31 March 2017, payable 2017/2018 - difference in payment received 19/02/2018

R&D tax credit arising in year ended 31 March 2018, payable 2018/2019

Correction for prior year cancelled tax credit posted to reserves in error

R&D tax credit arising in year ended 31 March 2019, payable 2019/2020

2019	2018
£	£
93	-
-	2,815
-	(8,675)
-	(10,309)
-	12
-	(84,476)
2,800	-
(101,999)	-
(99,106)	(100,633)

4. PROPERTY PLANT AND EQUIPMENT

COST

At 1 April 2018

Additions

Disposals

At 31 March 2019

DEPRECIATION

At 1 April 2018

Charge for year

Eliminated on disposal

At 31 March 2019

NET BOOK VALUE

At 1 April 2018

At 31 March 2019

	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£
At 1 April 2018	-	-	-	-
Additions	-	8,000	-	8,000
Disposals	-	-	-	-
At 31 March 2019	-	8,000	-	8,000
At 1 April 2018	-	-	-	-
Charge for year	-	8,000	-	8,000
Eliminated on disposal	-	-	-	-
At 31 March 2019	-	8,000	-	8,000
At 1 April 2018	-	-	-	-
At 31 March 2019	-	-	-	-

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	174,363	154,661
Other debtors including VAT	10,612	25,773
Prepayments and accrued income	7,483	-
R&D tax credit claimable	109,271	81,661
	<u>301,730</u>	<u>262,094</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	25,746	66,055
Social security and other taxes	28,704	27,618
VAT	124,902	132,139
Corporation tax liability	93	-
Other creditors	7,929	9,594
Inter-company balances	-	-
Bank loan	100,570	14,299
Deferred revenue	47,411	82,807
Directors' current accounts	10,000	10,000
Accrued expenses	1,713	22,722
	<u>347,068</u>	<u>365,234</u>

6a. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2019	2018
	£	£
Loan from related company	305,083	288,373
Long-term bank loan	143,873	-
	<u>448,956</u>	<u>288,373</u>

The company has drawn down two loans to provide working capital.

£100,000 by interest-only monthly repayments from 19/12/2018 at an interest rate of 9.95% per annum, repayable after one year.

£150,000 by interest-only monthly repayments from 13/12/2018 at an interest rate of 10.45% per annum, repayable after two years.

The larger of these loans is accounted for by the amortised cost method at an effective annual rate of 13.19% and with a carrying cost at 31/03/2019 of £143,873.

Both loans are secured by a charge over the intellectual property and the issued shares of the company.

7. SHARE CAPITAL

	Allotted, issued and fully paid: Number: Class:	Nominal value:	2019 £	2018 £
Share Capital	22,210,548 ordinary shares	0.0001	2,221	2,221
Share Premium			199,889	199,889

8. RESERVES

	Income Statement £
At 1 April 2018	(376,089)
Profit/(loss) for the year	(104,101)
At 31 March 2019	<u>(480,189)</u>

9. RELATED PARTY DISCLOSURES

Included in creditors falling due after one year is an amount of £305,083 owed to Catton Consulting Ltd (2018, £267,083)

Included in creditors falling due after one year is an amount of £0, owed to Catton Communication Limited (2018, £21,289)

A director sold his car to the company for £8,000 on 17/12/2018.

There is an interest-free loan of £10,000 from a director to the company.

10. AVERAGE NUMBER OF EMPLOYEES

The average number of employees was 26 (2018 - 20).

11. PROVISIONS FOR LIABILITIES

A provision of £45,000 has been made for expected legal costs.

There is an obligation at 31/03/2019 as a result of a past event.

It is probable that the company will have to make a payment in settlement and the amount of the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2019

TRADING AND INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

	2019		2018
	£	£	£
Sales		1,600,156	1,181,164
Cost of sales			
Servers	55,281		26,884
Purchases	-		-
Generic maintenance	-		(4,149)
Development	(1,246)		(352)
		<u>54,035</u>	<u>22,383</u>
GROSS PROFIT		1,546,121	1,158,781
Other income			
Deposit account interest		373	117
		<u>1,546,494</u>	<u>1,158,898</u>
Expenditure			
Wages	997,786		788,351
Social security	104,221		83,229
Pension contributions	16,656		1,725
Subsistence	12,027		6,048
Contract staff costs	36,413		36,975
Loss on disposal of fixed asset	-		917
Rent and rates	27,756		18,223
Insurance	10,407		6,096
Telephone	6,217		6,858
Post and stationery	4,486		2,589
Advertising	20,029		31,839
Subscriptions	12,725		10,313
Travelling	59,101		44,209
Motor expenses	1,936		6,517
Office costs	3,285		10,711
Household and cleaning	1,269		1,326
IT costs	11,361		11,950
Consultancy costs	196,254		134,495
Bank charges	97		134
Sundry Expenses	22,336		18,262
Recruitment fees	33,875		46,074
Accountancy	27,023		18,485
Legal/Professional fees	79,994		49,603
Depreciation	8,000		-
Entertainment	15,959		19,489
Bad debts	8,794		7,656
		<u>1,718,008</u>	<u>1,362,074</u>
		(171,514)	(203,175)
Finance costs			
Interest paid		31,692	4,219
NET PROFIT/(LOSS)		<u>(203,206)</u>	<u>(207,394)</u>

This page does not form part of the statutory financial statements.