Registration number: 04258498

WAVEX TECHNOLOGY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Wavex Technology Limited

Contents

Wavex Technology Limited

Company Information

Directors	G Russell E Bullard A Hajialexandrou G Preece S Flouri
Registered office	Staverton Court Staverton Cheltenham GL51 0UX
Auditors	Hazlewoods LLP Staverton Court Staverton Cheltenham GL51 0UX

Wavex Technology Limited

(Registration number: 04258498)
Balance Sheet as at 30 September 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	4	292,817	286,622
Tangible assets	5	20,543	29,776
		313,360	316,398
Current assets			
Debtors	6	3,836,446	3,882,405
Cash at bank and in hand		927,518	492,142
		4,763,964	4,374,547
Creditors: Amounts falling due within one year	7	(1,855,064)	(1,590,707)
Net current assets		2,908,900	2,783,840
Net assets		3,222,260	3,100,238
Capital and reserves			
Called up share capital	8	27,915	27,915
Share premium reserve		44,585	44,585
Profit and loss account		3,149,760	3,027,738
Total equity		3,222,260	3,100,238

These accounts have been prepared in accordance with the provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with FRS 102 Section 1A Small Entities.

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

Approved and authorised by the Board on 10 May 2021 and signed on its behalf by:

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G Russell
Director

1 General information

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

The address of its registered office is:
Staverton Court
Staverton
Cheltenham
GL51 0UX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

The company has adopted Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', taking advantage of the small company exemptions to produce reduced disclosure accounts under section 1A of FRS 102.

Basis of preparation

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

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Going concern

During the global pandemic, the directors have acted swiftly and appropriately making use of government support including the Coronavirus Job Retention Scheme and tax deferment plans. Despite the challenges during the period, the company remains strong and continues to provide high quality services to its customers.
The directors have prepared forecasts for the next 12 months and beyond. After reviewing those forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2 Accounting policies (continued)

Judgements and estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the asset and liabilities within the next financial year are addressed below:

Development costs

The Company has capitalised development costs that they believe will bring a future economic inflow to the company. These costs relate to the cost of software, borrowing costs up until the software was ready to use and the costs of developing the software, which is done by estimating the time spent on the project.

Revenue recognition

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

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

Foreign currency transactions and balances

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

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

Tax

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

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax looses or tax credits in the company. Deferred tax is determined using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current and future taxable profits.

2 Accounting policies (continued)

Research and development

Development expenditure incurred on an individual project is carried forward 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.
Website expenditure incurred on development for use internally can be carried forward when it can be reasonable to assume that it will be useful to staff. Any expenditure carried forward is amortised over a straight line basis of five years.

Amortisation

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

Asset class	Amortisation method and rate
Development costs	5 years
Website costs	5 years

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.
The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

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

Asset class	Depreciation method and rate
Leasehold improvements	Straight-line over the length of the lease
Fixtures and fittings	25% straight line
IT equipment	33% reducing balance

Cash and cash equivalents

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

Trade debtors

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

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.
Trade creditors are recognised initially at the transaction price and are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest- bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.
Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.
Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

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

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
Contributions to defined contribution plans are recognised as employee benefit expense when they are due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Share based payments

The company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.
The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2 Accounting policies (continued)

Financial instruments

Classification
Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.
Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.
Non-financial assets:
An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.
Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets:
For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.
For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.
Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Staff numbers

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2020 No.	2019 No.
	48	47

4 Intangible assets

	Development costs £	Website costs £	Total £
Cost			
At 1 October 2019	511,448	23,315	534,763
Additions	119,618	7,850	127,468
At 30 September 2020	631,066	31,165	662,231
Amortisation			
At 1 October 2019	243,089	5,052	248,141
Amortisation charge	115,432	5,841	121,273
At 30 September 2020	358,521	10,893	369,414
Carrying amount			
At 30 September 2020	272,545	20,272	292,817
At 30 September 2019	268,359	18,263	286,622

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2019 - £ Nil).

5 Tangible assets

	IT equipment £	Fixtures and fittings £	Total £
Cost			
At 1 October 2019	77,600	5,910	83,510
Additions	760	-	760
At 30 September 2020	78,360	5,910	84,270
Depreciation			
At 1 October 2019	47,824	5,910	53,734
Charge for the year	9,993	-	9,993
At 30 September 2020	57,817	5,910	63,727
Carrying amount			
At 30 September 2020	20,543	-	20,543
At 30 September 2019	29,776	-	29,776

6 Debtors

	2020 £	2019 £
Trade debtors	704,386	783,848
Amounts owed by related parties	2,427,381	2,427,381
Other debtors	72,288	87,212
Prepayments	163,875	256,514
Accrued income	266,201	124,942
Deferred tax assets	20,163	20,118
Corporation tax asset	182,152	182,390
	3,836,446	3,882,405

7 Creditors

	Note	2020 £	2019 £
Due within one year			
Trade creditors		478,337	593,634
Social security and other taxes		468,106	199,818
Outstanding defined contribution pension costs		11,495	12,097
Other creditors		6,662	24,733
Accrued expenses		243,268	153,217
Deferred income		647,196	607,208
		1,855,064	1,590,707

8 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	27,915	27,915	27,915	27,915

9 Obligations under lease and hire purchase contracts

Operating leases - lessee

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	38,150	228,900
Later than one year and not later than five years	-	38,150
	38,150	267,050

The amount of non-cancellable operating lease payments recognised as an expense during the year was £228,900 (2019 - £ 220,257).

10 Share-based payments

Scheme 1
IT Services Livonia Limited, the parent of Wavex Technology Limited, operates equity-settled share-based remuneration schemes for employees of Wavex Technology Limited which are Enterprise Management Incentive ("EMI") schemes. The options are granted with a maximum term of 10 years, the only condition being that the employee remains in the Group's employment. Options granted in December 2013 are to be settled by way of issues of A Ordinary Shares, options granted in March 2016 and February 2017 are to be settled by way of issues of C Ordinary Shares and options granted in January 2018 are to be settled by the way of issues of C Ordinary Shares.
The options have no vesting period, but cannot be exercised until the Group is listed on an exchange or the shares in the Group are sold such that control of the Group changes.

The fair value of the equity instruments granted was determined using the Black Scholes Model. This model was selected as it is a industry standard model. The share-remuneration expense for the year is not considered to be material and has not been recognised.

The entity is part of a group share-based payment scheme and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. Expenses are allocated to Wavex Technology Limited, the company that receives the employee services.

10 Share-based payments (continued)

The movements in the number of share options during the year were as follows:

	2020 Number	2019 Number
Outstanding, start of period	340,300	501,600
Forfeited during the period	(67,500)	(161,300)
Outstanding, end of period	272,800	340,300

The movements in the weighted average exercise price of share options during the year were as follows:

	2020 £	2019 £
Outstanding, start of period	0.64	0.61
Forfeited during the period	0.68	0.55
Outstanding, end of period	0.63	0.64

Effect of share-based payments on profit or loss and financial position

No expense has been recognised in the profit and loss for the year or liability arising from share based payments included at the balance sheet on the basis that neither are considered material to the results for the year or financial position at the year end.

11 Parent and ultimate parent undertaking

The immediate and ultimate parent company is IT services Livonia Limited, whose registered address is:
70 Wilson Street
London
EC2A 2DB

12 Audit report

The Independent Auditor's Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report on 11 May 2021 was Scott Lawrence, who signed for and on behalf of Hazlewoods LLP.