

Registered number: 04894975

OXSENSIS LIMITED

FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2018



OXSENSIS LIMITED

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OXSENSIS LIMITED
REGISTERED NUMBER:04894975

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	4	17,351	26,010
Tangible assets	5	338,464	414,594
Investments	6	6	6
		<u>355,821</u>	<u>440,610</u>
Current assets			
Stocks	7	-	2,500
Debtors: amounts falling due after more than one year	8	69,750	584,596
Debtors: amounts falling due within one year	8	1,187,821	1,674,250
Cash at bank and in hand	9	880,216	1,192,190
		<u>2,137,787</u>	<u>3,453,536</u>
Creditors: amounts falling due within one year	10	(4,174,732)	(2,342,711)
Net current (liabilities)/assets		<u>(2,036,945)</u>	<u>1,110,825</u>
Total assets less current liabilities		<u>(1,681,124)</u>	<u>1,551,435</u>
Creditors: amounts falling due after one year			
Lease incentives	11	(160,053)	(224,218)
Net (liabilities)/assets		<u><u>(1,841,177)</u></u>	<u><u>1,327,217</u></u>
Capital and reserves			
Called up share capital		36,047	36,047
Share premium account	13	10,341,658	10,341,658
Other reserves	13	81,536	-
Profit and loss account	13	(12,300,418)	(9,050,488)
		<u><u>(1,841,177)</u></u>	<u><u>1,327,217</u></u>

OXSENSIS LIMITED
REGISTERED NUMBER:04894975

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2018

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on **12/9/2019**



P J Cohen
Director

The notes on pages 3 to 17 form part of these financial statements.

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Oxsensis Limited is a private Company limited by shares and incorporated in England and Wales. Registered number 04894975. Its registered head office is located at Unit 6, Genesis Building, Library Avenue, Harwell, Didcot, Oxfordshire OX11 0SG.

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 Section 1A of 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 management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the loss incurred in the year of £3.25m, the net current liability of £1.68m and the net liability position of £1.84m. The directors, after reviewing the Company's financial performance and conducting a review of its strategy, have prepared forecasts based on a pipeline of prospective and secured contracts, for both finalised product supply and product development. They have also considered capital requirements for twelve months from the date of signing these financial statements. To bolster the balance sheet the Company secured an additional £800k of funding in May 2019, through equity. The directors are currently implementing plans to raise additional funding in 2020 to support the Company's growth in response to customer-pull.

It should be noted that debt funding (secured through the UK Government's Advanced Manufacturing Supply Chain Initiative) drawn down in March 2016 (see note 16), can be recalled at the provider's discretion, although we know of no previous cases where such a recall has been made. To support the continued growth of the Company it was agreed for the loan repayment date to be extended to the end of March 2022.

The directors acknowledge their responsibility to assess the company's ability to continue as a going concern and have concluded that the above circumstances represent a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern for a period of not less than twelve months from the date of approval of these financial statements. Nevertheless, after making enquires and considering the uncertainties described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 company and 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. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company 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 company 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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company 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.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	4	years
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OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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:

S/Term Leasehold Property	- 6 years
Plant & machinery	- 4 years
Fixtures & fittings	- 18 months to 4 years

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 Statement of Comprehensive Income.

2.6 Valuation of investments

Investments held as fixed assets are shown at cost less provision for impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

2.8 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.

2.9 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.

2.10 Financial instruments

The company 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 non-puttable ordinary shares.

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 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 company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.11 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.

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

2.13 Foreign currency translation

Functional and presentation currency

The company'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 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 Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.14 Finance costs

Finance costs are charged to the 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.

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DÉCEMBER 2018

2. Accounting policies (continued)

2.15 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party or factors which are within the control of one or other of the parties.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

2.16 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.17 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.18 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the company 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 Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

2.21 Current and deferred taxation

Tax is recognised in the 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 reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 reporting date.

2.22 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2.23 Research and development tax credits

Research and development tax credits under s104a CTA 2009 are recognised within operating income, as the Directors believe the substance of the tax credit is in the form of a government grant. The tax charged on these amounts is shown within the tax charge for the year.

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

3. Employees

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

	2018 No.	2017 No.
All staff	32	29

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £75,972 (2017: £75,680). Contributions totalling £Nil (2017: £200) were payable to the fund at the reporting date.

4. Intangible assets

	Computer software £
Cost	
At 1 January 2018	48,349
At 31 December 2018	48,349
Amortisation	
At 1 January 2018	22,339
Charge for the year	8,659
At 31 December 2018	30,998
Net book value	
At 31 December 2018	17,351
At 31 December 2017	26,010

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5. Tangible fixed assets

	Land and buildings £	Plant & machinery £	Fixtures & fittings £	Total £
Cost				
At 1 January 2018	381,481	914,505	186,272	1,482,258
Additions	-	14,248	20,654	34,902
At 31 December 2018	381,481	928,753	206,926	1,517,160
Depreciation				
At 1 January 2018	91,796	821,632	154,236	1,067,664
Charge for the year	65,610	31,016	14,406	111,032
At 31 December 2018	157,406	852,648	168,642	1,178,696
Net book value				
At 31 December 2018	224,075	76,105	38,284	338,464
At 31 December 2017	289,685	92,873	32,036	414,594

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	6
At 31 December 2018	<u>6</u>

On 19 March 2010, Oxsensis Limited purchased 1,000 \$0.01 shares which represented the entire ordinary share capital of the then newly incorporated Oxsensis Inc., a company registered in the United States of America. The total share capital was \$10 which remained unpaid at the year end. The company remained dormant for the year ended 31 December 2018.

7. Stocks

	2018 £	2017 £
Finished goods	<u>-</u>	<u>2,500</u>

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Debtors

	2018 £	2017 £
Due after more than one year		
Other debtors	69,750	569,750
Prepayments	-	14,846
	<u>69,750</u>	<u>584,596</u>
Due within one year		
Trade debtors	233,347	86,623
Other debtors	554,391	1,063,712
Prepayments and accrued income	114,699	425,616
Tax recoverable	285,384	98,299
	<u>1,187,821</u>	<u>1,674,250</u>

Included in other debtors above, is an amount of £500,000 (2017: £1,000,000) due within one year and £Nil (2017: £500,000) due after more than one year in respect of the sale of a license, the obligations for which were fulfilled in the year.

9. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>880,216</u>	<u>1,192,190</u>

OXSENSIS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Creditors: Amounts falling due within one year

	2018 £	2017 £
AMSCI loan	994,375	994,375
Trade creditors	105,154	123,473
Other taxation and social security	44,272	40,201
Lease incentive	64,165	65,624
Accruals and deferred income	425,450	354,751
Share option derivative	2,541,316	764,287
	<u>4,174,732</u>	<u>2,342,711</u>

The AMSCI loan represents a loan provided by the UK Government's Advanced Manufacturing Supply Chain Initiative. The loan has a variety of conditions, not all of which the company is currently able to meet, but which management expect to meet in the future. The lending authority was notified of the conditions that cannot be met, and as such the loan is considered to be repayable on demand at the discretion of the lender. The loan is secured by a fixed and floating charge over the assets of the company. The loan matures in March 2022 following an agreement between parties to extend the maturity date by 3 years.

As part of the Parker Aerospace License agreement, Parker was granted a warrant over 901,176 Ordinary shares. To exercise the warrant Parker has to fulfil the commercial obligations within the License Agreement together with payment of the remaining £500,000 license fee and an additional payment of £0.01 per share to exercise the warrant. The warrant contract will be settled by the issue of 901,176 shares that will equate to 20% of the issued share capital of Oxsensis Limited at the time the warrant was issued. The option meets the definition of a financial liability to be measured at fair value through profit or loss.

At 31 December 2018, the warrant was revalued in line with management's assessment of the prevailing fair value of the issued shares of the company at that date. At 31 December 2018, the value per share in issue was assessed at £2.83 (2017: £0.85) based on the latest funding round (see note 17).

11. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Lease incentive	<u>160,053</u>	<u>224,218</u>

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

12. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets that debts instruments held at amortised cost	<u>972,187</u>	<u>2,160,547</u>
Financial liabilities		
Financial instruments measured at fair value through profit or loss	2,541,316	764,287
Financial liabilities held at amortised cost	<u>1,197,578</u>	<u>1,377,673</u>
	<u>3,738,894</u>	<u>2,141,960</u>

Financial assets that are debt instruments held at amortised cost comprise trade debtors, other debtors and prepayments.

Financial liabilities measured at fair value through profit or loss comprise the shareholders' loan stock and share option derivative.

Financial liabilities measured at amortised cost comprise the AMSCI loan, trade creditors and accruals.

13. Reserves

Share premium account

Share premium includes all premiums on shares issued.

Profit & loss account

The profit and loss account includes all prior year losses and current year profit.

Share option reserve

Share option reserve includes all share based payments charges not yet exercised.

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

14. Share options

The following ordinary share options were held under EMI and non-EMI schemes as at 31 December 2018. Options are held by 5 current Directors, 3 former Directors, 16 employees and former employees, and by 1 overseas representative of the company. Each option entitles the holder to purchase one share at a set exercise price. Options lapse if the holders cease to be employed by the business, except at the discretion of the directors.

As at 31 December 2018, 391,610 EMI share options were outstanding (2017: 72,635 EMI share options), with an exercise price of £0.01. In addition, 94,668 EMI share options were outstanding (2017: Nil EMI share options) with an exercise price of £2.25. During the current year 1,140 (2017: 2,258) options lapsed due to an employee leaving while 414,783 new options were granted during the year (2017: Nil shares granted).

At 31 December 2018, 113,371 non-EMI options were outstanding (2017: 46,936 non-EMI options). Of these, 6,467 had an exercise price of £8.00, 2,666 had an exercise price of £17.15, 85,517 had an exercise price of £0.01 and 18,721 had an exercise price of £2.25. During the year no options lapsed (2017: Nil options lapsed) and an additional 66,435 options were granted (2017: Nil options granted).

The company is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes similar to the schemes used by the company. A charge of £81,536 has been recorded in the year (2017: £Nil).

15. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	130,363	116,250
Later than 1 year and not later than 5 years	345,101	399,072
Later than 5 years	-	-
	<u>475,464</u>	<u>515,322</u>

OXSENSIS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

16. Related party transactions

During the year to 31 December 2018, Science & Technology Facilities Council in its capacity as shareholder, landlord and subcontractor to the company, invoiced the company fees of £45,205 (2017: £56,076). A balance of £257 (2017: £Nil) relating to these fees was due on 31 December 2018. The Science and Technology Facilities Council exercised a warrant in the prior year to subscribe for ordinary shares having a total value of £25,000.

During the year, transactions totaling the following amounts were undertaken on an arm's length basis with companies owned by minority shareholders:

Albion Ventures - £24,119 (2017: £16,741)

In addition, a minority shareholder, Scott Hoover, was paid £58,805 (2017: £57,433) for consultancy services and reimbursement of expenses.

The directors are deemed to be key management of the business.

17. Post balance sheet events

Subsequent to year end, the company entered into agreements to issue new shares as part of bridging funding round in May 2019 with a value of £800k. As at the date of signing the accounts, 207,741 A Ordinary shares with a par value of £0.01 and 1,412 Ordinary shares with a par value of £0.01 were issued as part of this agreement at a fair value of £2.83 per share and £600k in total. The remaining outstanding shares, which have been committed, are in the process of being issued as the remaining £200k was received prior to the signing of these financial statements.

18. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2018 was unqualified.

In their report, the auditor included a material uncertainty related to going concern without qualifying their report. The material uncertainty is in respect to the information included in note 2.2 in the financial statements, which indicates that the company is reliant on the successful negotiation of customer contracts, continuation of debt funding and a further investment funding round. As stated in note 2.2 these events or conditions, along with other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

The audit report was signed on 16 September 2019 by Amrish Shah (FCA) (Senior Statutory Auditor) on behalf of Grant Thornton UK LLP.