

**OPENGNIUS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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OpenGenius Limited
Financial Statements
For The Year Ended 31 December 2021

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OpenGenius Limited
Company Information
For The Year Ended 31 December 2021

Directors

Mr Michael Gibbons
Mrs Gaile Griffiths
Mr Christopher Griffiths
Mr Mark Bate (Resigned 30th April 2021)

Secretary

Mr Mark Bate (Resigned 30th April 2021)
Mrs Gaile Griffiths

Company Number

05653541

Registered Office

Tec Marina
Terra Nova Way
Penarth
Vale of Glamorgan

OpenGenius Limited
Balance Sheet
As at 31 December 2021

		2021	2020
	Notes	£	£
FIXED ASSETS			
Intangible Assets	3	1,148,547	847,776
Tangible Assets	4	104,002	126,977
		<u>1,252,549</u>	<u>974,753</u>
CURRENT ASSETS			
Debtors	5	263,876	285,856
Cash at bank and in hand		688,408	1,115,409
		<u>952,284</u>	<u>1,401,265</u>
Creditors: Amounts Falling Due Within One Year	6	<u>(742,289)</u>	<u>(701,938)</u>
NET CURRENT ASSETS		<u>209,995</u>	<u>699,327</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,462,544</u>	<u>1,674,080</u>
PROVISIONS FOR LIABILITIES			
Deferred Taxation		-	-
NET ASSETS		<u>1,462,544</u>	<u>1,674,080</u>
CAPITAL AND RESERVES			
Called up share capital	7	121	121
Share premium account		1,475,573	1,475,573
Share option reserve		134,337	129,624
Profit and Loss Account		(147,487)	68,762
TOTAL SHAREHOLDERS' FUNDS		<u>1,462,544</u>	<u>1,674,080</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

On behalf of the board

* 
Mr Christopher Griffiths
17/06/2022

The notes on pages 3 to 10 form part of these financial statements.

Registered Number: 05653541

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements of OpenGenius Limited have been prepared in accordance with FRS 102 Section 1A Small Entities - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

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

These financial statements are prepared on a going concern basis, under the historical cost convention.

Going Concern

The company meets its day-to-day working capital requirements through the use of cash reserves. At the balance sheet date these stood at £0.68m. The company has considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of sensitised internal forecasts and current financial performance which show that the company has sufficient funds to continue to operate within the level of its existing funding arrangements.

The Covid -19 global pandemic hit economies and communities after the period end of the 2019 financial statements. This pandemic resulted in teams working remotely for the first time, searching for software solutions to address the issues of how teams can remain productive and work collaboratively outside of the formal office setting. This has resulted in a significant increase in interest for our main product, Ayoa. We expect this level to be maintained with the way most companies work changed forever. Given the nature of our business, we are well placed to continue to serve current and future customers should future Covid-19 outbreaks lead to further lockdowns on business activities.

The company currently rents the whole Tec Marina office space and sub lets spare space to tenants. As a result of the financial impact of the pandemic, the financial risk of default of these tenants has increased and we expect some companies not to renew when their contracts come to an end. We expect any spare space to be filled over time given that the nature of the office space suits companies looking for open, easily commutable office space outside the city centre where social distancing measures can be more easily maintained. Any spare space is not expected to have an impact on the going concern status of the company.

The directors have modelled a number of different scenarios and have preliminary financial plans in place for each scenario. We have also modelled a best view estimate which considers the most likely position for the next 12 months based on the information we currently hold.

Presentation currency

The accounts are presented in £ sterling.

1.2. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Revenue includes revenue earned from the sale of goods and from the rendering of services. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Company generates income from customers in the following ways:

Subscriptions

A customer pays a regular fixed amount (usually monthly or annually) in exchange for a right to access our software and the technical support that we provide. Revenue is recognised on straight line basis over the period of the contract.

Where additional user subscriptions are entered into part way through a subscription, revenue is recognised over the remaining duration of the contract. In most cases, we invoice and receive payment from customers in advance of revenue being recognised in the income statement. Deferred revenue is the difference between amounts invoiced to customers and revenue recognised under the policy described above.

Licences

A customer pays a one-off amount for the right to use a particular version of our software for as long as they like. A licence doesn't include any future upgrades to the software.

Consulting/ Training

Consulting and Training is held around the subjects of Innovation and Creativity. Revenue is recognised in accordance with deliverables of the consultancy/ training contract.

1.3. Intangible Fixed Assets and Amortisation - Other Intangible

Intangible assets

Development Costs

We are constantly developing our products, both existing and new. These developments range from minor enhancements and bug fixes, to major new features and completely new products. The criteria in which we judge whether costs of development can be capitalised are as follows:

- 1) technical feasibility
- (2) intention to complete and then use or sell
- (3) commercial viability and
- (4) ability to measure reliably the expenditure.

We apply judgement and estimates in determining the proportion of our total development spend that meets the above criteria. To make these judgements, we examine in detail the development activities over a period of time for each product. We make an estimate of the proportion of that time in which the development tasks that are being carried out meet the Capitalisation criteria. We then apply that proportion to the entire development spend for the period to determine the amount to be capitalised.

Capitalised costs are amortised over their useful economic life, which is estimated to be 5 years.

Other Intangible assets

Intangible fixed assets (including purchased goodwill and patents) are included at cost less accumulated amortisation.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill and patents - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible, the amortisation is revised prospectively to reflect the new estimates.

In accordance with FRS 102 para 18.20 where management is unable to make a reliable estimate of the useful life of an intangible asset, the life should be presumed to be five years. Given that Ayoa was launched in June 2019, at this stage it is difficult to assess the useful life and as such the management has adopted the default position of five years. The position will continue to be monitored and adjusted accordingly should evidence suggest a different asset life.

1.4. Tangible Fixed Assets and Depreciation

Tangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Property Improvements - Straight line over the life of the lease

Fittings fixtures and equipment - Written off over a twelve month period from acquisition

Motor vehicles - 25% straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Fixed Asset Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

1.5. Leasing and Hire Purchase Contracts **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight line basis.

1.6: Stocks and Work in Progress

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

1.7. Financial Instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss.

All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

1.8. Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.9. Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are not discounted.

1.10. Employee Benefits

Pensions

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

Share based payments

The company provides equity settled share options to certain key employees. The options are measured at fair value at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of options that will vest.

1.11. Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the Balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

2. Employees and Directors

Average number of employees, including directors, during the year was as follows: 19 (2020: 26)

3. Intangible Assets

	Goodwill £	Software £	Total £
Cost			
As at 1 January 2021	272,373	1,051,113	1,323,486
Additions	-	504,292	504,292
As at 31 December 2021	<u>272,373</u>	<u>1,555,405</u>	<u>1,827,778</u>
Accumulated Amortisation			
As at 1 January 2021	272,373	203,337	475,710
Provided during the year	-	203,521	203,521
As at 31 December 2021	<u>272,373</u>	<u>406,858</u>	<u>679,231</u>
Net Book Value			
As at 31 December 2021	<u>-</u>	<u>1,148,547</u>	<u>1,148,547</u>
As at 1 January 2021	<u>-</u>	<u>847,776</u>	<u>847,776</u>

The Software additions in the year relate to the company's own software, which is developed by the internal development team. As at the 31st December 2021, the asset is carried at £1,148,547 (2020: £847,776) and has a remaining amortisation period of 5 years.

4. Tangible Assets

	Leasehold improvements £	Fixtures & Fittings £	Total £
Cost			
As at 1 January 2021	281,420	323,726	605,146
Additions	-	16,216	16,216
Disposals	-	-	-
As at 31 December 2021	<u>281,420</u>	<u>339,942</u>	<u>621,362</u>
Accumulated Depreciation			
As at 1 January 2021	156,586	321,583	478,169
Provided during the year	28,248	10,943	39,191
Disposals	-	-	-
As at 31 December 2021	<u>184,834</u>	<u>332,526</u>	<u>517,360</u>
Net Book Value			
As at 31 December 2021	<u>96,586</u>	<u>7,416</u>	<u>104,002</u>
As at 1 January 2021	<u>124,834</u>	<u>2,143</u>	<u>126,977</u>

5. Debtors

	2021	2020
	£	£
Due within one year		
Trade debtors	15,602	11,827
Prepayments and accrued income	41,673	89,419
Other debtors	206,601	184,610
	263,876	285,856

6. Creditors: Amounts Falling Due Within One Year

	2021	2020
	£	£
Trade creditors	14,996	12,545
Other taxes and social security	27,583	9,936
Other creditors	50,800	36,841
Accruals and deferred income	648,910	642,616
	742,289	701,938

7. Called up share capital

			2021	2020
Allotted, Called up and fully paid			121	121
	Value	Number	2021	2020
	£		£	£
Allotted, called up and fully paid				
Ordinary Shares	0.01	12,085	121	121

Shares issued during the year nil (2020: nil)

8. Commitments

The company had total guarantees and commitments at the balance sheet date of £295,864 payable within 12 months (2020 - £294,418).
The company had total guarantees and commitments at the balance sheet date of £505,503 payable after 12 months (2020 - £790,011)

9. Taxation

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. Post year end on 17 March 2020 as part of the Spring Budget 2020 it was subsequently enacted that the previously enacted decrease in the corporate tax rate from 19% to 17% from 1 April 2020 would no longer happen and that rates would remain at 19% for the foreseeable future. The difference in rate is not deemed to have a significant impact on the results of the company.

10. FRC Ethical Standard - Provision Available for Small Entities

In common with other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

11. Going Concern

The company meets its day-to-day working capital requirements through the use of cash reserves. At the balance sheet date these stood at £0.68m. The company has considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of sensitised internal forecasts and current financial performance which show that the company has sufficient funds to continue to operate within the level of its existing funding arrangements.

The Covid -19 global pandemic has resulted in teams adapting to new ways of working and searching for software solutions to address the issues of how teams can remain productive and work collaboratively whilst physically distributed. This has led to increased demand for products such as ours. We expect this trend to continue with a new mixed working model emerging where teams work from a mixture of home and the office setting.

The company currently rents the whole Tec Marina office space and sub lets spare space to tenants. As a result of the financial impact of the pandemic, the financial risk of default of these tenants has increased and we expect some companies not to renew when their contracts come to an end. We expect any spare space to be filled over time given that the nature of the office space suits companies looking for open, easily commutable office space outside the city centre where social distancing measures can be more easily maintained. Any spare space is not expected to have an impact on the going concern status of the company.

The directors have modelled a number of different scenarios and have preliminary financial plans in place for each scenario. We have also modelled a best view estimate which considers the most likely position for the next 12 months based on the information we currently hold and are contented that the company remains a going concern.

12. General Information

OpenGenius Limited is a private company, limited by shares, incorporated in England & Wales, registered number 05653541. The registered office is Tec Marina, Terra Nova Way, Penarth, Vale of Glamorgan, CF64 1SA.