

**REGISTERED NUMBER: 07159805 (England and Wales)**

**ENMODUS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

Bevan & Buckland  
Langdon House  
Langdon Road  
SA1 Swansea Waterfront  
Swansea  
SA1 8QY

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Balance Sheet</b>	<b>2</b>
<b>Notes to the Financial Statements</b>	<b>3</b>

**ENMODUS LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**DIRECTORS:**

R B Bedlow  
R T A Hadden  
P G Harverson  
A J Heaton  
J M Spear

**REGISTERED OFFICE:**

1st Floor  
Cas Gwent Chambers  
Welsh Street  
Chepstow  
Gwent  
NP16 5XG

**REGISTERED NUMBER:**

07159805 (England and Wales)

**AUDITORS:**

Bevan & Buckland  
Langdon House  
Langdon Road  
SA1 Swansea Waterfront  
Swansea  
SA1 8QY

**BALANCE SHEET**  
**31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>CURRENT ASSETS</b>			
Stocks		22,075	6,584
Debtors	4	267,989	295,720
Cash at bank and in hand		1,781,798	383,162
		<u>2,071,862</u>	<u>685,466</u>
<b>CREDITORS</b>			
Amounts falling due within one year	5	107,350	5,477,642
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>1,964,512</u>	<u>(4,792,176)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,964,512</u>	<u>(4,792,176)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		9,233	2,838
Share premium		9,910,405	1,248,488
Fair value reserve	7	75,070	-
Retained earnings		<u>(8,030,196)</u>	<u>(6,043,502)</u>
		<u>1,964,512</u>	<u>(4,792,176)</u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 12 April 2018 and were signed on its behalf by:

A J Heaton - Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. STATUTORY INFORMATION**

Enmodus Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Significant judgements and estimates**

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

**Fair Value of Share Options Granted**

The management have considered the fair value of the share options issued by the company and have applied the Black Scholes Model to give a fair estimate of the valuation of these options. This has involved making several assumptions about the market price of the shares of the company, the volatility of the Company's sector and risk free rate of interest as well as the amount of share options granted expected to vest. The management are satisfied that they have sufficiently considered the assumptions made in order to ensure the Black Scholes Model gives an accurate as possible fair value for the share options issued. These share options are recognised over the vesting period of the options.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover for sales of hardware is recognised upon despatch.

Turnover for sales relating to provision of back end services are recognised in the period in which the service was provided.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

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

**Foreign currencies**

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 of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

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

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Going concern**

The financial statements have been prepared on a going concern basis which assumes adequate finance will continue to be made available and accordingly do not take account of adjustments, if any, which may be necessary if the company is unable to continue as a going concern.

The directors have reviewed forecasts, current cash balances and availability of future funding and are confident that the company remains a going concern.

The company has cash reserves to last until November 2018 and has contingencies in place to ensure the company continues to trade into 2019 but is hoping to secure further cash investments in 2018.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. ACCOUNTING POLICIES - continued****Share based payments**

The cost of equity-settled transactions with employees and directors are measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant recipients become fully entitled to the award. This fair value is adjusted annually for share options expected to vest fully.

During the financial year end 31/12/2017 audit it was identified that the Company had not previously included an allowance for the fair value cost estimate for share options granted since the transition date to FRS 102 section 1a (01/01/2015). We have considered this misstatement and do not believe it would materially affect the Financial Statements, as such the full cost of the adjustment has been included within the 2017 financial statement figures. Details on the effect this prior year misstatement has had on the share options cost expense in the profit and loss in 2017 is listed below:

**Details of adjustment**

	<b>£</b>
Fair value increase of share options in financial year ended 31/12/2015	2,519
Fair value increase of share options in financial year ended 31/12/2016	21,876
Fair value increase of share options in financial year ended 31/12/2017	<u>50,675</u>
Total share options cost included within 2017 financial statements	<u><u>75,070</u></u>

**Patent costs**

All patent costs incurred during the year are expensed to the profit and loss account.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 17 (2016 - 17) .

**4. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Trade debtors	3,080	61,701
Other debtors	<u>264,909</u>	<u>234,019</u>
	<u><u>267,989</u></u>	<u><u>295,720</u></u>

**5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Trade creditors	38,124	3,191
Taxation and social security	37,125	37,384
Other creditors	<u>32,101</u>	<u>5,437,067</u>
	<u><u>107,350</u></u>	<u><u>5,477,642</u></u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**6. SECURED DEBTS**

The total borrowings including interest provision amounted to the following sums:

		<b>2017</b>	<b>2016</b>
	<b>£</b>		
Finance Wales Investments Limited		-	2,595,018
Oxygen House Investments Limited		-	1,090,086
Breed Reply Investments Limited		-	<u>1,723,928</u>
<b>Total secured debts</b>		<u>-</u>	<u><b>5,409,032</b></u>

On 26/07/2017 all secured debts held by the Company were deemed as satisfied as part of the conversion to share capital.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**7. RESERVES**

	Fair value reserve £
Increase in share option FV	<u>75,070</u>
At 31 December 2017	<u><u>75,070</u></u>

During the year further investments into the Company of £3,050,000 were made by the following parties:

Date	Name	Amount £
22/06/2017	INTU Ltd	1,500,000
22/06/2017	Finance Wales Ltd	750,000
22/06/2017	Breed Reply Investments Ltd	750,000
02/10/2017	Fluxus	<u>50,000</u>
		<u><u>3,050,000</u></u>

These investments triggered a conversion event of convertible debentures held by the Company from loans into share capital and share premium, the amounts converted (including interest) were as follows:

Name	Amount £
Oxygen House Investments Ltd	1,129,209
Finance Wales Ltd	2,694,333
Breed Reply Investments Ltd	<u>1,794,769</u>
	<u><u>5,618,311</u></u>

Prior to these conversion the Company reduced the value of Preferred Ordinary A shares from £1 to £0.001 per share, reducing the share capital of the company by £3.

The final share capital positions after these events was as follows:

Share Capital	2017	2016
£                      £		
Ordinary	1,397	1,397
Ordinary A	1,438	1,438
Preferred ordinary	<u>6,395</u>	<u>3</u>
	<u><u>9,231</u></u>	<u><u>2,838</u></u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017**

Fair value reserves represents the fair value of share based payment transactions under taken during 2017. During the year the estimate of the number of equity instruments expected to vest was revised as a result of new information arising which indicated that the number of equity instruments expected to vest would be different to previous estimates.

**8. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

Henry Lloyd-Davies (Senior Statutory Auditor)  
for and on behalf of Bevan & Buckland

**9. RELATED PARTY DISCLOSURES**

During the year a loan of £10,000 was made by one of the directors to the company, this was repaid within the year, there are no outstanding director loan balances as at 31/12/2017.

During the year consultancy fees (and expenses) totalling £24,199 (2016: £24,000) were made to Lodestone Solutions Limited, a company controlled by Peter Heller, the company secretary and a shareholder in the company.

During the year convertible loan notes with Oxygen House Investments Ltd totalling £1,229,209 (including interest accrued) were converted into equity. There were also legal and venture capital fees of £23,400 paid to Oxygen House Investments Ltd during the year. Oxygen House Investments Ltd is deemed a related party due to R B Bedlow being a director of both the company and Oxygen House Investments Ltd.

During the year consultancy fees of £12,000 were paid to Sustainability Consulting Solutions Ltd, a company in which J Spear is a director.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**10. SHARE-BASED PAYMENT TRANSACTIONS**

The company established a Share Option Scheme in 2012. Currently there are 118,750 (2016: 118,750) share options outstanding granted under this scheme with an exercise price of £0.75 per ordinary share and 539,150 (2016: 561,650) share options outstanding granted under this scheme with an exercise price of £0.85 per ordinary share. There are no performance conditions, however the vesting period for these share options is 12/48ths vested 12 months after grant date and 1/48th until fully vested each 30 days thereafter. The options can only be exercised within 10 years of grant date in accordance with the Option Scheme. 22,500 share options have lapsed during the financial year ended 31/12/2017 due to a holder of the options leaving employment during the year.

Options are held by 14 individuals, of which 1 is a current director and employee of the company.

At 31 December 2017 the company had share options in issue of:

16/06/2014	Ordinary	@	£0.75	-	18,000
01/08/2014	Ordinary	@	£0.75	-	34,000
29/09/2014	Ordinary	@	£0.75	-	22,500
03/11/2014	Ordinary	@	£0.75	-	22,500
01/01/2015	Ordinary	@	£0.75	-	6,750
05/01/2015	Ordinary	@	£0.75	-	15,000
29/04/2015	Ordinary	@	£0.85	-	106,000
05/05/2015	Ordinary	@	£0.85	-	22,500
29/06/2015	Ordinary	@	£0.85	-	107,000
01/11/2015	Ordinary	@	£0.85		64,150
02/11/2015	Ordinary	@	£0.85		22,500
28/01/2016	Ordinary	@	£0.85		160,500
04/07/2016	Ordinary	@	£0.85		22,500
01/11/2016	Ordinary	@	£0.85		34,000

The Company has taken advantage of exemption under Section 26 of FRS 102, in order to not bring in the fair value of share options granted prior to transition to FRS 102 section 1a date (01/01/2015).

The fair value of share options granted expected to vest as at 31/12/2017 was £75,070 (2016: £nil), with an amount of £75,070 (2016: £nil) recognised as a cost in the profit and loss in relation to this fair value of share options.

As noted elsewhere in the accounts the share options should have been brought in as part of the transition to FRS 102 section 1a in the prior period, we have assessed the prior period error and it has been deemed as not material and as such the full adjustment has been recognised in this period.

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