
SPECTRAL EDGE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

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COMPANIES HOUSE

SPECTRAL EDGE LIMITED
REGISTERED NUMBER: 07538488

BALANCE SHEET
AS AT 28 FEBRUARY 2017

	Note	28 February 2017 £	29 February 2016 £
FIXED ASSETS			
Tangible assets	3	<u>12,498</u>	<u>6,319</u>
		12,498	6,319
CURRENT ASSETS			
Debtors: amounts falling due within one year	4	67,350	32,115
Cash at bank and in hand		<u>915,016</u>	<u>3,358</u>
		982,366	35,473
Creditors: amounts falling due within one year	5	<u>(74,314)</u>	<u>(182,351)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>908,052</u>	<u>(146,878)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>920,550</u>	<u>(140,559)</u>
NET ASSETS/(LIABILITIES)		<u><u>920,550</u></u>	<u><u>(140,559)</u></u>
CAPITAL AND RESERVES			
Called up share capital	6	520	224
Share premium account		2,049,245	334,546
Profit and loss account		<u>(1,129,215)</u>	<u>(475,329)</u>
		<u>920,550</u>	<u>(140,559)</u>

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 by:



Dr R E M Swann
Director

Date: 12 July 2017

The notes on pages 2 to 6 form part of these financial statements.

SPECTRAL EDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

1. GENERAL INFORMATION

Spectral Edge Limited is a private limited company incorporated in England & Wales. The Company's registered office is disclosed on the company information page.

The Company's functional and presentational currency is GBP.

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 following principal accounting policies have been applied:

2.2 GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. During the year, the company incurred a loss after tax of £850,060 (2016: £233,766). The company is involved in research and development activities and is working towards achieving a sustainable revenue generating activity.

The validity of using the going concern basis depends on the achievement of raising additional funding in the future to ensure the company can continue its activities for a further 12 months from the date of approval of these financial statements. The directors acknowledge that there can be no certainty that fundraising targets will be met, or that the timing will be in line with that predicted in the cash flow forecast.

The directors have concluded that these circumstances indicate the existence of a material uncertainty which may cast doubt on the ability of the company to continue as a going concern. The directors recognise that if fundraising targets are not met, or if funds do not materialise in line with the timing currently predicted, then it may not be appropriate to prepare the financial statements on a going concern basis. However, after considering these uncertainties, the directors have reasonable expectation that sufficient cash receipts will be generated over the appropriate timescale. The directors, therefore, believe that it is appropriate to prepare the financial statements on a going concern basis.

2.3 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.

SPECTRAL EDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.3 TANGIBLE FIXED ASSETS (CONTINUED)

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:

Office equipment	-	33.33% straight line
Computer equipment	-	33.33% straight line

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.

2.4 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.

2.5 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.

2.6 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.

2.7 GRANTS

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

2.8 INTEREST INCOME

Interest income is recognised in the statement of comprehensive income using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.9 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 balance sheet 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 balance sheet 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 balance sheet date.

2.10 RESEARCH AND DEVELOPMENT

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017**

3. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Total £
COST OR VALUATION			
At 1 March 2016	-	8,523	8,523
Additions	3,351	7,234	10,585
At 28 February 2017	<u>3,351</u>	<u>15,757</u>	<u>19,108</u>
DEPRECIATION			
At 1 March 2016	-	2,204	2,204
Charge for the year on owned assets	578	3,828	4,406
At 28 February 2017	<u>578</u>	<u>6,032</u>	<u>6,610</u>
NET BOOK VALUE			
At 28 February 2017	<u><u>2,773</u></u>	<u><u>9,725</u></u>	<u><u>12,498</u></u>
At 29 February 2016	<u><u>-</u></u>	<u><u>6,319</u></u>	<u><u>6,319</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017**

4. DEBTORS

	28 February 2017 £	29 February 2016 £
Other debtors	66,150	32,115
Prepayments and accrued income	1,200	-
	<u>67,350</u>	<u>32,115</u>

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28 February 2017 £	29 February 2016 £
Convertible Loan Notes	-	80,000
Trade creditors	22,338	12,344
Social security and other taxes	13,028	6,349
Other creditors	-	78,000
Accrued Expenses	38,948	5,658
	<u>74,314</u>	<u>182,351</u>

6. SHARE CAPITAL

	28 February 2017 £	29 February 2016 £
SHARES CLASSIFIED AS EQUITY		
ALLOTTED, CALLED UP AND FULLY PAID		
182,052 (2016 - 157,100) Ordinary shares of £0.001 each	182	157
157,931 (2016 - NIL) Ordinary B shares of £0.001 each	158	-
180,225 Preference shares of £0.001 each	180	-
66,800 Ordinary A shares of £0.001 each	-	67
	<u>520</u>	<u>224</u>

7. AUDITORS' INFORMATION

The Auditors' Report was unqualified and was signed by James Burrett (Senior Statutory Auditor) for and on behalf of Peters Elworthy & Moore, Salisbury House, Station Road, Cambridge, CB1 2LA.