

UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

FOR

KUDOS INNOVATIONS LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

| | Page |
|--|-------------|
| Company Information | 1 |
| Statement of Financial Position | 2 |
| Notes to the Financial Statements | 4 |

KUDOS INNOVATIONS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS:

H M Kenneway
D L Sommer
D R N Ely
J Reoch
A M Forrestal

REGISTERED OFFICE:

3 And 4 Ashurst Court
London Road Wheatley
Oxford
Oxfordshire
OX33 1ER

REGISTERED NUMBER:

08642156 (England and Wales)

ACCOUNTANTS:

Horizon Accounts Ltd
Stapleton House Second Floor
110 Clifton Street
London
EC2A 4HT

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

| | Notes | 31.12.19 £ | £ | 31.12.18 £ | £ |
|--|-------|----------------|--------------------|------------------|--------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 5 | | 749,971 | | 395,699 |
| Tangible assets | 6 | | <u>56,112</u> | | <u>33,979</u> |
| | | | 806,083 | | 429,678 |
| CURRENT ASSETS | | | | | |
| Debtors | 7 | 425,180 | | 197,319 | |
| Cash at bank and in hand | | <u>477,244</u> | | <u>2,130,819</u> | |
| | | 902,424 | | 2,328,138 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 8 | <u>583,066</u> | | <u>620,696</u> | |
| NET CURRENT ASSETS | | | <u>319,358</u> | | <u>1,707,442</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>1,125,441</u> | | <u>2,137,120</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 10 | | 196 | | 196 |
| Share premium | | | 4,186,355 | | 4,168,795 |
| Retained earnings | | | <u>(3,061,110)</u> | | <u>(2,031,871)</u> |
| | | | <u>1,125,441</u> | | <u>2,137,120</u> |

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

STATEMENT OF FINANCIAL POSITION - continued
31 DECEMBER 2019

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

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 and authorised for issue on 17 August 2020 and were signed on its behalf by:

H M Kenneway - Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. STATUTORY INFORMATION

Kudos Innovations 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. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

Share based payments as set out in note 13 to the accounts have been made to employees of the company. As disclosed in the Share Based Payments accounting policy note below, the fair value of any vested share options is recognised in the income statement and for the accounting year ending 31 December 2019. The estimated fair value per share vested during the year is £0.4603. This is based on the value of Ordinary shares issued.

Turnover

Turnover represents revenue recognised, excluding value added tax.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software are being amortised evenly over their estimated useful life of three years, from the date they are brought into use.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

| | |
|--------------------|--|
| Office equipment | - 25% on straight line |
| Computer equipment | - 20% on reducing balance and 33% on straight line |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

3. ACCOUNTING POLICIES - continued

Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Income Statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Income Statement.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in, the Income Statement, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, loans from fellow Group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

3. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current 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 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 statement of financial position date.

Tax credits disclosed on the income statement represent losses surrendered for research and development tax credits.

Research and development

Development costs are capitalised to the extent that meets the relevant qualifying criteria. Expenditure on research along with development costs that do not meet the relevant qualifying criteria are being 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 statement of financial position 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 the going concern basis. The company has incurred a loss during the year, however, the directors have a reasonable expectation that the company has sufficient resources to meet its obligations if and when they become due. It is on this basis they consider the company should continue to adopt the going concern basis of accounting in preparing the financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand 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 to changes in value.

Share-based payment

The company operates an equity-settled compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement. The credit entry is taken to reserves because the share options are equity-settled.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**4. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 28 (2018 - 16) .

5. INTANGIBLE FIXED ASSETS

| | Computer software £ |
|-----------------------|------------------------|
| COST | |
| At 1 January 2019 | 395,699 |
| Additions | 448,297 |
| At 31 December 2019 | 843,996 |
| AMORTISATION | |
| Amortisation for year | 94,025 |
| At 31 December 2019 | 94,025 |
| NET BOOK VALUE | |
| At 31 December 2019 | 749,971 |
| At 31 December 2018 | 395,699 |

6. TANGIBLE FIXED ASSETS

| | Office equipment £ | Computer equipment £ | Totals £ |
|------------------------|-----------------------|-------------------------|-------------|
| COST | | | |
| At 1 January 2019 | 4,272 | 45,364 | 49,636 |
| Additions | 9,291 | 29,226 | 38,517 |
| Disposals | (144) | (1,694) | (1,838) |
| At 31 December 2019 | 13,419 | 72,896 | 86,315 |
| DEPRECIATION | | | |
| At 1 January 2019 | 2,694 | 12,963 | 15,657 |
| Charge for year | 2,210 | 13,493 | 15,703 |
| Eliminated on disposal | (116) | (1,041) | (1,157) |
| At 31 December 2019 | 4,788 | 25,415 | 30,203 |
| NET BOOK VALUE | | | |
| At 31 December 2019 | 8,631 | 47,481 | 56,112 |
| At 31 December 2018 | 1,578 | 32,401 | 33,979 |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 31.12.19 | 31.12.18 |
|---------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 205,759 | 168,211 |
| Other debtors | 219,421 | 29,108 |
| | <u>425,180</u> | <u>197,319</u> |

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.19 | 31.12.18 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 16,142 | 9,362 |
| Taxation and social security | 66,778 | 42,591 |
| Other creditors | 500,146 | 568,743 |
| | <u>583,066</u> | <u>620,696</u> |

9. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 31.12.19 | 31.12.18 |
|----------------------------|---------------|----------------|
| | £ | £ |
| Within one year | 51,092 | 31,105 |
| Between one and five years | 46,834 | 120,840 |
| | <u>97,926</u> | <u>151,945</u> |

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 31.12.19 | 31.12.18 |
|-----------|-------------|----------------|------------|------------|
| | | | £ | £ |
| 9,000,000 | Ordinary | £0.00001 | 90 | 90 |
| 1,800,073 | A1 Ordinary | £0.00001 | 18 | 18 |
| 3,835,330 | A2 Ordinary | £0.00001 | 38 | 38 |
| 2,069,567 | A3 Ordinary | £0.00001 | 21 | 21 |
| 2,932,549 | A4 Ordinary | £0.00001 | 29 | 29 |
| | | | <u>196</u> | <u>196</u> |

All classes of shares have full voting and dividend rights. On distribution of assets on a liquidation or a return of capital, payments of surplus assets shall be applied, firstly to the A4 Ordinary shares and then followed in order of priority by the A3 Ordinary, A2 Ordinary, A1 Ordinary and lastly the Ordinary shareholders.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

11. RELATED PARTY DISCLOSURES

During the year the company paid TBI Communications Limited £52,389 (2018 - £14,333) in respect of marketing services and general office expenses. The balance outstanding at the end of the year was £Nil (2018 - £Nil). TBI Communications Limited is a company incorporated in England and Wales and is under the control of one of the directors.

All transactions with related parties are conducted at arm's length.

12. ULTIMATE CONTROLLING PARTY

During the year there is no ultimate controlling party.

13. SHARE-BASED PAYMENT TRANSACTIONS

The company operates an approved EMI qualifying share option scheme. During the year, the company granted 147,282 share options to one employee of the company. At the date of the financial statements, all 147,282 share options had lapsed.

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.