

**KOKOON TECHNOLOGY LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

KOKOON TECHNOLOGY LTD
Unaudited Financial Statements
For The Year Ended 30 June 2019

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KOKOON TECHNOLOGY LTD
Balance Sheet
As at 30 June 2019

Registered number: 08740486

		2019		2018 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible Assets	4		30,011		61,184
			<u>30,011</u>		<u>61,184</u>
CURRENT ASSETS					
Stocks	5	347,754		767,906	
Debtors	6	69,401		311,856	
Cash at bank and in hand		8,413		985,454	
		<u>425,568</u>		<u>2,065,216</u>	
Creditors: Amounts Falling Due Within One Year	7	(1,824,447)		(3,116,379)	
		<u>(1,824,447)</u>		<u>(3,116,379)</u>	
NET CURRENT ASSETS (LIABILITIES)			(1,398,879)		(1,051,163)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(1,368,868)</u>		<u>(989,979)</u>
NET ASSETS			<u>(1,368,868)</u>		<u>(989,979)</u>
CAPITAL AND RESERVES					
Called up share capital	8		30,696		27,904
Share premium account			3,797,374		2,979,635
Other reserves			(49,679)		(49,729)
Profit and Loss Account			<u>(5,147,259)</u>		<u>(3,947,789)</u>
SHAREHOLDERS' FUNDS			<u>(1,368,868)</u>		<u>(989,979)</u>

KOKOON TECHNOLOGY LTD
Balance Sheet (continued)
As at 30 June 2019

For the year ending 30 June 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- These accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.
- The company has taken advantage of section 444(1) of the Companies Act 2006 and opted not to deliver to the registrar a copy of the company's Profit and Loss Account.

On behalf of the board

Mr Timothy Antos

16th January 2020

The notes on pages 3 to 9 form part of these financial statements.

KOKOON TECHNOLOGY LTD
Notes to the Financial Statements
For The Year Ended 30 June 2019

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 Section 1A Small Entities - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

1.2. Going Concern Disclosure

The directors believe that notwithstanding current year losses of £1,199,470, net current liabilities of £1,398,879 and net liabilities of £1,368,868, the company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support from investors will be adequate to meet the company's needs for a period of at least 12 months from the date of approval of these financial statements.

1.3. Turnover

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

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

1.4. Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & Fittings	33% Straight line method
Computer Equipment	33% Straight line method

1.5. Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Work-in-progress is reflected in the accounts on a contract by contract basis by recording turnover and related costs as contract activity progresses.

Stock includes returned items that are utilised to satisfy claims under warranty from customers. Returned items are valued at cost of production less an allowance for repairs and irreparable items. Other costs related to returned items are expensed as incurred.

KOKOON TECHNOLOGY LTD
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2019

1.6. Financial Instruments

Other than share options and a convertible loan, which are disclosed below, 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.

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 statement of financial position 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.

1.7. Foreign Currencies

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. Nonmonetary 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'.

The company does not hedge against foreign exchange risk.

1.8. Taxation

There is no tax liability for the year (2018 - Nil) due to losses.

KOKOON TECHNOLOGY LTD
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2019

1.9. 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.

1.10. Convertible debt

The proceeds received on issue of the company's convertible debt are allocated into their liability and equity components and presented separately in the statement of financial position.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

1.11. 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 is measured using an option pricing model which takes into account nonvesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

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 the fair value of goods and services received.

1.12. 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.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2. Average Number of Employees

Average number of employees, including directors, during the year was 7.

KOKOON TECHNOLOGY LTD
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2019

4. Tangible Assets

	Fixtures & Fittings	Computer Equipment	Total
	£	£	£
Cost			
As at 1 July 2018	82,069	28,309	110,378
Additions	-	259	259
As at 30 June 2019	<u>82,069</u>	<u>28,568</u>	<u>110,637</u>
Depreciation			
As at 1 July 2018	30,849	18,345	49,194
Provided during the period	26,055	5,377	31,432
As at 30 June 2019	<u>56,904</u>	<u>23,722</u>	<u>80,626</u>
Net Book Value			
As at 30 June 2019	<u>25,165</u>	<u>4,846</u>	<u>30,011</u>
As at 1 July 2018	<u>51,220</u>	<u>9,964</u>	<u>61,184</u>

5. Stocks

	2019	2018 as restated
	£	£
Stock - materials and work in progress	347,754	767,906
	<u>347,754</u>	<u>767,906</u>

6. Debtors

	2019	2018 as restated
	£	£
Due within one year		
Trade debtors	34,711	18,170
Other debtors	34,690	293,686
	<u>69,401</u>	<u>311,856</u>

KOKOON TECHNOLOGY LTD
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2019

7. Creditors: Amounts Falling Due Within One Year

	2019	2018 as restated
	£	£
Trade creditors	466,824	65,297
Other creditors	1,253,960	3,033,746
Taxation and social security	103,663	17,336
	<u>1,824,447</u>	<u>3,116,379</u>

8. Share Capital

			2019	2018 as restated
Allotted, Called up and fully paid			30,696	27,904
	Value	Number	2019	2018 as restated
Allotted, called up and fully paid	£		£	£
Ordinary Shares	0.001	14736189	14,737	13,613
Ordinary A shares	0.001	1110000	1,110	1,110
Preference Shares	0.001	14848830	14,849	13,181
		30695019	30,696	27,904

	Nominal value	Number	Amount
	£		£
Shares issued during the period:			
Ordinary Shares	0.001	1123152	1,124
Preference Shares	0.001	1667732	1,668
		<u>2790884</u>	<u>2,792</u>

On 14 February 2019 the company issued 963,408 ordinary shares of £0.001 each with a total nominal value of £963. The company received £301,250 which accounted for a share premium of £300,562.

On 14 February 2019 the company issued 1,667,732 preferred ordinary shares of £0.001 each with a total nominal value of £1,668. The company received £522,000 which accounted for a share premium of £520,332.

KOKOON TECHNOLOGY LTD
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2019

On 28 April 2019 the company issued 159,744 ordinary shares of £0.001 each with a total nominal value of £160. The company received £50,000 which accounted for a share premium of £49,840.

All equity securities in issue rank equally in respect of voting, dividends and other distributions save that on a distribution of assets on a liquidation or a return of capital (other than a conversion, redemption or purchase of shares) the surplus assets of the Company remaining after payment of its liabilities shall be applied (to the extent that the Company is lawfully permitted to do so):

(a) First in paying to each of the holders of the preferred ordinary shares, in priority to any other classes of equity shares, an amount per share held equal to the amount subscribed for such preference shares ("the Preference Amount") (provided that if there are insufficient surplus assets to pay the amounts per share equal to the Preference Amount, the remaining surplus assets shall be distributed to the holders of the preferred ordinary shares pro rata to the amounts paid up on the preferred ordinary shares);

(b) Secondly, in paying to each of the holders of the A ordinary shares, in priority to any other classes of shares except the preferred ordinary shares, an amount per share held equal to the Preference Amount (provided that if there are insufficient surplus assets to pay the amounts per share equal to the Preference Amount, the remaining surplus assets shall be distributed to the A Ordinary Shareholders pro rata to the amounts paid up on the A Ordinary Shares);

(c) Thirdly, the balance of the surplus assets (if any) shall be distributed among the holders of equity shares pro rata (as if the equity shares constituted one and the same class) to the number of equity shares held.

9. Other Commitments

The total of future minimum lease payments under non-cancellable operating leases are as following:

	Land and buildings	
	2019	2018
	£	£
Within 1 year	3,990	2,220
	<u>3,990</u>	<u>2,220</u>

10. Directors Advances, Credits and Guarantees

Included within Debtors are the following loans to directors:

	As at 1 July 2018	Amounts advanced	Amounts repaid	Amounts written off	As at 30 June 2019
	£	£	£	£	£
Mr Timothy Antos	-	615	525	-	90

The above loan is unsecured, interest free and repayable on demand.

11. Post Balance Sheet Events

On 17 July 2019, 3,101,126 Ordinary shares of £0.001 each were issued at £0.249 per share and 717,207 Ordinary shares of £0.001 each were issued at £0.001 per share.

On 18 July 2019, 1,667,732 Preferred shares of £0.001 each were reclassified to Ordinary shares of £0.001 each.

On 3 September 2019, 1,419,888 Ordinary shares of £0.001 each were issued at £0.249 per share.

On 5 October 2019, 100,401 Ordinary shares of £0.001 each were issued at £0.249 per share.

On 23 November 2019, 401,606 Ordinary shares of £0.001 each were issued at £0.249 per share.

On 25 November 2019, 1,044,172 Ordinary shares of £0.001 each were issued at £0.249 per share.

KOKOON TECHNOLOGY LTD
Notes to the Financial Statements (continued)
For The Year Ended 30 June 2019

12. General Information

KOKOON TECHNOLOGY LTD is a private company, limited by shares, incorporated in England & Wales, registered number 08740486. The registered office is Unit M1, Shakespeare Business Centre, 245a Coldharbour Lane, London, SW9 8RR.

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.