

REGISTERED NUMBER: 08740486 (England and Wales)

UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

FOR

KOKOON TECHNOLOGY LTD

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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DIRECTORS:

T J Antos
J Farrell
P Filcek
R A Hall
Sir H Yassaie
E Paperini

REGISTERED OFFICE:

CC104, The Biscuit Factory,
Drummond Road,
London
SE16 4DG

REGISTERED NUMBER:

08740486 (England and Wales)

ACCOUNTANTS:

Sedulo Accountants Limited
Chartered Certified Accountants
62-66 Deansgate
Manchester
M3 2EN

BALANCE SHEET
31 DECEMBER 2021

	Notes	31.12.21 £	£	31.12.20 £	£
FIXED ASSETS					
Intangible assets	4		22,588		16,423
Tangible assets	5		<u>26,570</u>		<u>19,714</u>
			49,158		36,137
CURRENT ASSETS					
Stocks		507,614		245,098	
Debtors	6	817,657		113,613	
Cash at bank and in hand		<u>291,629</u>		<u>609,332</u>	
		1,616,900		968,043	
CREDITORS					
Amounts falling due within one year	7	<u>1,190,343</u>		<u>1,237,346</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>426,557</u>		<u>(269,303)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			475,715		(233,166)
CREDITORS					
Amounts falling due after more than one year	8		<u>297,916</u>		<u>250,000</u>
NET ASSETS/(LIABILITIES)			<u><u>177,799</u></u>		<u><u>(483,166)</u></u>
CAPITAL AND RESERVES					
Called up share capital	9		47,161		43,221
Share premium			7,648,812		6,526,438
Other reserves			59,035		18,851
Retained earnings			<u>(7,577,209)</u>		<u>(7,071,676)</u>
			<u><u>177,799</u></u>		<u><u>(483,166)</u></u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- 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.

BALANCE SHEET - continued
31 DECEMBER 2021

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 7 March 2022 and were signed on its behalf by:

T J Antos - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. STATUTORY INFORMATION

Kokoon Technology Ltd 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.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Turnover

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

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.

Patents and licences are being amortised evenly over their estimated useful life of twenty years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and Fittings	- 33% Straight Line
Computer Equipment	- 33% Straight Line

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 2021**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial statements.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which includes debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less, 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 rate method.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

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 the 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 period 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

In common with virtually every other business in the country, the Company has been experiencing the effects of the Coronavirus pandemic. Whilst the full impact of this exceptional situation on the Company cannot be assessed with complete certainty at the current time, the Directors believe they have taken all possible steps to protect the Company including accessing relevant Government assistance.

At the time of signing these accounts the Directors are of the opinion that the Company will remain viable for the foreseeable future and therefore these Financial Statements have been prepared on the Going Concern basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 11.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest unless the exercise period commences immediately following the grant date, in which case the entire fair value of the equity-settled share-based payment is expensed to the income statement. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

In respect of equity settled share based payments entered into or granted prior to the start of a financial period where the accounting policies adopted did not require recognition of the fair value thereof annual charges in respect to earlier periods are recognised as prior year adjustments to the opening position and reflected in the comparative numbers where appropriate.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 15 (2020 - 13) .

4. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2021	21,839
Additions	7,312
At 31 December 2021	<u>29,151</u>
AMORTISATION	
At 1 January 2021	5,416
Amortisation for year	1,147
At 31 December 2021	<u>6,563</u>
NET BOOK VALUE	
At 31 December 2021	<u>22,588</u>
At 31 December 2020	<u>16,423</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

5. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2021	96,161	35,328	131,489
Additions	<u>11,093</u>	<u>5,967</u>	<u>17,060</u>
At 31 December 2021	<u>107,254</u>	<u>41,295</u>	<u>148,549</u>
DEPRECIATION			
At 1 January 2021	82,423	29,352	111,775
Charge for year	<u>6,249</u>	<u>3,955</u>	<u>10,204</u>
At 31 December 2021	<u>88,672</u>	<u>33,307</u>	<u>121,979</u>
NET BOOK VALUE			
At 31 December 2021	<u>18,582</u>	<u>7,988</u>	<u>26,570</u>
At 31 December 2020	<u>13,738</u>	<u>5,976</u>	<u>19,714</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	31.12.20 £
Trade debtors	70,668	20,261
Other debtors	<u>746,989</u>	<u>93,352</u>
	<u>817,657</u>	<u>113,613</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	31.12.20 £
Bank loans and overdrafts	148	-
Trade creditors	840,572	1,065,669
Taxation and social security	42,333	81,566
Other creditors	<u>307,290</u>	<u>90,111</u>
	<u>1,190,343</u>	<u>1,237,346</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.21 £	31.12.20 £
Other creditors	<u>297,916</u>	<u>250,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued

Amounts due under a CBIL term loan under which the interest for the first 12 months is paid by the British Business Bank. For the balance of the term of interest is at 9% and the loan is repaid in equal monthly instalments. The loan is secured on the assets of the Company.

9. CALLED UP SHARE CAPITAL

Allotted, Called up and fully paid

	Value £	Number	2021 £	2020 £
Ordinary Shares	0.001	30,478,356	30,478	28,930
Ordinary A Shares	0.001	1,110,000	1,110	1,110
Ordinary B Shares	0.001	3,501,573	3,502	-
Preferred Ordinary Shares	0.001	13,181,098	13,181	13,181
		<u>43,220,883</u>	<u>48,271</u>	<u>43,221</u>

Shares issued during the period	Nominal Value £	Number	Amount £
Ordinary Shares	0.001	1,548,621	1,548
Ordinary B Shares	0.001	3,501,573	3,502

During the financial period 1,548,621 ordinary shares were issued for cash subscriptions totalling £373,200 of which £1,549 represented the nominal value of such ordinary shares and £371,651 the premium paid thereon.

During the financial period 3,501,573 ordinary B shares were issued for cash subscriptions totalling £812,365 of which £3,502 represented the nominal value of such ordinary shares and £808,863 the premium paid thereon.

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.

10. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Included within other creditors is an amount owed to the directors of £9 (2020: £465).

The loan is interest free with no fixed repayment terms.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

11. SHARE-BASED PAYMENT TRANSACTIONS

Equity settled share option schemes and ad hoc option grants

The Company has a share option scheme for all employees of the Company. The options vest either on the date of grant or upon a schedule over up to four years. Options are forfeited if the employee leaves the Company's employment before the options have fully vested, although a short period is provided in which they may be exercised following such end of employment to the extent that options have actually vested or the Board may permit all or part of the option to continue to be exercisable. In addition, certain advisers to the Company have been granted ad hoc options exercisable at a price determined by the Board at the time of grant.

Details of the share options outstanding during the year ended 31 December 2021 and the six months ended 31 December 2020 are as follows:

	31 December 21		31 December 20	
	Number of Ordinary Shares under option	Weighted average exercise price £	Number of Ordinary Shares under option	Weighted average exercise price £
Outstanding at beginning of year	1,385,796	0.01	1,385,796	0.01
Issued in year	1,865,000	0.01	-	0.01
Exercised in year	(40,000)	-	-	-
Expired in year	-	0.01	-	0.01
Outstanding at end of the year	3,210,976	0.01	1,385,796	0.01

During the financial year to 31 December 2021 options were granted to employees and non-employees with all options vesting over 4 years with a one year cliff to 25% and then the balance of 75% vesting evenly over the following three years.

Options granted to employees were valued using a Black Scholes model and the price paid by the most recent preceding subscription was used as the base price for this purpose.

The inputs to the Black-Scholes model for the period to 31 December 2021 are as follows:

	2021	2020
Value at grant	£0.232	£0.232
Expected volatility	10.8%	25.0%
Expected life	10 years	10 years
Risk free interest rate	1.34%	0.57%
Expected dividend yield	0%	0%

An adjustment, following an annual assessment, is made for the percentage of granted options that will lapse and the valuation is reduced by this amount.

The Company recognised total expense of £37,208 related to equity share-based payment transactions in the period ending 31 December 2021 (2020 - £18,238).

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.