

Company Registration No. 08766237 (England and Wales)

GRAKN LABS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019
PAGES FOR FILING WITH REGISTRAR

GRAKN LABS LIMITED

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GRAKN LABS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 NOVEMBER 2019

	Notes	2019 £	£	2018 £	£
Non-current assets					
Property, plant and equipment	3		10,942		19,987
Investments	4		-		100
			<u>10,942</u>		<u>20,087</u>
Current assets					
Trade and other receivables	5	252,599		222,282	
Cash and cash equivalents		697,896		11,009	
		<u>950,495</u>		<u>233,291</u>	
Current liabilities	6	(116,871)		(128,577)	
Net current assets			833,624		104,714
Total assets less current liabilities			<u>844,566</u>		<u>124,801</u>
Non-current liabilities	7		-		(823,613)
Net assets/(liabilities)			<u>844,566</u>		<u>(698,812)</u>
Equity					
Called up share capital	9		158,574		131,334
Share premium account			4,085,933		2,858,927
Retained earnings			(3,399,941)		(3,689,073)
Total equity			<u>844,566</u>		<u>(698,812)</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

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

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

GRAKN LABS LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 NOVEMBER 2019

The financial statements were approved by the board of directors and authorised for issue on 9 April 2020 and are signed on its behalf by:

S J Lawson

Director

Company Registration No. 08766237

GRAKN LABS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2019

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Balance at 1 December 2017		130,240	2,858,927	(3,044,050)	(54,883)
Year ended 30 November 2018:					
Loss and total comprehensive income for the year		-	-	(645,023)	(645,023)
Issue of share capital	9	1,094	-	-	1,094
Balance at 30 November 2018		131,334	2,858,927	(3,689,073)	(698,812)
Year ended 30 November 2019:					
Profit and total comprehensive income for the year		-	-	289,132	289,132
Issue of share capital	9	27,240	1,227,006	-	1,254,246
Balance at 30 November 2019		158,574	4,085,933	(3,399,941)	844,566

GRAKN LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

Company information

Grakn Labs Limited is a private company limited by shares incorporated in England and Wales. The registered office is First Floor, Thavies Inn House, 3-4 Holborn Circus, London, EC1N 2HA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 £.

The financial statements have been prepared under the historical cost convention

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

At the reporting date the company had accumulated losses of £3,399,941. During the year loans of £955,285 and accumulated interest of £98,791 due to Animatrix Founders LLP were written off. At the same time the company raised £1,254,246 through the issue of new shares, leaving the company with net assets of £844,566 at 30 November 2019. The company is doing well generating its own sales revenue and is in advanced discussions with a number of potential customers. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

1.3 Revenue

Revenue is recognised when the service is performed to the extent that it is probable that economic benefit will flow into the company, excludes value added tax and arises solely in the United Kingdom.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25%
Computer equipment	25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of income.

1.5 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

GRAKN LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position 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 include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost. 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 trade and other payables, and loans from connected companies, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Trade payables are obligations to pay for goods or 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 payables are recognised initially at transaction price and subsequently measured at amortised cost.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

GRAKN LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using an appropriate pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

GRAKN LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

1 Accounting policies

(Continued)

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 12 (2018 - 11).

3 Property, plant and equipment

Plant and machinery etc

£

Cost

At 1 December 2018	94,165
Additions	5,156
Disposals	(2,701)
	<hr/>
At 30 November 2019	96,620

Depreciation and impairment

At 1 December 2018	74,178
Depreciation charged in the year	14,065
Eliminated in respect of disposals	(2,565)
	<hr/>
At 30 November 2019	85,678

Carrying amount

At 30 November 2019	10,942
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At 30 November 2018	19,987
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4 Fixed asset investments

2019

£

2018

£

Investments	-	100
	<hr/>	<hr/>

GRAKN LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

4 Fixed asset investments (Continued)

Movements in non-current investments

Shares in group undertakings

	£
Cost or valuation	
At 1 December 2018	100
Disposals	(100)
	<hr/>
At 30 November 2019	-
	<hr/>
Carrying amount	
At 30 November 2019	-
	<hr/>
At 30 November 2018	100
	<hr/>

5 Trade and other receivables

	2019 £	2018 £
Amounts falling due within one year:		
Trade receivables	23,190	-
Corporation tax recoverable	167,000	137,800
Other receivables	62,409	84,482
	<hr/>	<hr/>
	252,599	222,282
	<hr/>	<hr/>

Included in other receivables is an amount of £35,937 (2018 - £35,937) which is due after more than one year.

6 Current liabilities

	2019 £	2018 £
Trade payables	12,312	37,834
Taxation and social security	17,307	12,176
Other payables	87,252	78,567
	<hr/>	<hr/>
	116,871	128,577
	<hr/>	<hr/>

7 Non-current liabilities

	2019 £	2018 £
Other payables	-	823,613
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GRAKN LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

8 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2019 Number	2018 Number	2019 £	2018 £
Outstanding at 1 December 2018	23,107	32,560	1.00	1.00
Granted	1,300	16,774	1.00	1.00
Forfeited	-	(25,133)	-	1.00
Exercised	(3,137)	(1,094)	1.00	1.00
Outstanding at 3 July 2019	21,270	23,107	1.00	1.00
Subdivision of options	2,127,000	-	0.01	-
Exercised	(38,600)	-	0.01	-
Outstanding at 30 November 2019	2,088,400	23,107	0.01	1.00
Exercisable at 30 November 2019	932,800	860	0.01	1.00

GRAKN LABS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2019

8 Share-based payment transactions

(Continued)

In November 2017 32,560 options were granted to 14 employees and directors under an EMI Share Option Plan.

The options outstanding at 30 November 2017 have an exercise price of £1 per option and vest over a period of between nine months and three years.

These options are valid for ten years from the date of grant, however the options cannot be exercised if the option holder is no longer employed with the company unless permitted by the board. Additionally these options can be exercised at any time at which an offer has been made to acquire a controlling interest of the company.

At the date of grant the directors considered the fair value of these options to be £nil.

During the year to 30 November 2018 25,133 options held at 1 December 2017 were forfeited.

In June 2018 a further 16,774 options were granted to 8 employees and a director under an EMI Share Option Plan.

These options also have an exercise price of £1 per option and vest over a period of between 3 months and 5 years.

The options granted during June 2018 have the same conditions as those granted in November 2017.

At the date of grant the directors considered the fair value of these options to be £nil.

During the period to 3 July 2019 1,300 options were granted to 1 employee and 3,137 options had been exercised. At the date of grant the directors considered the fair value of the options granted during this period to be £nil.

On 3 July 2019 the company's Ordinary shares of £1 each were subdivided into Ordinary shares of £0.01 each as were the share options in issue. As such the 21,270 options in issue at 3 July 2019 became 2,127,000 options in issue.

Following the subdivision a further 38,600 options had been exercised.

9 Called up share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
131,334 Ordinary shares of £1 each	-	131,334
15,857,448 Ordinary shares of £0.01 each	158,574	-
	<u>158,574</u>	<u>-</u>

During the year the company's Ordinary shares of £1 each were converted into Ordinary shares of £0.01 each.

10 Related party transactions

During the year loans of £955,285 and accrued interest of £98,791 due to Animatrix Finance Limited were transferred to Animatrix Founders LLP and were subsequently written off. R C G Lywood has a controlling interest in both Animatrix Finance Limited and Animatrix Founders LLP.

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.