

DEONTICS LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2022

DEONTICS LIMITED
REGISTERED NUMBER: 08782234

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	4	109,327	153,799
Tangible assets	5	3,862	1,134
		<u>113,189</u>	<u>154,933</u>
Current assets			
Debtors: amounts falling due within one year	6	167,058	253,944
Cash at bank and in hand		157,793	744,648
		<u>324,851</u>	<u>998,592</u>
Creditors: amounts falling due within one year	7	(94,174)	(863,843)
Net current assets		<u>230,677</u>	<u>134,749</u>
Total assets less current liabilities		<u>343,866</u>	<u>289,682</u>
Net assets		<u><u>343,866</u></u>	<u><u>289,682</u></u>
Capital and reserves			
Called up share capital		11,504	10,739
Share premium account		5,805,037	4,453,490
Profit and loss account		(5,472,675)	(4,174,547)
		<u><u>343,866</u></u>	<u><u>289,682</u></u>

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

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 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 income and retained earnings 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 J E Whitticase

Director

Date: 18 May 2023

The notes on pages 3 to 10 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Deontics Limited, company number 08782234, is a private company limited by shares and incorporated in England and Wales. The registered office is Orion House, Upper St. Martin's Lane, London, England, WC2H 9EA.

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.

The company has the continued support of the directors and shareholders and the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

2.3 Foreign currency translation

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. Non-monetary 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.8 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 profit or loss 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.

2.9 Taxation

Tax is recognised in profit or loss 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 reporting date in the countries where the Company operates and generates income.

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	5	years
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Development costs are capitalised where all of the following criteria can be demonstrated:

- (a) the technical feasibility of completing the intangible fixed asset
- (b) the intention to complete and use or sell the asset
- (c) the ability to sell the asset
- (d) the existence of a market, or if to be used internally, the usefulness of the asset
- (e) the availability of adequate technical, financial and other resources to complete the asset
- (f) the cost of the asset can be measured reliably

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 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:

Computer equipment	- 33%
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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 profit or loss.

2.12 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.

2.13 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.

2.14 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.

2.15 Financial instruments

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 ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the year was 12 (2021 - 11).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Intangible assets

	Development expenditure £
Cost	
At 1 January 2022	222,360
	<hr/>
	222,360
At 31 December 2022	<hr/>
Amortisation	
At 1 January 2022	68,561
	<hr/>
	44,472
Charge for the year on owned assets	<hr/>
	113,033
At 31 December 2022	<hr/>
Net book value	
	<hr/>
	109,327
At 31 December 2022	<hr/>
	153,799
At 31 December 2021	<hr/>

DEONTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. Tangible fixed assets

	Computer equipment £
Cost or valuation	
At 1 January 2022	2,316
Additions	4,023
	<hr/>
At 31 December 2022	6,339
	<hr/>
Depreciation	
At 1 January 2022	1,183
Charge for the year on owned assets	1,294
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At 31 December 2022	2,477
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Net book value	
At 31 December 2022	3,862
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<i>At 31 December 2021</i>	<i>1,134</i>
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6. Debtors

	2022 £	2021 £
Trade debtors	28,000	74,241
Other debtors	10,959	892
Prepayments and accrued income	22,972	28,811
Tax recoverable	105,127	150,000
	<hr/>	<hr/>
	167,058	253,944
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DEONTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. Creditors: Amounts falling due within one year

	2022 £	2021 £
Convertible loan notes	-	667,332
Trade creditors	24,715	26,711
Other taxation and social security	52,058	152,450
Other creditors	14,901	11,100
Accruals and deferred income	2,500	6,250
	<u>94,174</u>	<u>863,843</u>

Convertible loan notes

(a) In 2018 the company resolved to create up to a maximum nominal amount of £1,000,000 zero rate convertible redeemable loan notes.

Any or all of the notes held by a noteholder which remain outstanding at the conversion date may be converted into shares by the noteholder. In the case of an Issuer Notice the shares shall be converted at a rate of one ordinary share for £4.15 of nominal value of notes. In the case of a Noteholder Notice, which is not a follow on notice, the shares shall be converted at a rate of £11.03 of nominal value of notes. No interest shall be payable in respect of the notes.

During the year convertible loan notes totalling £nil (2021 - £189,856) were converted to equity.

At the year end convertible loan notes in issue totalled £nil (2021 - £nil).

(b) Under a convertible loan agreement dated 30 July 2020 the company received £300,000 from UK FF Nominees Ltd (The Future Fund). Matched funding of £300,000 was also received as a convertible loan. Interest is charged on the loan notes at a rate of 8% per annum.

During the year £34,981 (2021 - £48,000) of interest was accrued and added to the convertible loan balance within creditors.

During the year loan notes totalling £600,000 (2021 - £nil) were converted to equity.

At the year end convertible loan notes in issue totalled £nil (2021 - £600,000).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
11,504,487 (2021 - 10,739,000) Ordinary Shares shares of £0.001000 each	11,504	10,739
85,915 (2021 - 85,915) Ordinary A Shares shares of £0.000001 each	-	-
	<u>11,504</u>	<u>10,739</u>

During the year 765,313 £0.001 Ordinary shares were issued for an aggregate value of £1,352,312.

9. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounts to £17,018 (2021 - £11,363). At the year end date £3,801 (2021 - £nil) was owed to the pension scheme.

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.