

Company Registration No. 09569094 (England and Wales)

PROQUO AI LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PAGES FOR FILING WITH REGISTRAR

PROQUO AI LIMITED

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PROQUO AI LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£	£	£	£
Non-current assets					
Intangible assets	4		1,035,617		1,064,354
Property, plant and equipment	5		49,280		56,528
Investments	6		1,050		1,050
			<u>1,085,947</u>		<u>1,121,932</u>
Current assets					
Trade and other receivables	7	4,789,736		1,770,581	
Cash and cash equivalents		<u>357,160</u>		<u>943,299</u>	
		5,146,896		2,713,880	
Current liabilities	8	<u>(2,864,217)</u>		<u>(471,028)</u>	
Net current assets			<u>2,282,679</u>		<u>2,242,852</u>
Total assets less current liabilities			<u>3,368,626</u>		<u>3,364,784</u>
Non-current liabilities	9		<u>(8,831,655)</u>		<u>(3,719,993)</u>
Net liabilities			<u><u>(5,463,029)</u></u>		<u><u>(355,209)</u></u>
Equity					
Called up share capital	11		1,563		1,563
Share premium account			4,265,654		4,265,654
Equity reserve			617,022		267,438
Capital redemption reserve			1		1
Other reserves			319,893		105,087
Retained earnings			<u>(10,667,162)</u>		<u>(4,994,952)</u>
Total equity			<u><u>(5,463,029)</u></u>		<u><u>(355,209)</u></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 31 December 2021 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.

PROQUO AI LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

The financial statements were approved by the board of directors and authorised for issue on 28 April 2022 and are signed on its behalf by:

C Hotson
Director

Company Registration No. 09569094

PROQUO AI LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

ProQuo AI Limited is a private company limited by shares incorporated in England and Wales. The registered office is 5A Bear Lane, Southwark, London, United Kingdom, SE1 0UH.

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 principal accounting policies adopted are set out below.

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

The directors are confident the company is a going concern as a result of investment expected within 12 months of these accounts.

1.3 Revenue

Revenue represents amounts receivable for services net of VAT and is recognised on a contractual due date basis.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets comprise predominantly of development costs incurred in respect of the creation of the company's intellectual property. This intellectual property is estimated to have a useful life of 3 years and is amortised on a straight line basis over this period. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

Amortisation 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:

IP Development	3 years
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PROQUO AI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 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:

Computer & office equipment	3 years
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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 profit or loss.

1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities 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 profit or loss.

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.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 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 using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

PROQUO AI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, 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 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 using the effective interest method.

1.8 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

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.

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.

1.11 Retirement benefits

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

1.12 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

PROQUO AI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.13 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 in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	37	21

4 Intangible fixed assets

	Other £
Cost	
At 1 January 2021	1,768,721
Additions	841,255
At 31 December 2021	2,609,976
Amortisation and impairment	
At 1 January 2021	704,367
Amortisation charged for the year	869,992
At 31 December 2021	1,574,359
Carrying amount	
At 31 December 2021	1,035,617
At 31 December 2020	1,064,354

PROQUO AI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Property, plant and equipment

	Plant and machinery etc
	£
Cost	
At 1 January 2021	135,110
Additions	45,069
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At 31 December 2021	180,179
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Depreciation and impairment	
At 1 January 2021	78,582
Depreciation charged in the year	52,317
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At 31 December 2021	130,899
	<hr/>
Carrying amount	
At 31 December 2021	49,280
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At 31 December 2020	56,528
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6 Fixed asset investments

	2021	2020
	£	£
Shares in group undertakings and participating interests	1,050	1,050
	<hr/>	<hr/>

7 Trade and other receivables

	2021	2020
	£	£
Amounts falling due within one year:		
Trade receivables	92,016	9,632
Other receivables	4,697,720	1,760,949
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	4,789,736	1,770,581
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PROQUO AI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Current liabilities

	2021 £	2020 £
Bank loans and overdrafts	1,863,645	270
Trade payables	492,818	171,515
Corporation tax	9,750	-
Other taxation and social security	201,981	153,578
Other payables	296,023	145,665
	<u>2,864,217</u>	<u>471,028</u>

Within Bank Loans and Overdrafts, FCRF 3 Limited have registered a charge at Companies House against their loan facility of £1.5m.

9 Non-current liabilities

	Notes	2021 £	2020 £
Bank loans and overdrafts		35,000	50,000
Convertible loans		8,796,655	3,669,993
		<u>8,831,655</u>	<u>3,719,993</u>

Creditors which fall due after five years are as follows:

	2021 £	2020 £
Payable other than by instalments	8,796,655	3,719,993
	<u>8,796,655</u>	<u>3,719,993</u>

10 Share-based payment transactions

Liabilities and expenses

During the year, the company recognised total share-based payment expenses of £214,806 (2020 - £105,087) which related to equity settled share based payment transactions.

The expense recognised in the year is a management estimate valuation of the share options. A professional valuation will be carried out as soon as it is practicable for the company to do so and any required adjustments to the above figures will be reflected in future accounts.

11 Called up share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	156,292	156,292	1,563	1,563
	<u>156,292</u>	<u>156,292</u>	<u>1,563</u>	<u>1,563</u>

PROQUO AI LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Directors' transactions

At the year end, the balance owing to the company by the director was £30,000 (2020 - £30,000).

Transactions are disclosed on an aggregated basis.

13 Related party transactions

The company is exempt from disclosing related party transactions under S33.1A FRS 102, as they are with a wholly owned subsidiary.

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.