

**ENGITIX LIMITED**

**Financial statements**

**Information for filing with the registrar**

**For the Year Ended 31 December 2019**



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**ENGITIX LIMITED**

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**ENGITIX LIMITED**  
Registered number: 10290441

**Balance Sheet**  
**As at 31 December 2019**

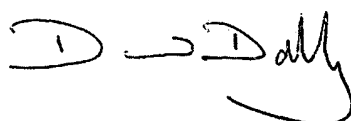
	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	5	78,698	71,269
Tangible assets	6	36,044	18,805
Investments	7	80	-
		<u>114,822</u>	<u>90,074</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	417,668	158,958
Cash at bank and in hand	9	4,214,918	5,033,222
		<u>4,632,586</u>	<u>5,192,180</u>
Creditors: amounts falling due within one year	10	(1,243,986)	(438,110)
<b>Net current assets</b>		<u>3,388,600</u>	<u>4,754,070</u>
<b>Total assets less current liabilities</b>		<u>3,503,422</u>	<u>4,844,144</u>
<b>Provisions for liabilities</b>			
Deferred tax	11	(6,127)	(3,197)
		<u>(6,127)</u>	<u>(3,197)</u>
<b>Net assets</b>		<u><u>3,497,295</u></u>	<u><u>4,840,947</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	216	216
Share premium account		5,049,211	5,049,211
Profit and loss account		(1,552,132)	(208,480)
		<u>3,497,295</u>	<u>4,840,947</u>

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 comprehensive income 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 on 3 September 2020.

**David James Michael Dally**  
Director



The notes on pages 2 to 11 form part of these financial statements.

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## ENGITIX LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2019

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#### 1. General information

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is:

Mercer & Hole  
21 Lombard Street,  
London  
EC3V 9AH.

#### 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 accounts have been prepared on a going concern basis. The balance sheet shows net assets of £3.5 million including cash of £4.2 million. However an increase in administrative expenses in the year resulted in a net loss of £1.34 million. The nature of the business is such that the company is not expected to be profitable in the short to medium term.

The company has successfully negotiated a new contract with an existing partner and as such the directors are confident that the company can continue as a Going Concern.

##### 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.

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## ENGITIX LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2019

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## 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:

#### 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 Operating leases: the Company as lessee

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

### 2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

### 2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

### 2.8 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

### 2.9 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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## ENGITIX LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2019

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#### 2. Accounting policies (continued)

##### 2.10 Current and deferred taxation

The tax expense for the period comprises deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which 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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

##### 2.11 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:

Intellectual property rights	-	5	years
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##### 2.12 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.

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## ENGITIX LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2019

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#### 2. Accounting policies (continued)

##### 2.12 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:

Plant and machinery	-	25% Straight Line
Office equipment	-	25% Straight Line
Computer equipment	-	25% Straight Line

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 the Statement of Comprehensive Income.

##### 2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

##### 2.14 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 12 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### 2.16 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and

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## ENGITIX LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2019

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#### 2. Accounting policies (continued)

##### 2.16 Financial instruments (continued)

subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

#### 3. Judgments in applying accounting policies 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 but nevertheless are inherent in the production of any set of accounts. These 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.

#### 4. Employees

The average monthly number of employees, including directors, during the year was 12 (2018 - 8).



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ENGITIX LIMITED

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Notes to the Financial Statements  
For the Year Ended 31 December 2019

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5. Intangible assets

	Patents £
<b>Cost</b>	
At 1 January 2019	90,529
Additions	23,974
At 31 December 2019	<u>114,503</u>
<b>Amortisation</b>	
At 1 January 2019	19,260
Charge for the year on owned assets	16,545
At 31 December 2019	<u>35,805</u>
<b>Net book value</b>	
At 31 December 2019	<u><u>78,698</u></u>
At 31 December 2018	<u><u>71,269</u></u>

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**ENGITIX LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2019**

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**6. Tangible fixed assets**

	Plant and machinery £	Office equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2019	24,178	-	2,524	26,702
Additions	27,616	1,788	-	29,404
At 31 December 2019	<u>51,794</u>	<u>1,788</u>	<u>2,524</u>	<u>56,106</u>
<b>Depreciation</b>				
At 1 January 2019	7,371	-	526	7,897
Charge for the year on owned assets	11,300	234	631	12,165
At 31 December 2019	<u>18,671</u>	<u>234</u>	<u>1,157</u>	<u>20,062</u>
<b>Net book value</b>				
At 31 December 2019	<u>33,123</u>	<u>1,554</u>	<u>1,367</u>	<u>36,044</u>
At 31 December 2018	<u>16,807</u>	<u>-</u>	<u>1,998</u>	<u>18,805</u>

**7. Fixed asset investments**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
Additions	80
At 31 December 2019	<u>80</u>

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**ENGITIX LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2019**

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**7. Fixed asset investments (continued)**

**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Engitix Inc	700 Main Street, Cambridge, MA 02139	Ordinary Shares	100%

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves</b>	<b>Profit/(Loss)</b>
Engitix Inc	76	-

**8. Debtors**

	<b>2019 £</b>	<b>2018 £</b>
Trade debtors	156,640	119,863
Amounts owed by group undertakings	8,849	-
Other debtors	250,512	37,462
Prepayments and accrued income	1,667	1,633
	<b>417,668</b>	<b>158,958</b>

**9. Cash and cash equivalents**

	<b>2019 £</b>	<b>2018 £</b>
Cash at bank and in hand	4,214,918	5,033,222
	<b>4,214,918</b>	<b>5,033,222</b>

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**ENGITIX LIMITED**

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**Notes to the Financial Statements  
For the Year Ended 31 December 2019**

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**10. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Other loans	-	2,045
Trade creditors	90,698	79,489
Other taxation and social security	96,429	24,545
Other creditors	121,067	119,025
Accruals and deferred income	935,792	213,006
	<u>1,243,986</u>	<u>438,110</u>

**11. Deferred taxation**

	2019 £
At beginning of year	3,197
Charged to profit or loss	2,930
At end of year	<u>6,127</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	6,127	3,197
	<u>6,127</u>	<u>3,197</u>

**12. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
2,159 (2018 - 2,159) Ordinary Shares shares of £0.10 each	<u>216</u>	<u>216</u>

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## ENGITIX LIMITED

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### Notes to the Financial Statements For the Year Ended 31 December 2019

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#### 13. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £9,363.

Contributions totalling £1,101 (2018 - £347) were payable to the scheme at the end of the year and are included in creditors.

#### 14. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows: 2019, £43,966 and 2018, £15,636.

#### 15. Employee Share Plan

On the 5th of September 2018, the Company established an employee share plan, pursuant to which the Company would be able to grant Enterprise Management Incentive (EMI) and unapproved options to employees and directors.

On the same date, the Company granted 15 EMI share options to certain employees. These options would vest on the third anniversary of the date of the grant and the options would be granted over ordinary shares of £0.10 each. Once vested, options would be exercisable at any time subject to certain provisions.

On the 24th of September 2018, the Company has agreed an actual market valuation (£0.10) of the shares for the purposes of the grant of EMI options with HMRC's Shares and Assets Valuation. The scheme was registered with HMRC on the 02 April 2019.

#### 16. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2019 was unqualified.

The audit report was signed on 3 September 2020 by Andrew Crook BA ACA (Senior Statutory Auditor) on behalf of Mercer & Hole Chartered Accountants.