

Company registration number 10803852 (England and Wales)

OXFORD QUANTUM CIRCUITS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
PAGES FOR FILING WITH REGISTRAR



OXFORD QUANTUM CIRCUITS LIMITED


BALANCE SHEET AS AT 30 JUNE 2022

| | Notes | 2022 £ | £ | 2021 £ | £ |
|--|-------|-------------|--------------|-------------|-------------|
| Fixed assets | | | | | |
| Tangible assets | 3 | | 1,738,225 | | 1,772,625 |
| Current assets | | | | | |
| Debtors | 4 | 2,413,583 | | 1,333,001 | |
| Cash at bank and in hand | | 27,772,848 | | 3,836,877 | |
| | | 30,186,431 | | 5,169,878 | |
| Creditors: amounts falling due within one year | 5 | (1,640,469) | | (1,148,525) | |
| Net current assets | | | 28,545,962 | | 4,021,353 |
| Total assets less current liabilities | | | 30,284,187 | | 5,793,978 |
| Creditors: amounts falling due after more than one year | 6 | | (322,035) | | (8,402,740) |
| Net assets/(liabilities) | | | 29,962,152 | | (2,608,762) |
| Capital and reserves | | | | | |
| Called up share capital | 10 | | 1,100 | | 262 |
| Share premium account | | | 40,823,001 | | 2,019,990 |
| Non-distributable profits reserve | 11 | | - | | 394,478 |
| Distributable profit and loss reserves | | | (10,861,949) | | (5,023,492) |
| Total equity | | | 29,962,152 | | (2,608,762) |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on Dec 2, 2022 and are signed on its behalf by:


Ilana Wisby (Dec 2, 2022 11:30 EST)

I S Wisby
Director

Company Registration No. 10803852

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Oxford Quantum Circuits Limited is a private company limited by shares incorporated in England and Wales. The registered office is C/O Ince GD Corporate Services Limited, Aldergate Tower, 2 Leman Street, London, United Kingdom, E1 8QN.

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.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

1.3 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.4 Tangible fixed assets

Tangible fixed assets 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:

| | |
|------------------------|-----------------------|
| Leasehold improvements | 5 years straight line |
| Plant and equipment | 5 years straight line |
| Computers | 3 years straight line |

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

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.

1.5 Impairment of fixed 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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 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.

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

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.

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

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.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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 the Black Scholes 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.

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.15 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.

1.16 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 Employees

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

| | 2022 Number | 2021 Number |
|-------|----------------|----------------|
| Total | 39 | 20 |

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

3 Tangible fixed assets

| | Leasehold improvements £ | Plant and equipment £ | Computers £ | Total £ |
|------------------------------------|--------------------------------|-----------------------------|----------------|------------|
| Cost | | | | |
| At 1 July 2021 | 451,461 | 1,429,556 | 60,618 | 1,941,635 |
| Additions | 13,955 | 269,189 | 70,395 | 353,539 |
| At 30 June 2022 | 465,416 | 1,698,745 | 131,013 | 2,295,174 |
| Depreciation and impairment | | | | |
| At 1 July 2021 | 46,576 | 102,928 | 19,506 | 169,010 |
| Depreciation charged in the year | 99,227 | 258,914 | 29,798 | 387,939 |
| At 30 June 2022 | 145,803 | 361,842 | 49,304 | 556,949 |
| Carrying amount | | | | |
| At 30 June 2022 | 319,613 | 1,336,903 | 81,709 | 1,738,225 |
| At 30 June 2021 | 404,885 | 1,326,628 | 41,112 | 1,772,625 |

4 Debtors

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Corporation tax recoverable | 1,632,603 | 681,169 |
| Other debtors | 780,980 | 651,832 |
| | 2,413,583 | 1,333,001 |

5 Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------|-----------|-----------|
| Trade creditors | 816,949 | 234,335 |
| Taxation and social security | 97,174 | 54,580 |
| Other creditors | 726,346 | 859,610 |
| | 1,640,469 | 1,148,525 |

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

6 Creditors: amounts falling due after more than one year

| | 2022 £ | 2021 £ |
|-------------------|----------------|------------------|
| Convertible loans | - | 7,879,632 |
| Other creditors | 322,035 | 523,108 |
| | <u>322,035</u> | <u>8,402,740</u> |

7 Related party transactions

During the year net refunds of £nil (2021: £492) (net of VAT) were paid by Oxford Science Innovation PLC, a shareholder of the company, in relation to administrative expenses and deposit refunds.

During the year costs of £3,571 (2021: £22,551) (net of VAT) were charged by University of Oxford, a shareholder of the company, in relation to administrative expenses.

During the year costs of £5,000 (2021: £5,520) (net of VAT) were charged by P J Leek, a former director of the company, in relation to administrative expenses.

During the year costs of £5,000 (2021: £5,000) (net of VAT) were charged by Parkwalk Advisors Ltd, a former director of the company, in relation to administrative expenses.

During the year costs of £44,992 (2021: £nil) (net of VAT) were charged by Oxford Science Enterprises Plc, a shareholder of the company, in relation to administrative expenses.

8 Deferred Taxation

As at 30 June 2022 there existed a potential net deferred tax asset of £989,592 (2021: £176,470), comprising an asset of £1,391,709 (2021: £601,836,) in respect of unrelieved trading losses, an asset of £26,154 (2021: £10,125) in respect of the RDEC restriction and a liability of £428,271 (2021: £435,491) in respect of accelerated capital allowances. This has not been reflected as an asset given the uncertainty of future revenue streams and as the company is committed to significant continued investment in research and development.

9 Share-based payment transactions

| | Number of share options | | Weighted average exercise price | |
|------------------------|-------------------------|----------------|---------------------------------|-------------|
| | 2022 Number | 2021 Number | 2022 £ | 2021 £ |
| Outstanding at 1 July | 468,562 | 139,121 | 0.17 | 0.17 |
| Granted | 473,886 | 329,441 | 0.18 | 0.17 |
| Expired | (288,348) | - | 0.17 | - |
| Outstanding at 30 June | <u>654,100</u> | <u>468,562</u> | <u>0.18</u> | <u>0.17</u> |
| Exercisable at 30 June | <u>310,367</u> | <u>180,077</u> | <u>0.18</u> | <u>0.17</u> |

OXFORD QUANTUM CIRCUITS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

9 Share-based payment transactions

(Continued)

The options outstanding at 30 June 2022 had an exercise price ranging from £0.17 to £0.20, and a remaining contractual life of 6-10 years.

Liabilities and expenses

During the year, the company recognised total share-based payment expenses of £371,572 (2021: £nil) which related to equity settled share based payment transactions.

10 Called up share capital

| | 2022 Number | 2021 Number | 2022 £ | 2021 £ |
|-------------------------------|-------------------|------------------|--------------|------------|
| Ordinary share capital | | | | |
| Issued and fully paid | | | | |
| Ordinary of 0.01p each | 2,616,121 | 2,616,121 | 262 | 262 |
| A1 of 0.01p each | 4,046,995 | - | 405 | - |
| A2 of 0.01p each | 4,009,446 | - | 401 | - |
| A3 of 0.01p each | 321,824 | - | 32 | - |
| | <u>10,994,386</u> | <u>2,616,121</u> | <u>1,100</u> | <u>262</u> |

11 Non-distributable profits reserve

| | 2022 £ | 2021 £ |
|---------------------------------------|-----------|----------------|
| At the beginning of the year | 394,478 | 137,900 |
| Non distributable profits in the year | (394,478) | 256,578 |
| At the end of the year | <u>-</u> | <u>394,478</u> |

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Senior Statutory Auditor: Jemima King
Statutory Auditor: Richardsons

13 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

| 2022 £ | 2021 £ |
|------------------|-----------|
| <u>2,377,830</u> | <u>-</u> |