

Company Registration No. 10805652 (England and Wales)

SELLIGENCE TECHNOLOGY LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022
PAGES FOR FILING WITH REGISTRAR



SELLIGENCE TECHNOLOGY LTD

COMPANY INFORMATION

| | |
|--------------------------|--|
| Director | N Vaughan |
| Company number | 10805652 |
| Registered office | International House 10 Churchill Way Cardiff CF10 2HE Wales |
| Accountants | RSM UK Tax and Accounting Limited Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG |

SELLIGENCE TECHNOLOGY LTD**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2022**

| | Notes | 2022 £ | £ | 2021 £ | £ |
|--|-------|--------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Intangible assets | 5 | 1,922,979 | | 1,531,639 | |
| Tangible assets | 6 | 18,926 | | 19,358 | |
| Investments | 7 | 72 | | 72 | |
| | | <u>1,941,977</u> | | <u>1,551,069</u> | |
| Current assets | | | | | |
| Debtors | 8 | 792,595 | | 669,698 | |
| Cash at bank and in hand | | 515,860 | | 113,358 | |
| | | <u>1,308,455</u> | | <u>783,056</u> | |
| Creditors: amounts falling due within one year | 9 | <u>(2,369,766)</u> | | <u>(4,212,755)</u> | |
| Net current liabilities | | | <u>(1,061,311)</u> | | <u>(3,429,699)</u> |
| Total assets less current liabilities | | | 880,666 | | (1,878,630) |
| Creditors: amounts falling due after more than one year | 10 | | (517,121) | | (105,338) |
| Provisions for liabilities | 11 | | - | | (8,650) |
| Net assets/(liabilities) | | | <u>363,545</u> | | <u>(1,992,618)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 1 | | 1 |
| Share premium account | 13 | | 5,000,000 | | - |
| Profit and loss reserves | 13 | | <u>(4,636,456)</u> | | <u>(1,992,619)</u> |
| Total equity | | | <u>363,545</u> | | <u>(1,992,618)</u> |

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

For the financial year ended 31 December 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

SELLIGENCE TECHNOLOGY LTD

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved and signed by the director and authorised for issue on 22/03/23

N.D. Vaughan

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N Vaughan

Director

SELLIGENCE TECHNOLOGY LTD

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

1 Accounting policies

Company information

Selligence Technology Ltd is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is International House, 10 Churchill Way, Cardiff, Wales, CF10 2HE.

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.

Going concern

The business made a loss in the year ended 31 December 2022 of £2,643,837 (2021: £1,207,938) which is inline with the business plan. The board will continue to review the business position and react accordingly. At the year end the company had net assets of £363,545 (2021: net liabilities of £1,992,618) of which liabilities totalling £1,616,649 (2021: £4,086,914) relate to amounts payable to entities under common control. The board have received sufficient notice that the amounts due to entities under common control will not be recalled within twelve months from the approval of these accounts, but it should be noted the current situation means there is inherent material uncertainty in the assessment made above.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for 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.

Revenue from contracts for the provision of professional services is recognised on a straight-line basis over the period specified in the contract.

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.

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.

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

| | |
|-------------------|-----------------------|
| Development costs | 3 years straight line |
|-------------------|-----------------------|

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

SELLIGENCE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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

| | |
|--------------------|-----------------------|
| Computer equipment | 3 years straight line |
|--------------------|-----------------------|

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.

Fixed asset 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 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.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

Cash and cash equivalents

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

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 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 debtors 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

SELLIGENCE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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 creditors, amounts owed to companies under common control, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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.

Convertible loan notes

The company follows the requirements of FRS 102. Where it is material to the financial statements, the liability and equity components of convertible loan notes are presented separately. Fair value of the liability is estimated using the prevailing market interest rate for a similar non-convertible instrument and the difference between the proceeds of issue and this fair value is assigned to equity. The liability component is subsequently measured at amortised cost and the difference between liability and principle is recognised as an interest expense. The directors have reviewed the accounting requirements and concluded that any adjustment is not material to the accounts and on this basis no amount has been assigned to equity at inception.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

SELLIGENCE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

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.

Government grants received in the prior year relate to interest paid on the Coronavirus Business Interruption Loan scheme during COVID-19. No government grants were received in the current year. The grants are recognised as other operating income over the period necessary to match with the related interest expense.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Share option scheme

The company operates a share option scheme for related party employees who provide services to Selligence Technology Limited. No charge has been recognised in respect of these options as the director believes the impact is not material to the accounts. No options were exercised in the current financial year. As at 31 December 2022 the total number of active options are 27,800 (2021: 33,351).

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 30 (2021 - nil).

All wages and salaries costs were previously recharged from a related party, a company under common control. From 1 April 2022, employees were transferred from the related entity and are now employed by the company.

4 Taxation

| | 2022 £ | 2021 £ |
|--|-------------------|-------------------|
| Current tax | | |
| UK corporation tax on profits for the current period | (476,921) | (415,853) |
| | <u> </u> | <u> </u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (8,650) | (187,297) |
| | <u> </u> | <u> </u> |
| Total tax credit | <u>(485,571)</u> | <u>(603,150)</u> |

SELLIGENCE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

4 Taxation (Continued)

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

| | 2022 £ | 2021 £ |
|--|-------------|-------------|
| Loss before taxation | (3,129,408) | (1,811,088) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | (594,588) | (344,107) |
| Tax effect of expenses that are not deductible in determining taxable profit | 124 | 10 |
| Change in unrecognised deferred tax assets | 316,844 | (81,213) |
| Research and development tax credit | - | (415,853) |
| Additional deduction for R&D expenditure | (353,222) | (307,993) |
| Surrender tax losses for R&D tax credit refund | 148,010 | 544,911 |
| Remeasurement of deferred tax for changes in tax rates | (2,076) | 2,076 |
| Fixed asset differences | (663) | (1,145) |
| Other tax adjustments | - | 164 |
| Taxation credit for the period | (485,571) | (603,150) |

5 Intangible fixed assets

| | Development costs £ |
|------------------------------------|------------------------|
| Cost | |
| At 1 January 2022 | 2,843,473 |
| Additions - internally developed | 1,430,048 |
| At 31 December 2022 | 4,273,521 |
| Amortisation and impairment | |
| At 1 January 2022 | 1,311,834 |
| Amortisation charged for the year | 1,038,708 |
| At 31 December 2022 | 2,350,542 |
| Carrying amount | |
| At 31 December 2022 | 1,922,979 |
| At 31 December 2021 | 1,531,639 |

SELLIGENCE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6 Tangible fixed assets

| | Computer equipment £ |
|------------------------------------|----------------------------|
| Cost | |
| At 1 January 2022 | 28,877 |
| Additions | 11,637 |
| Disposals | (199) |
| At 31 December 2022 | <u>40,315</u> |
| Depreciation and impairment | |
| At 1 January 2022 | 9,519 |
| Depreciation charged in the year | 11,931 |
| Eliminated in respect of disposals | (61) |
| At 31 December 2022 | <u>21,389</u> |
| Carrying amount | |
| At 31 December 2022 | <u>18,926</u> |
| At 31 December 2021 | <u>19,358</u> |

7 Fixed asset investments

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Shares in group undertakings and participating interests | <u>72</u> | <u>72</u> |

Movements in fixed asset investments

| | Shares in group undertakings £ |
|--------------------------------------|---|
| Cost or valuation | |
| At 1 January 2022 & 31 December 2022 | <u>72</u> |
| Carrying amount | |
| At 31 December 2022 | <u>72</u> |
| At 31 December 2021 | <u>72</u> |

SELLIGENCE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

8 Debtors

| | 2022 | 2021 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 148,960 | 102,633 |
| Corporation tax recoverable | 476,921 | 415,853 |
| Amounts owed by group undertakings | 6,571 | - |
| Other debtors | 109,122 | 101,821 |
| Prepayments and accrued income | 51,021 | 49,391 |
| | <u>792,595</u> | <u>669,698</u> |

9 Creditors: amounts falling due within one year

| | 2022 | 2021 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Bank loans | 9,150 | 7,625 |
| Other borrowings | 260,054 | - |
| Trade creditors | 48,214 | 30,380 |
| Amounts owed to group undertakings | - | 74 |
| Taxation and social security | 59,441 | - |
| Deferred income | 286,302 | 54,387 |
| Other creditors | 1,632,364 | 4,096,914 |
| Accruals | 74,241 | 23,375 |
| | <u>2,369,766</u> | <u>4,212,755</u> |

Included within other creditors are amounts due to entities under common control. At the period end the balance owed to entities under common control was £1,616,649 (2021: £4,086,914).

Also included in other creditors is a balance of £10,000 (2021: £10,000) on the director's loan account. This balance is non interested bearing and is repayable on demand.

During the year the company entered into a new loan arrangement totalling £568,765. The amount due within one year included within other borrowings is £260,054 (2021: nil). The amount due after more than one year included within other creditors is £321,580 (2021: nil). Repayments commence in January 2023 and the loan is due for repayment in November 2024. Interest is accrued monthly at 26.47% per annum.

10 Creditors: amounts falling due after more than one year

| | 2022 | 2021 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts | 26,188 | 35,338 |
| Other creditors | 490,933 | 70,000 |
| | <u>517,121</u> | <u>105,338</u> |

SELLIGENCE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Creditors: amounts falling due after more than one year (Continued)

During 2018 convertible loan notes were issued at par for £90,000. The loan notes are convertible into the ordinary shares of the company and are non-interest bearing. The remaining balance of £70,000 is included within other creditors at the year end and relates to loan notes issued to a close family member of the director.

During the current year, convertible loan notes were issued at par for £99,353. The loan notes are convertible into the ordinary shares of the company and are non-interest bearing. The remaining balance at the year end of £99,353 is included within other creditors and relates to loan notes issued to third parties.

In the event of a qualifying fund raising the loan notes are automatically convertible or in the event of a change in control the loan notes are convertible in the discretion of the holder. The number of shares and the price per share is variable and is determined at the date of conversion.

11 Provisions for liabilities

| | 2022 £ | 2021 £ |
|--------------------------|-----------|-----------|
| Deferred tax liabilities | - | 8,650 |

12 Called up share capital

| | 2022 Number | 2021 Number | 2022 £ | 2021 £ |
|---|----------------|----------------|-----------|-----------|
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of 0.0002p each | 750,000 | 500,000 | 1 | 1 |

On 10 June 2022, a resolution was passed and 250,000 ordinary shares were issued to Hamlyn Williams Limited, an entity under common control to extinguish an amount owed to Hamlyn Williams Limited of £5,000,000. The difference between the debt extinguished, and the nominal value of the shares, is recognised in share premium.

13 Reserves

Profit and loss reserves

The profit and loss reserves represent the cumulative profit and loss net of distributions to owners.

Share premium

Share premium represents consideration received for shares issued above their nominal value net of transaction costs.

SELLIGENCE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

| | Services provided | | Services received | |
|-------------------------------|-------------------|--------|-------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | £ | £ | £ | £ |
| Entities under common control | 34,602 | 18,000 | 3,539,919 | 2,098,919 |

| Amounts due to related parties | 2022 | 2021 |
|--------------------------------|-----------|-----------|
| | £ | £ |
| Entities under common control | 1,616,649 | 4,086,914 |

The following amounts were outstanding at the reporting end date:

| Amounts due from related parties | 2022 | 2021 |
|----------------------------------|---------|-------|
| | £ | £ |
| Entities under common control | 104,125 | 3,600 |

Other information

During the year, a debt owed to Hamlyn Williams Ltd of £5,000,000 was converted to equity in the form of 250,000 ordinary shares.