

Company Registration No. SC330746 (Scotland)

CERES HOLOGRAPHICS LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020
PAGES FOR FILING WITH REGISTRAR

CERES HOLOGRAPHICS LIMITED

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CERES HOLOGRAPHICS LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|----------------|----------------|------------------|------------------|
| Fixed assets | | | | | |
| Intangible assets | 3 | | 95,011 | | 79,180 |
| Tangible assets | 4 | | 67,700 | | 82,003 |
| | | | <u>162,711</u> | | <u>161,183</u> |
| Current assets | | | | | |
| Debtors | 5 | 403,811 | | 690,666 | |
| Cash at bank and in hand | | 453,864 | | 1,056,426 | |
| | | <u>857,675</u> | | <u>1,747,092</u> | |
| Creditors: amounts falling due within one year | 6 | (684,063) | | (736,283) | |
| Net current assets | | | <u>173,612</u> | | <u>1,010,809</u> |
| Total assets less current liabilities | | | <u>336,323</u> | | <u>1,171,992</u> |
| Capital and reserves | | | | | |
| Called up share capital | 8 | | 393 | | 393 |
| Share premium account | | | 4,275,860 | | 4,275,860 |
| Profit and loss reserves | | | (3,939,930) | | (3,104,261) |
| Total equity | | | <u>336,323</u> | | <u>1,171,992</u> |

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

For the financial year ended 30 September 2020 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.

The financial statements were approved by the board of directors and authorised for issue on 12 February 2021 and are signed on its behalf by:

Ian Redmond
Director

Andrew Travers
Director

Company Registration No. SC330746

CERES HOLOGRAPHICS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

| | Notes | Share capital £ | Share premium account £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|----------------------------------|----------------------------------|------------|
| Balance at 1 October 2018 | | 351 | 3,230,422 | (2,142,874) | 1,087,899 |
| Year ended 30 September 2019: | | | | | |
| Loss and total comprehensive income for the year | | - | - | (961,387) | (961,387) |
| Issue of share capital | 8 | 42 | 1,049,708 | - | 1,049,750 |
| Other movements | | - | (4,270) | - | (4,270) |
| Balance at 30 September 2019 | | 393 | 4,275,860 | (3,104,261) | 1,171,992 |
| Year ended 30 September 2020: | | | | | |
| Loss and total comprehensive income for the year | | - | - | (835,669) | (835,669) |
| Balance at 30 September 2020 | | 393 | 4,275,860 | (3,939,930) | 336,323 |

CERES HOLOGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Company information

Ceres Holographics Limited is a private company limited by shares incorporated in Scotland. The registered office is 5th Floor, 125 Princes Street, Edinburgh, Scotland, EH2 4AD.

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 principal accounting policies adopted are set out below.

1.2 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of VAT. Income from goods sold is recognised when invoiced to the customer upon delivery of the goods. Income from the provision of 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.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

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 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 acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Intangible assets comprise primarily of patents paid in advance for the use of trade marks and technology. Such assets are defined as having finite useful lives and the costs are amortised on a straight line basis over their estimated useful lives of 20 years. 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:

| | |
|---------|------------------|
| Patents | 5% straight line |
|---------|------------------|

CERES HOLOGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.5 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:

| | |
|--------------------------------|-----------------------------|
| Tenants improvements | over 1 to 5 year lease term |
| Plant and machinery | 25% straight line |
| Fixtures, fittings & equipment | 25% straight line |
| Computer equipment | 25% 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.

1.6 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).

1.7 Cash at bank and in hand

Cash at bank and in hand 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.

1.8 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.

Basic financial assets

Basic financial assets, which include 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

CERES HOLOGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, are initially recognised at transaction price.

Trade creditors 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 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 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.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

A claim in respect of research and development expenditure has been made in the year.

1.10 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.

CERES HOLOGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.11 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. 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.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 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.

1.14 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:

| | 2020 Number | 2019 Number |
|-------|----------------|----------------|
| Total | 17 | 12 |
| | == | == |

CERES HOLOGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

3 Intangible fixed assets

| | Other £ |
|------------------------------------|------------|
| Cost | |
| At 1 October 2019 | 106,831 |
| Additions | 21,610 |
| | <hr/> |
| At 30 September 2020 | 128,441 |
| | <hr/> |
| Amortisation and impairment | |
| At 1 October 2019 | 27,651 |
| Amortisation charged for the year | 5,779 |
| | <hr/> |
| At 30 September 2020 | 33,430 |
| | <hr/> |
| Carrying amount | |
| At 30 September 2020 | 95,011 |
| | <hr/> |
| At 30 September 2019 | 79,180 |
| | <hr/> |

4 Tangible fixed assets

| | Land and buildings | Plant and machinery etc | Total |
|------------------------------------|-----------------------|----------------------------|---------|
| | £ | £ | £ |
| Cost | | | |
| At 1 October 2019 | 25,883 | 151,804 | 177,687 |
| Additions | 8,567 | 7,325 | 15,892 |
| | <hr/> | <hr/> | <hr/> |
| At 30 September 2020 | 34,450 | 159,129 | 193,579 |
| | <hr/> | <hr/> | <hr/> |
| Depreciation and impairment | | | |
| At 1 October 2019 | 16,523 | 79,161 | 95,684 |
| Depreciation charged in the year | 2,520 | 27,675 | 30,195 |
| | <hr/> | <hr/> | <hr/> |
| At 30 September 2020 | 19,043 | 106,836 | 125,879 |
| | <hr/> | <hr/> | <hr/> |
| Carrying amount | | | |
| At 30 September 2020 | 15,407 | 52,293 | 67,700 |
| | <hr/> | <hr/> | <hr/> |
| At 30 September 2019 | 9,360 | 72,643 | 82,003 |
| | <hr/> | <hr/> | <hr/> |

CERES HOLOGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

5 Debtors

| | 2020 | 2019 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 170,525 | 178,375 |
| Corporation tax recoverable | 196,456 | 339,062 |
| Other debtors | 36,830 | 173,229 |
| | <u>403,811</u> | <u>690,666</u> |

6 Creditors: amounts falling due within one year

| | 2020 | 2019 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 22,457 | 107,098 |
| Taxation and social security | 25,214 | 33,650 |
| Other creditors | 636,392 | 595,535 |
| | <u>684,063</u> | <u>736,283</u> |

7 Share-based payment transactions

| | Number of share options | | Weighted average exercise price | |
|----------------------------------|-------------------------|--------------|---------------------------------|-------------|
| | 2020 | 2019 | 2020 | 2019 |
| | Number | Number | £ | £ |
| Outstanding at 1 October 2019 | 2,242 | 2,242 | 0.01 | 0.01 |
| Granted | 1,490 | - | 100.00 | - |
| | <u>3,732</u> | <u>2,242</u> | <u>39.93</u> | <u>0.01</u> |
| Outstanding at 30 September 2020 | 3,732 | 2,242 | 39.93 | 0.01 |
| Exercisable at 30 September 2020 | <u>2,418</u> | <u>1,665</u> | <u>30.82</u> | <u>0.01</u> |

The options outstanding at 30 September 2020 had an average remaining contractual life of 7 years (2019 - 7 years).

CERES HOLOGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

7 Share-based payment transactions

(Continued)

The company has an Enterprise Management Incentive Scheme share option plan.

2,242 options were granted to 4 employees at an exercise price of £0.01.

These options can only be exercised after vesting, subject to certain criteria.

- 1,072 options vested on 23 June 2016
- 177 options vested on 23 June 2017
- 179 options vested on 23 June 2018
- 50 options vested on 8 August 2018
- 179 options vested on 23 June 2019
- 8 options vested on 8 August 2019 and
- 8 options vested on 8 August 2020.

9 further options will vest on the earlier of an exit event or on 8 August 2021. The remaining 560 options will vest on an exit event. The value of the share options at grant was taken as £0.01 per option. This value is chosen because the existing subscribers hold extensive protections and consensual rights such that they hold a preferential position over the option holders.

1,490 options were granted to 7 employees at an exercise price of £100.00.

These options can only be exercised after vesting, subject to certain criteria. 745 options vested on 5 November 2019 further options will vest on the earlier of an exit event or on the following schedule;

- 128 options will vest on 5 November 2020.
- 127 options will vest on 5 November 2021.
- 124 options will vest on 5 November 2022.

The remaining 366 options will vest on an exit event. The value of the share options at grant was taken as £100.00 per option. This value is chosen because the existing subscribers hold extensive protections and consensual rights such that they hold a preferential position over the option holders.

The directors have not recognised these equity settled share based payments in line with the requirements of FRS

8 Called up share capital

| | 2020 £ | 2019 £ |
|-----------------------------------|------------|------------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 39,277 ordinary shares of 1p each | 393 | 393 |
| | <u>393</u> | <u>393</u> |
| | <u>393</u> | <u>393</u> |

CERES HOLOGRAPHICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

9 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:

| 2020 | 2019 |
|-------------------|-------------------|
| £ | £ |
| 130,578 | 174,428 |
| <u> </u> | <u> </u> |

10 Events after the reporting date

On 3 November 2020 the company issued 2,800 ordinary shares of 1p each. The company received £700,000 including share premium for the shares. A second tranche related to this investment is expected to raise a further £430,000 on the issue of 1,720 ordinary shares of 1p each.

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.