

# **POLYPHOTONIX LIMITED**

**Filleted Annual Report and Unaudited Financial Statements  
for the Year Ended 31 March 2021**

# Polyphotonix Limited

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# **Polyphotonix Limited**

## **Company Information**

<b>Directors</b>	Mr M N Holland Mr R A Kirk Helmsway Ltd Helmsway Ltd Mr D J Barnett
<b>Registered office</b>	National Centre For Printable Electronics Netpark Sedgefield Co. Durham TS21 3FG
<b>Accountants</b>	MHA Tait Walker Chartered Accountants 1 Massey Road Thornaby Stockton-on-Tees TS17 6DY

# Polyphotonix Limited

(Registration number: 06544953)

## Statement of Financial Position as at 31 March 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	4	368,860	334,956
Tangible assets	5	207	320
Investments	6	100	100
		<u>369,167</u>	<u>335,376</u>
<b>Current assets</b>			
Stocks		19,800	19,800
Debtors	7	247,463	174,013
Cash at bank and in hand		4,883	1,646
		<u>272,146</u>	<u>195,459</u>
<b>Creditors: Amounts falling due within one year</b>	8	<u>(2,812,100)</u>	<u>(2,367,128)</u>
<b>Net current liabilities</b>		<u>(2,539,954)</u>	<u>(2,171,669)</u>
<b>Total assets less current liabilities</b>		<u>(2,170,787)</u>	<u>(1,836,293)</u>
<b>Creditors: Amounts falling due after more than one year</b>	8	(529,370)	-
<b>Provisions for liabilities</b>		-	(239)
<b>Net liabilities</b>		<u>(2,700,157)</u>	<u>(1,836,532)</u>
<b>Capital and reserves</b>			
Called up share capital		57,934	57,933
Share premium reserve		3,334,122	3,006,579
Profit and loss account		<u>(6,092,213)</u>	<u>(4,901,044)</u>
<b>Total equity</b>		<u>(2,700,157)</u>	<u>(1,836,532)</u>

For the financial year ending 31 March 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

### Directors' responsibilities:

- 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; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime and the option not to file the Income Statement has been taken.

The notes on pages 4 to 13 form an integral part of these financial statements.

# **Polyphotonix Limited**

**(Registration number: 06544953)**

## **Statement of Financial Position as at 31 March 2021 (continued)**

Approved and authorised by the Board on 31 March 2022 and signed on its behalf by:

.....

Mr R A Kirk

Director

The notes on pages 4 to 13 form an integral part of these financial statements.

# **Polyphotonix Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2021**

### **1 General information**

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

The address of its registered office is National Centre For Printable Electronics, Netpark, Sedgfield, Co. Durham, TS21 3FG.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are presented in sterling which is the functional currency of the entity.

#### **Group accounts not prepared**

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertaking comprise a small group.

#### **Going concern**

The company meets its day to day working capital and growth requirements through cash generated from operations and external/shareholder investment and borrowings. The directors have assessed the potential impact of the COVID-19 virus and the financial impact on the company and have developed a business continuity plan should the impact of the pandemic widen.

PolyPhotonix Limited (PPX) has continued to develop, patent and exploit intellectual property targeted at the healthcare market. The past year has seen a continued focus on developing the sales channels, both public and private in the UK and increasingly into foreign markets. Trials and evaluations are ongoing, with positive results being reported and published.

The company continues to successfully raise investment funding and together with existing and prospective grants is making good progress. There is increasing interest from international funders and customers. In the last 12 months several international Sales and Distribution Agreements have been agreed. The company remains reliant on investment funding as it develops its commercial sales pipeline and continues to work towards regulatory approval in more countries.

With increasing commercial sales, increased income from distribution partners and cashflow forecasts the Directors consider that it remains appropriate for the company to be treated as a going concern.

# **Polyphotonix Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

### **2 Accounting policies (continued)**

#### **Revenue recognition**

Turnover represents net invoiced sales of goods and services, excluding value added tax and revenue grants received. Sale of goods are recognised on dispatch of the goods.

Services are typically provided on a contract basis. Where contracts are preformed over time, if there is sufficient certainty over the profitability of the contract then revenue is recognised as the contract activity progresses to reflect the partial performance of the contractual obligations. The amount of revenue included within turnover reflects the accrual of the right to consideration as contract activity progresses by reference to the value of the work preformed. Contracts are assessed on an individual basis and the amount by which recorded turnover is in excess of payments on account is classed as "amounts recoverable on contracts" and separately disclosed within debtors. Amounts billed in excess of amounts matched within turnover are included as Payments on Account, a current liability within the accruals and deferred income. Contract losses are provided for in full and immediately.

#### **Government grants**

Government grants are recognised based on the accruals model and are measured at the fair value of the asset received or receivable. Grants are classified as related either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of the grant relating to an asset is deferred, it is recognised as deferred income.

Other operating income includes £112,646 UK Government assistance provided through the Coronavirus Job Retention Scheme during the Covid-19 pandemic.

#### **Tax**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

#### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

# Polyphotonix Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

### 2 Accounting policies (continued)

Asset class	Depreciation method and rate
Fixtures and fittings	3 years straight line
Plant and machinery	3 years straight line
Office equipment	3 years straight line

#### Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Trademarks, patents and licences	1-3 years straight line
Software	3 years straight line

#### Investments

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

#### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

#### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.



# **Polyphotonix Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

### **2 Accounting policies (continued)**

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and assumptions are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **3 Staff numbers**

The average number of persons employed by the company (including directors) during the year, was 8 (2020 - 8).

# Polyphotonix Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

### 4 Intangible assets

	Trademarks, patents and licenses £	Internally generated software development costs £	Total £
<b>Cost or valuation</b>			
At 1 April 2020	419,086	14,526	433,612
Additions acquired separately	55,023	-	55,023
At 31 March 2021	474,109	14,526	488,635
<b>Amortisation</b>			
At 1 April 2020	84,130	14,526	98,656
Amortisation charge	21,119	-	21,119
At 31 March 2021	105,249	14,526	119,775
<b>Carrying amount</b>			
At 31 March 2021	368,860	-	368,860
At 31 March 2020	334,956	-	334,956

### 5 Tangible assets

	Fixtures and fittings £	Plant and machinery £	Office equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2020	13,528	3,813	12,234	29,575
At 31 March 2021	13,528	3,813	12,234	29,575
<b>Depreciation</b>				
At 1 April 2020	13,208	3,813	12,234	29,255
Charge for the year	113	-	-	113
At 31 March 2021	13,321	3,813	12,234	29,368
<b>Carrying amount</b>				
At 31 March 2021	207	-	-	207
At 31 March 2020	320	-	-	320

# Polyphotonix Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

### 6 Investments

	2021 £	2020 £
Investments in subsidiaries	100	100
<b>Subsidiaries</b>		£
<b>Cost or valuation</b>		
At 1 April 2020		100
<b>Carrying amount</b>		
At 31 March 2021		100
At 31 March 2020		100

### 7 Debtors

	2021 £	2020 £
Trade debtors	18,318	12,503
Directors loan accounts	19,648	-
Amounts owed by group undertakings	-	286
Prepayments	12,154	3,306
Other debtors	111,916	68,907
Corporation tax asset	85,427	89,011
	247,463	174,013

# Polyphotonix Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

### 8 Creditors

#### Creditors: amounts falling due within one year

		2021 £	2020 £
<b>Due within one year</b>			
Bank loans and overdrafts		13	13
Trade creditors		454,206	454,440
Amounts owed to group undertakings	<u>12</u>	7,662	-
Taxation and social security		188,505	23,402
Accruals and deferred income		357,525	197,234
Other creditors		1,804,189	1,630,629
Directors loan accounts		-	61,410
		<u>2,812,100</u>	<u>2,367,128</u>

Creditors include convertible debt of £1,344,021 (2019 - £743,790) bearing interest of 7.00%

#### Creditors: amounts falling due after more than one year

	Note	2021 £	2020 £
<b>Due after one year</b>			
Loans and borrowings		<u>529,370</u>	<u>-</u>

# Polyphotonix Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

### 9 Share capital

#### Allotted, called up and fully paid shares

		2021		2020
	No.	£	No.	£
A Ordinary shares of £0.001 each	44,784	45	43,485	43
A1 Ordinary shares of £186 each	6	1,116	6	1,116
B Ordinary shares of £0.001 each	14,395	14	14,395	14
C Ordinary shares of £1 each	6,699	6,699	6,699	6,699
Deferred shares of £1 each	50,000	50,000	50,000	50,000
Preferred shares of £0.001 each	59,721	60	59,721	60
	<b>175,605</b>	<b>57,934</b>	<b>174,306</b>	<b>57,933</b>

During the year the company issued 1,299 A Ordinary shares of £0.001 each.

The various classes of shares confer the following rights on their holders:

#### Voting

A Ordinary shares, A1 Ordinary shares, B Ordinary shares and C Ordinary shares carry one vote each. Deferred shares and Preferred shares do not carry any voting rights.

#### Dividends

Deferred shares carry the right to a fixed dividend of 0.01% of par value per annum. The holders of Preferred shares are entitled to 50% of any dividend declared until they have received an aggregate of £6,000,000, the remaining 50% is payable to the holders of A Ordinary, A1 Ordinary shares, B Ordinary and C Ordinary shares. When the holders of Preferred shares have received £6,000,000 in aggregate all subsequent dividends declared are payable to the holders of A Ordinary, A1 Ordinary shares, B Ordinary and C Ordinary shares.

#### Return of capital

On a return of capital on a winding up or otherwise if the holders of Preferred shares have not received dividends of £6,000,000 in aggregate they are entitled to 50% of any distribution, the remaining 50% is payable to the holders of A Ordinary, A1 Ordinary shares, B Ordinary and C Ordinary shares. If the holders of Preferred shares have received £6,000,000 in aggregate all such distributions are payable to the holders of A Ordinary, A1 Ordinary shares, B Ordinary and C Ordinary shares. Holders of deferred shares are not entitled to any distribution on a winding up or otherwise.

# **Polyphotonix Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)**

### **10 Share options**

#### **Share options**

The company has a share option scheme for certain employees to enable them to acquire A Ordinary shares of £0.001 each in the capital of the company. Options are exercisable at a price equal to the average market price of the company's shares on the date of the grant. Options may be exercised on the occurrence of an exit event. Exit events include:

- (a) a change of control of the company;
- (b) dissolution, liquidation or winding up of the company;
- (c) a sale;
- (d) an asset sale;
- (e) a listing on the London Stock Exchange, the alternative Investment Market or any other Recognised Investment Exchange, unless such an event occurs for the purpose of a voluntary reorganisation or reconstruction of the company.

The exercise price of the options available at the year end ranges between £20.50 and £126.24 per share.

the total number of share options available at the year end is 15,004.

The share options lapse and cease to be exercisable upon:

- the 10th anniversary of the death of grant;
- bankruptcy or other voluntary arrangement entered into by the option holder;
- the first anniversary of the option holders death;
- the first anniversary of the option holder ceasing to be an employee of the company due to permanent incapacity of retirement;
- the option holder ceasing to be an employee of the company for another reason;

There are no performance conditions attached to the options.

# Polyphotonix Limited

## Notes to the Financial Statements for the Year Ended 31 March 2021 (continued)

### 11 Financial commitments, guarantees and contingencies

#### Amounts not provided for in the statement of financial position

The total amount of financial commitments not included in the statement of financial position is £1,397 (2020 - £1,397)

#### Amounts disclosed in the statement of financial position

Included in the statement of financial position are pensions of £6,274 (2020 - £10,611).

### 12 Related party transactions

Transactions with Polyphotonix Medical Limited, a subsidiary of Polyphotonix Limited:

During the year the company raised sales invoices of £42,200 (2020: £31,200) to Polyphotonix Medical Ltd. At 31 March 2021 debtors includes £Nil (2020: £286) due from Polyphotonix Medical Ltd.

Transactions with Helmsway Limited, a shareholder and Director of Polyphotonix Limited:

Other creditors includes £120,731 (2020: £100,725) due to Helmsway Limited. During the year the company received loans of £Nil (2020: £21,000) and services to the value of £20,006 (2020: £20,625) from Helmsway Limited.

	At 1 April 2019	Advances to directors	Repayments by director	At 31 March 2020
2020	£	£	£	£
Directors' loan	50,814	105,600	(217,824)	(61,410)

	At 1 April 2020	Advances to directors	At 31 March 2021
2021	£	£	£
Directors' loan	(61,410)	81,058	19,648

The maximum owing from Mr R A Kirk during the year ended 31st March 2021 was £13,148 (2020: £67,910).

The maximum owing from Mr M N Holland during the year ended 31st March 2021 was £6,500 (2020: £6,500).

Both of the above loans are interest free and repayable on demand.

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.