

REGISTERED NUMBER: 08448361 (England and Wales)

Financial Statements
for the Period 1 April 2017 to 31 December 2017
for
Den Automation Ltd.



Den Automation Ltd.

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for the Period 1 April 2017 to 31 December 2017**

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Den Automation Ltd.

**Company Information
for the Period 1 April 2017 to 31 December 2017**

DIRECTORS:

Y Khattak
R Watkins
S Ahmed

REGISTERED OFFICE:

Unit 605, Metropolitan Wharf
70 Wapping Wall
London
E1W 3SS

REGISTERED NUMBER:

08448361 (England and Wales)

AUDITORS:

Elliotts Shah
Statutory Auditor
Chartered Accountants
Ground Floor, Bury House
31 Bury Street
London
EC3A 5AR

Den Automation Ltd. (Registered number: 08448361)

Balance Sheet
31 December 2017

		31.12.2017		31.3.2017	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	4		104,684		52,716
Tangible assets	5		<u>124,538</u>		<u>18,062</u>
			229,222		70,778
CURRENT ASSETS					
Debtors	6	397,195		288,882	
Cash at bank and in hand		<u>233,264</u>		<u>27,801</u>	
		630,459		316,683	
CREDITORS					
Amounts falling due within one year	7	<u>425,398</u>		<u>1,064,599</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>205,061</u>		<u>(747,916)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>434,283</u>		<u>(677,138)</u>
CAPITAL AND RESERVES					
Called up share capital	9		2		2
Share premium	10		3,009,297		498,429
Retained earnings	10		<u>(2,575,016)</u>		<u>(1,175,569)</u>
SHAREHOLDERS' FUNDS			<u>434,283</u>		<u>(677,138)</u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 2 May 2018 and were signed on its behalf by:



R Watkins - Director

The notes form part of these financial statements

Den Automation Ltd.

**Notes to the Financial Statements
for the Period 1 April 2017 to 31 December 2017**

1. STATUTORY INFORMATION

Den Automation Ltd. is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going Concern

The company's ongoing losses have been funded by a series of capital injection and the company continues to be reliant on further equity funding in order to finance development of its products before sales commence in May 2018. The financial statements have been prepared on a going concern basis, which assumes the continued support of its investors for a period greater than 12 months from the date of approval of these financial statements.

In the current exercise to raise Capital by way of crowd funding via Seedrs, the Directors have received reports which indicate pledges of support in excess of £1.4m. The injection of these funds will provide new working capital as well as funds for on-going development of products in the immediate period ahead.

Subject to the success of the products that will be launched in May 2018, the directors may seek to raise further funds via the crowd funding market later in the year.

The financial statements do not include any adjustments that would result from a failure to obtain continued support.

Intangible assets

The accounts reflect the costs incurred to date in relation to applications for patents across certain territories around the globe including UK. The patents once granted will have a useful life of 20 years. Given that the company is in the process of designing products with prototypes with no income, the costs incurred will be amortised from the point sales income arises once the the products are in manufacture.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

R & D computers & equipment	- 33% on cost
Office furniture & fittings	- 25% on cost
Computer & office equipment	- 33% on cost

Tooling will have a useful life of five years. However, no depreciation has been provided during the year as the tooling was not in use as at the balance sheet date.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Period 1 April 2017 to 31 December 2017

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company accounts for pension costs on the basis of contributions paid in the course of the period to a defined employee pension scheme under its auto-enrolment obligations.

Share based payments

The company grants from to time share options to its employees and non-employees service providers. In accordance with FRS 102 Section 26 "Share based payment", the company recognises a charge to its Profit & Loss Account for those where shares have vested with an equivalent provision on the Balance Sheet on a straight line basis. Where options have lapsed, the provision is released back to the Profit & Loss Account in the year in which the event occurs. Where options are exercised the provision is reduced and an equivalent value is credited to the share capital and share premium account.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the period was 21 (31.3.2017 - 9).

4. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 April 2017	52,716
Additions	<u>51,968</u>
At 31 December 2017	<u>104,684</u>
NET BOOK VALUE	
At 31 December 2017	<u>104,684</u>
At 31 March 2017	<u>52,716</u>

Den Automation Ltd.

**Notes to the Financial Statements - continued
for the Period 1 April 2017 to 31 December 2017**

5. TANGIBLE FIXED ASSETS

	Tooling £	R & D computers & equipment £	Office furniture & fittings £	Computer & office equipment £	Totals £
COST					
At 1 April 2017	-	15,261	7,749	14,011	37,021
Additions	<u>101,077</u>	<u>11,472</u>	<u>1,385</u>	<u>5,831</u>	<u>119,765</u>
At 31 December 2017	<u>101,077</u>	<u>26,733</u>	<u>9,134</u>	<u>19,842</u>	<u>156,786</u>
DEPRECIATION					
At 1 April 2017	-	10,072	2,238	6,649	18,959
Charge for period	<u>-</u>	<u>6,684</u>	<u>1,713</u>	<u>4,892</u>	<u>13,289</u>
At 31 December 2017	<u>-</u>	<u>16,756</u>	<u>3,951</u>	<u>11,541</u>	<u>32,248</u>
NET BOOK VALUE					
At 31 December 2017	<u>101,077</u>	<u>9,977</u>	<u>5,183</u>	<u>8,301</u>	<u>124,538</u>
At 31 March 2017	<u>-</u>	<u>5,189</u>	<u>5,511</u>	<u>7,362</u>	<u>18,062</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.2017 £	31.3.2017 £
Other debtors	<u>397,195</u>	<u>288,882</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.2017 £	31.3.2017 £
Trade creditors	152,618	-
Taxation and social security	31,818	94,419
Other creditors	<u>240,962</u>	<u>970,180</u>
	<u>425,398</u>	<u>1,064,599</u>

8. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.2017 £	31.3.2017 £
Within one year	<u>72,408</u>	<u>122,606</u>

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	31.12.2017	31.3.2017
Number:	Class:	value:	£	£
2,361,745	Ordinary	£0.000001	2	2

During the period, 232,516 Ordinary shares of £0.000001 each were allotted as fully paid at a premium of £3.12 per share and 457,799 Ordinary shares of £0.000001 each were allotted as fully paid at a premium of £3.90 per share.

Den Automation Ltd.

**Notes to the Financial Statements - continued
for the Period 1 April 2017 to 31 December 2017**

10. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 April 2017	(1,175,569)	498,429	(677,140)
Deficit for the period	(1,399,447)		(1,399,447)
Cash share issue	-	<u>2,510,868</u>	<u>2,510,868</u>
At 31 December 2017	<u>(2,575,016)</u>	<u>3,009,297</u>	<u>434,281</u>

11. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

We would draw your attention to note 2 in the financial statements which indicates that the financial statements for the period to 31 December 2017 have been prepared under the going concern convention which assumes the ability of the Company to meet its commitments as they fall due from monies raised via Capital fund raising exercises and its ability to trade profitably from the products it intends to launch in May 2018. As indicated in the directors' report, the company is currently in the process of raising £2m, for which it has received pledges and support at the date of this report in the region of £1.4m. The Company is also launching a batch of its products on the market which it hopes will lead to significant cash generation and profits. A second campaign to raise more money is planned in December 2018.

Nathalie Yip (Senior Statutory Auditor)
for and on behalf of Elliotts Shah

12. RELATED PARTY DISCLOSURES

Included in creditors is an amount of £43,193 (31.03.2017: £22,085) owed to one of the directors, Y. Khattak.

Den Automation Ltd.

**Notes to the Financial Statements - continued
for the Period 1 April 2017 to 31 December 2017**

13. SHARE BASED PAYMENTS TRANSACTIONS

a) The company has granted share options to its employees under the UK HMRC approved Enterprise Management Incentive Scheme which was adopted in November 2015.

The share option scheme provides employees with the option to acquire ordinary shares in the company at a fixed exercise price. An employee's ability to exercise this option is subject to the employee still employed by the company at the end of the vesting period.

The company has also granted share options to its service providers under the unapproved option deed.

The position at the reporting date on the unexpired options was as follows:

	Employees Number	Non-employees Number	Total Number
At 1 April 2017	137,281	3,447	140,728
Granted in the period	-	5,603	5,603
Exercised in the period	-	-	-
Lapsed in the period	(4,331)	-	(4,331)
At 31 December 2017	<u>132,850</u>	<u>9,050</u>	<u>142,000</u>
	£	£	£
Fair value of the options	<u>518,115</u>	<u>35,295</u>	<u>553,800</u>

The fair value of the share options was determined by reference to the most recent exercise to raise capital by issue of new shares in the Company.

The charge to the Profit & Loss Account for the period was £82,374 (31.3.2017-£33,078).