

REGISTERED NUMBER: 08448361 (England and Wales)

Unaudited Financial Statements
for the Year Ended 31 December 2018
for
Den Automation Ltd.

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for the Year Ended 31 December 2018**

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Den Automation Ltd.

**Company Information
for the Year Ended 31 December 2018**

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)

ACCOUNTANTS:

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

**Chartered Accountants' Report to the Board of Directors
on the Unaudited Financial Statements of
Den Automation Ltd.**

The following reproduces the text of the report prepared for the directors in respect of the company's annual unaudited financial statements. In accordance with the Companies Act 2006, the company is only required to file a Balance Sheet. Readers are cautioned that the Income Statement and certain other primary statements and the Report of the Directors are not required to be filed with the Registrar of Companies.

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Den Automation Ltd. for the year ended 31 December 2018 which comprise the Income Statement, Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed within the ICAEW's regulations and guidance at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Den Automation Ltd., as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Den Automation Ltd. and state those matters that we have agreed to state to the Board of Directors of Den Automation Ltd., as a body, in this report in accordance with ICAEW Technical Release 07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Den Automation Ltd. and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Den Automation Ltd. has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Den Automation Ltd.. You consider that Den Automation Ltd. is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Den Automation Ltd.. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

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

12 March 2019

Balance Sheet
31 December 2018

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Intangible assets	4		141,125		104,684
Tangible assets	5		<u>264,785</u>		<u>124,538</u>
			405,910		229,222
CURRENT ASSETS					
Stocks		138,942		-	
Debtors	6	583,991		397,195	
Cash at bank and in hand		<u>59,533</u>		<u>233,264</u>	
		782,466		630,459	
CREDITORS					
Amounts falling due within one year	7	<u>688,669</u>		<u>425,398</u>	
NET CURRENT ASSETS			<u>93,797</u>		<u>205,061</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>499,707</u>		<u>434,283</u>
CAPITAL AND RESERVES					
Called up share capital	9		3		2
Share premium	10		5,084,444		3,009,297
Retained earnings	10		<u>(4,584,740)</u>		<u>(2,575,016)</u>
SHAREHOLDERS' FUNDS			<u>499,707</u>		<u>434,283</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2018.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2018 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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 12 March 2019 and were signed on its behalf by:

Y Khattak - Director

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

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 operations until the launch of its products in January 2019. Such reliance is expected to reduce as sales opportunities increase. 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.

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 10 years. Given that the company is in the process of designing products with prototypes with no income, the costs incurred which currently are capitalised on the Balance Sheet will be amortised via the profit and loss account from the point sales income arises.

Tangible fixed assets

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

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

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year 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 Year Ended 31 December 2018**

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 year 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 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 year was 26 (2017 - 21) .

4. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2018	104,684
Additions	67,387
Write offs	(30,946)
At 31 December 2018	<u>141,125</u>
NET BOOK VALUE	
At 31 December 2018	<u>141,125</u>
At 31 December 2017	<u>104,684</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

5. TANGIBLE FIXED ASSETS

	Tooling £	R & D computers & equipment £	Office furniture & fittings £	Computer & office equipment £	Totals £
COST					
At 1 January 2018	101,077	26,733	9,134	19,842	156,786
Additions	<u>164,911</u>	<u>-</u>	<u>-</u>	<u>6,676</u>	<u>171,587</u>
At 31 December 2018	<u>265,988</u>	<u>26,733</u>	<u>9,134</u>	<u>26,518</u>	<u>328,373</u>
DEPRECIATION					
At 1 January 2018	-	16,756	3,951	11,541	32,248
Charge for year	<u>16,624</u>	<u>5,197</u>	<u>2,283</u>	<u>7,236</u>	<u>31,340</u>
At 31 December 2018	<u>16,624</u>	<u>21,953</u>	<u>6,234</u>	<u>18,777</u>	<u>63,588</u>
NET BOOK VALUE					
At 31 December 2018	<u>249,364</u>	<u>4,780</u>	<u>2,900</u>	<u>7,741</u>	<u>264,785</u>
At 31 December 2017	<u>101,077</u>	<u>9,977</u>	<u>5,183</u>	<u>8,301</u>	<u>124,538</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Other debtors	<u>583,991</u>	<u>397,195</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	193,210	152,618
Taxation and social security	74,520	31,818
Other creditors	<u>420,939</u>	<u>240,962</u>
	<u>688,669</u>	<u>425,398</u>

8. LEASING AGREEMENTS

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

	2018 £	2017 £
Within one year	<u>72,408</u>	<u>72,408</u>

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.2018 £	31.12.2017 £
2,756,716	Ordinary	£0.000001	3	2

During the year, 38,463 Ordinary shares of £0.000001 each were allotted as fully paid at a premium of £3.90 per share and 356,508 Ordinary shares of £0.000001 each were allotted as fully paid at a premium of £5.40 per share.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

10. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 January 2018	(2,575,016)	3,009,297	434,281
Deficit for the year	(2,009,724)		(2,009,724)
Cash share issue	-	2,075,147	2,075,147
At 31 December 2018	<u>(4,584,740)</u>	<u>5,084,444</u>	<u>499,704</u>

11. RELATED PARTY DISCLOSURES

a) Included in debtors is an amount of £198 (2017- amount due to: £43,193) owed by one of the directors, Y. Khattak.

b) During the year the company received interest free loans of £75,000 from shareholders. These loans were repaid in the year.

c) During the year the company received interest bearing loans of £300,000 from Smart Cells International Limited, a company owned by one of the directors and shareholders and was repaid in the year. The interest charged were between 10% to 20%.

d) During the year the company received interest free loans of £80,000 from a shareholder. The loan outstanding at 31.12.2018 is £60,000.

e) Included in creditors within one year is a balance of £19,000 owed to S Ahmed, a director and shareholder of the company.

f) Funding costs include £23,000 payable to S Ahmed, a director and shareholder of the company.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

12. 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.

b) In addition, 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 January 2018	132,950	9,050	142,000
Granted in the year	93,160	2,500	95,660
Exercised in the year	-	-	-
Lapsed in the year	-	-	-
At 31 December 2018	<u>226,110</u>	<u>11,550</u>	<u>237,660</u>
£ £ £			
Fair value of the options	<u>1,220,994</u>	<u>62,370</u>	<u>1283,364</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 year was £86,229 (2017-£82,374).

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.