

FOCAL POINT POSITIONING LIMITED

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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FOCAL POINT POSITIONING LIMITED

COMPANY INFORMATION

Directors	D D Cleevely D Cummings Dr R M Faragher L Rajczi J P Krancki S Pomerantz L Kravets
Company secretary	D M Buckle
Registered number	09589495
Registered office	1-3 Chesterton Mill Frenchs Road Cambridge CB4 3NP
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor Victoria House 199 Avebury Blvd Milton Keynes MK9 1AU

FOCAL POINT POSITIONING LIMITED

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FOCAL POINT POSITIONING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors

The directors who served during the year were:

D D Cleevely
D Cummings
Dr R M Faragher
A Trewby (resigned 10 August 2022)
L Rajczi (appointed 4 November 2022)
J P Krancki (appointed 10 August 2022)
S Pomerantz (appointed 10 August 2022)
L Kravets (appointed 27 September 2022)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Qualifying third party indemnity provisions

There is a qualifying third party indemnity policy in place in respect of directors.

FOCAL POINT POSITIONING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Going concern

The Directors have reviewed the Group's Balance Sheet cash balance which is inclusive of recent funds raised together with cash flow forecasts. These show that the Group expects to be able to continue to meet its liabilities as they fall due up until July 2024. In reaching this conclusion, the Directors have performed sensitivity calculations on the forecasts taking into account reasonably possible downside scenarios including reducing revenue projections covering up until July 2024. The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence and thus they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor


The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 26/7/2023

and signed on its behalf.



Dr R M Faragher
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOCAL POINT POSITIONING LIMITED

Opinion

We have audited the financial statements of Focal Point Positioning Limited (the 'parent Company') and its subsidiary (the 'Group') for the year ended 31 December 2022, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Balance sheets, the Consolidated and Company Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter – prior year financial statements were unaudited

The Company was not required to have a statutory audit for the year ended 31 December 2021 as it was entitled to exemption from the provision of the Companies Act 2006 relating to the audit of the financial statements for the period by virtue of Section 477 and no member or members requested an audit pursuant to Section 476 of the Act. Accordingly the corresponding figures for the year ended 31 December 2022 are unaudited.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group and the parent Company to cease to continue as a going concern.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOCAL POINT POSITIONING LIMITED
(CONTINUED)**

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent Company's business model including effects arising from macro-economic uncertainties such as global economic uncertainty, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and of the parent Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Directors report and Consolidated Financial Statements, other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Directors report and Consolidated Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOCAL POINT POSITIONING LIMITED
(CONTINUED)**

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Group strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOCAL POINT POSITIONING LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (United Kingdom Generally Accepted Accounting Standards and Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the Group operates.
- We enquired of management and those charged with governance, concerning the Company's policies and procedures relating to:
 - The identification, evaluation and compliance with laws and regulations;
 - The detection and response to the risks of fraud; and
 - The establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated the results of our enquires to relevant supporting documentation.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - Knowledge of the industry in which the client operates;
 - Understanding of the legal and regulatory requirements specific to the Company including:
 - The provisions of the applicable legislation
 - The regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
 - The applicable statutory provisions



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOCAL POINT POSITIONING LIMITED
(CONTINUED)**

We did not identify any matters relating to non-compliance with laws and regulations and fraud for communication with the engagement team.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Charlotte Anderson BSC FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
Date: 27/7/2023

FOCAL POINT POSITIONING LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	Unaudited 2021 £
Turnover		-	21,100
Gross profit		-	21,100
Administrative expenses		(7,188,058)	(3,330,844)
Other operating income	4	163,848	-
Operating loss		(7,024,210)	(3,309,744)
Interest receivable and similar income		58,791	139,865
Loss before taxation		(6,965,419)	(3,169,879)
Tax on loss	7	639,568	403,703
Loss for the financial year		(6,325,851)	(2,766,176)
Loss for the year attributable to:			
Owners of the parent Company		(6,325,851)	(2,766,176)
		(6,325,851)	(2,766,176)

There were no recognised gains and losses for 2022 or 2021 other than those included in the Consolidated statement of comprehensive income.

There was no other comprehensive income for 2022 (2021: £Nil).

The notes on pages 13 to 28 form part of these financial statements.

FOCAL POINT POSITIONING LIMITED
REGISTERED NUMBER:09589495

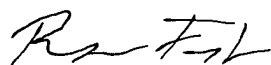
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	Unaudited 2021 £
Fixed assets			
Tangible assets	8	557,869	340,210
		<u>557,869</u>	<u>340,210</u>
Current assets			
Debtors: amounts falling due within one year	10	1,239,015	716,472
Cash at bank and in hand	11	18,699,885	3,685,255
		<u>19,938,900</u>	<u>4,401,727</u>
Creditors: amounts falling due within one year	12	(640,008)	(276,203)
Net current assets		<u>19,298,892</u>	<u>4,125,524</u>
Total assets less current liabilities		<u>19,856,761</u>	<u>4,465,734</u>
Net assets		<u>19,856,761</u>	<u>4,465,734</u>
Capital and reserves			
Called up share capital	14	43	26
Share premium account	15	33,061,147	11,633,534
Share option reserve	15	1,018,165	728,917
Profit and loss account	15	(14,222,594)	(7,896,743)
		<u>19,856,761</u>	<u>4,465,734</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

26/7/2023



Dr R M Faragher
Director

The notes on pages 13 to 28 form part of these financial statements.

FOCAL POINT POSITIONING LIMITED
REGISTERED NUMBER:09589495

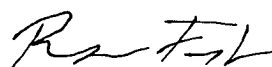
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	Unaudited 2021 £
Fixed assets			
Tangible assets	8	546,663	340,210
Investments	9	550,000	550,000
		<u>1,096,663</u>	<u>890,210</u>
Current assets			
Debtors: amounts falling due within one year	10	1,226,138	723,314
Cash at bank and in hand	11	18,476,684	3,479,768
		<u>19,702,822</u>	<u>4,203,082</u>
Creditors: amounts falling due within one year	12	(1,030,639)	(642,415)
Net current assets		<u>18,672,183</u>	<u>3,560,667</u>
Total assets less current liabilities		<u>19,768,846</u>	<u>4,450,877</u>
Net assets		<u><u>19,768,846</u></u>	<u><u>4,450,877</u></u>
Capital and reserves			
Called up share capital	14	43	26
Share premium account	15	33,061,147	11,633,534
Share option reserve	15	1,018,165	728,917
Profit and loss account brought forward		(7,911,600)	(5,130,567)
Loss for the year		(6,398,909)	(2,781,033)
Profit and loss account carried forward		(14,310,509)	(7,911,600)
		<u>19,768,846</u>	<u>4,450,877</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

26/7/2023



Dr R M Faragher
Director

The notes on pages 13 to 28 form part of these financial statements.

FOCAL POINT POSITIONING LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Share option reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021 (Unaudited)	17	4,412,046	466,122	138,919	(5,130,567)	(113,463)
Comprehensive income for the year						
Loss for the year	-	-	-	-	(2,766,176)	(2,766,176)
Shares issued during the year	9	7,221,488	-	-	-	7,221,497
Other movement	-	-	262,795	(138,919)	-	123,876
At 1 January 2022 (Unaudited)	26	11,633,534	728,917	-	(7,896,743)	4,465,734
Comprehensive income for the year						
Loss for the year	-	-	-	-	(6,325,851)	(6,325,851)
Shares issued during the year (note 14)	17	21,427,613	-	-	-	21,427,630
Other movement (note 13)	-	-	289,248	-	-	289,248
At 31 December 2022	43	33,061,147	1,018,165	-	(14,222,594)	19,856,761

The notes on pages 13 to 28 form part of these financial statements.

FOCAL POINT POSITIONING LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Share option reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2021 (Unaudited)	17	4,412,046	466,122	138,919	(5,130,567)	(113,463)
Comprehensive income for the year						
Loss for the year	-	-	-	-	(2,781,033)	(2,781,033)
Shares issued during the year	9	7,221,488	-	-	-	7,221,497
Other movement	-	-	262,795	(138,919)	-	123,876
At 1 January 2022 (Unaudited)	26	11,633,534	728,917	-	(7,911,600)	4,450,877
Comprehensive income for the year						
Loss for the year	-	-	-	-	(6,398,909)	(6,398,909)
Shares issued during the year (note 14)	17	21,427,613	-	-	-	21,427,630
Other movement (note 13)	-	-	289,248	-	-	289,248
At 31 December 2022	43	33,061,147	1,018,165	-	(14,310,509)	19,768,846

The notes on pages 13 to 28 form part of these financial statements.

FOCAL POINT POSITIONING LIMITED

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

1. General information

The company is a private company, limited by shares and is registered in England and Wales. The company is a research and development focused technology business with the goal of improving the positioning capability of all mobile devices including phones, smart watches and automobiles.

Registered number: 09589495

Registered office:
1-3 Chesterton Mill
Frenchs Road
Cambridge
CB4 3NP

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was £6,398,909 (2021: £2,781,033).

The Company's financial statements are presented in Sterling and all values are rounded to the nearest (£) except when otherwise stated.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The wholly owned subsidiary, Focal Point Positioning INC was incorporated on the 24 August 2021.

FOCAL POINT POSITIONING LIMITED

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

2. Accounting policies (continued)**2.3 Going concern**

The Directors have reviewed the Group's Balance Sheet cash balance which is inclusive of recent funds raised together with cash flow forecasts. These show that the Group expects to be able to continue to meet its liabilities as they fall due up until July 2024. In reaching this conclusion, the Directors have performed sensitivity calculations on the forecasts taking into account reasonably possible downside scenarios including reducing revenue projections covering up until July 2024. The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence and thus they continue to adopt the going concern basis in preparing the financial statements.

2.4 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

FOCAL POINT POSITIONING LIMITED

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

2. Accounting policies (continued)**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

FOCAL POINT POSITIONING LIMITED

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

2. Accounting policies (continued)**2.7 Operating leases: the Group as lessee**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the asset to which the grant relates. Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure. These are recognised as other income within the Statement of comprehensive income.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Pensions**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

FOCAL POINT POSITIONING LIMITED

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

2. Accounting policies (continued)**2.11 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

FOCAL POINT POSITIONING LIMITED

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

2. Accounting policies (continued)**2.12 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives on the following basis.

Depreciation is provided on the following basis:

Building improvements	- 5 - 15 years straight line dependent on the period of the lease
Leasehold property	- 4 - 5 years straight line dependent on the period of the lease
Plant and machinery	- 4 years straight line dependent on the period of the project
Motor vehicles	- 5 years reducing balance
Fixtures and fittings	- 4 years straight line
Computer equipment	- 4 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

FOCAL POINT POSITIONING LIMITED

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

2. Accounting policies (continued)

2.17 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2.18 Share based payment

The company operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

FOCAL POINT POSITIONING LIMITED

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

3. Critical accounting estimates and judgments

i) Useful economic lives of tangible assets

The annual amortisation or depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of tangible fixed assets.

ii) Share based payments

Management estimates its expense in relation to share based payments. The estimation takes into account the number of years the participants will stay with the Group. See note 11 for additional details.

4. Other operating income

	2022	2021
	£	£
Other operating income	163,848	-

The Company was awarded a £728,485 (€848,648) cost recovery grant by the European Space Agency to accelerate the design and build of a real-time Supercorrelation™ GNSS receiver (S-GNSS), during the year £163,848 was recognised as a portion of the total cost incurred recoverable.

There are no unfulfilled conditions and other contingencies attaching to grants that have been recognised in income.

The Company had no other form government assistance from which it directly benefited.

5. Employees

The average monthly number of employees, including directors, during the year was 38 (2021: 29).

FOCAL POINT POSITIONING LIMITED

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

6. Directors' remuneration

	2022	<i>Unaudited</i>
	£	<i>2021</i>
		£
Directors' emoluments	474,641	137,500
Other benefits	27,465	-
Group contributions to defined contribution pension schemes	18,634	6,875
Share based payments	207,806	73,786
	728,546	218,161

The highest paid director received emoluments of £456,838 (2021: £144,375) including pension scheme contributions of £2,634 (2021: £6,875) and expense for the year arising from share based payments of £203,707 (2021: £Nil). The directors are assessed as the key management personnel. Retirement benefits are accruing to 2 directors (2021: 1 director) under the Company's defined contribution pension scheme.

7. Taxation

	2022	<i>Unaudited</i>
	£	<i>2021</i>
		£
Corporation tax		
Current tax on profits for the year	(674,906)	(414,434)
Foreign tax on income for the year	19,678	-
Adjustments in respect of previous periods	15,660	10,731
Taxation on loss on ordinary activities	(639,568)	(403,703)

FOCAL POINT POSITIONING LIMITED

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

8. Tangible fixed assets**Group**

	Building improve- ments £	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation							
At 1 January 2022 (Unaudited)	38,679	246,698	58,772	31,550	4,316	179,982	559,997
Additions	-	151,579	158,659	-	10,812	82,487	403,537
Disposals	-	-	(21,060)	-	(2,977)	(58,822)	(82,859)
At 31 December 2022	38,679	398,277	196,371	31,550	12,151	203,647	880,675
Depreciation							
At 1 January 2022 (Unaudited)	26,874	-	50,956	18,048	3,777	120,132	219,787
Charge for the year on owned assets	7,736	97,093	32,685	2,700	924	40,693	181,831
Disposals	-	-	(20,946)	-	(2,977)	(54,889)	(78,812)
At 31 December 2022	34,610	97,093	62,695	20,748	1,724	105,936	322,806
Net book value							
At 31 December 2022	4,069	301,184	133,676	10,802	10,427	97,711	557,869
At 31 December 2021 (Unaudited)	11,805	246,698	7,816	13,502	539	59,850	340,210

FOCAL POINT POSITIONING LIMITED

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

8. Tangible fixed assets (continued)**Company**

	Building improve- ments £	Leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost							
At 1 January 2022 (Unaudited)	38,679	246,698	58,772	31,550	4,316	177,724	557,739
Additions	-	151,579	158,659	-	10,812	69,567	390,617
Disposals	-	-	(21,060)	-	(2,977)	(58,822)	(82,859)
At 31 December 2022	38,679	398,277	196,371	31,550	12,151	188,469	865,497
Depreciation							
At 1 January 2022 (Unaudited)	26,874	-	50,956	18,048	3,777	117,874	217,529
Charge for the year on owned assets	7,736	97,093	32,685	2,700	924	38,979	180,117
Disposals	-	-	(20,946)	-	(2,977)	(54,889)	(78,812)
At 31 December 2022	34,610	97,093	62,695	20,748	1,724	101,964	318,834
Net book value							
At 31 December 2022	4,069	301,184	133,676	10,802	10,427	86,505	546,663
At 31 December 2021 (Unaudited)	11,805	246,698	7,816	13,502	539	59,850	340,210

FOCAL POINT POSITIONING LIMITED

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

9. Fixed asset investments**Company**

	Investments in subsidiary company £
Cost or valuation	
At 1 January 2022	550,000
At 31 December 2022	550,000
Net book value	
At 31 December 2022	550,000
<i>At 31 December 2021 (Unaudited)</i>	550,000

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Focal Point Positioning Inc	200 Schulz Drive, Suite 402, Red Bank NJ 07701	Ordinary shares	100%

FOCAL POINT POSITIONING LIMITED

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

10. Debtors

	Group 2022 £	Unaudited Group 2021 £	Company 2022 £	Unaudited Company 2021 £
Other debtors	716,218	483,930	716,218	490,772
Prepayments and accrued income	522,797	232,542	509,920	232,542
	<u>1,239,015</u>	<u>716,472</u>	<u>1,226,138</u>	<u>723,314</u>

Included within prepayments is a lease deposit of £167,038 (2021: £146,000) which is due in greater than one year.

11. Cash and cash equivalents

	Group 2022 £	Unaudited Group 2021 £	Company 2022 £	Unaudited Company 2021 £
Cash at bank and in hand	18,699,885	3,685,255	18,476,684	3,479,768

12. Creditors: Amounts falling due within one year

	Group 2022 £	Unaudited Group 2021 £	Company 2022 £	Unaudited Company 2021 £
Trade creditors	52,298	119,013	49,993	119,013
Amounts owed to group undertakings	-	-	537,039	366,212
Corporation tax	9,293	-	-	-
Other taxation and social security	96,763	61,209	96,763	61,209
Other creditors	35,078	26,665	35,078	26,665
Accruals and deferred income	446,576	69,316	311,766	69,316
	<u>640,008</u>	<u>276,203</u>	<u>1,030,639</u>	<u>642,415</u>

Amounts owed to group undertakings are interest free, repayable on demand and unsecured.

FOCAL POINT POSITIONING LIMITED

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

13. Share based payments

The Company issues equity-settled share based payments to certain employees and advisors. In November 2015 the company established an Enterprise Management Investment Share Option Scheme and an unapproved Options scheme. The Schemes were established to recruit, motivate and retain key permanent employees and advisors.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are laid out below.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

	Weighted average exercise price (pence) 2022	Number 2022	Unaudited Weighted average exercise price (pence) 2021	Unaudited Number 2021
Outstanding at 1 January	24	193,270	54	84,628
Granted	100	56,341	1	108,642
Exercised	-	-	-	-
Forfeited/Cancelled/Expired	10	(9,000)	-	-
Outstanding at 31 December	<u>43</u>	<u>240,611</u>	<u>24</u>	<u>193,270</u>
Exercisable at 31 December	<u>88</u>	<u>48,115</u>	<u>59</u>	<u>13,615</u>

The expense recognised for share-based payments in respect of employee services received during the year to 31 December 2022 is £289,248 (2021: £262,795).

FOCAL POINT POSITIONING LIMITED

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

14. Share capital

	2022	<i>Unaudited</i> 2021
	£	£
Allotted, called up and fully paid		
1,445,947 (2021: 1,440,322) Ordinary shares of £0.0000125 each	18	18
491,631 (2021: 491,631) A1 Preferred shares of £0.0000125 each	6	6
172,624 (2021: 172,624) A2 Preferred shares of £0.0000125 each	2	2
193,611 (2021: Nil) C Ordinary shares of £0.0000125 each	3	-
683,788 (2021: Nil) C1 Preferred shares of £0.0000125 each	9	-
159,729 (2021: Nil) C2 Preferred shares of £0.0000125 each	2	-
193,611 (2021: Nil) C3 Preferred shares of £0.0000125 each	3	-
	<hr/> 43 <hr/>	<hr/> 26 <hr/>

All shares rank parri-passu in relation to dividends and voting rights except for the C3 preference shares which do not entitle the holders to dividends or voting rights.

During the year, the following shares were issued:

5,625 Ordinary shares of £0.0000125 each at a price of £0.10 per share
 193,611 C Ordinary shares of £0.0000125 each at a price of £0.10 per share.
 683,788 C1 Preferred shares of £0.0000125 each at a price of £20.66 per share.
 159,729 C2 Preferred shares of £0.0000125 each at a price of £20.66 per share.
 193,611 C3 Preferred shares of £0.0000125 each at a price of £20.56 per share.

15. Reserves**Share premium account**

Includes any premiums received on issue of share capital. Any transaction cost associated with the issuing of shares are deducted from share premium.

Other reserves

Other reserves relates to a convertible loan balance which was converted into shares during the year ended 31 December 2021. There is no similar transaction during in 2022.

Share options

Share options reserve represents the fair value charge of share-based payments in issue.

Profit and loss account

The Company loss for the year amounted to £6,398,909 (2021: £2,781,033).

FOCAL POINT POSITIONING LIMITED

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

16. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension contributions payable by the Group to the fund at year end amounted to £32,632 (2021: £20,653).

17. Related party transactions

The Group is exempt from the requirement in FRS 102 Section 1a to disclose transactions with other members of the wholly owned Group.

18. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	<i>Group 2021 £</i>
Not later than 1 year	246,138	273,396
Later than 1 year and not later than 5 years	648,800	905,325
	894,938	1,178,721

19. Controlling party

There is no ultimate controlling party.