

Genus Technologies Limited

Unaudited Financial Statements

Year Ended

31 March 2020

Company Number 10170621



Genus Technologies Limited

Registered number:10170621

**Statement of Financial Position
as at 31 March 2020**

	Note	2020 £	As restated 2019 £
Fixed assets			
Tangible assets	5	9,693	2,219
Investments	6	-	-
		<u>9,693</u>	<u>2,219</u>
Current assets			
Debtors	7	1,449,569	233,168
Cash and cash equivalents		546,299	783,975
		<u>1,995,868</u>	<u>1,017,143</u>
Creditors: amounts falling due within one year	8	(2,471,135)	(849,399)
Net current (liabilities)/assets		<u>(475,267)</u>	<u>167,744</u>
Net (liabilities)/assets		<u>(465,574)</u>	<u>169,963</u>
Capital and reserves			
Share capital	9	518	518
Share premium account	10	1,397,092	1,397,092
Other reserves	10	164,266	-
Accumulated losses	10	(2,027,450)	(1,227,647)
		<u>(465,574)</u>	<u>169,963</u>

Genus Technologies Limited

Registered number:10170621

Statement of Financial Position (continued) as at 31 March 2020

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

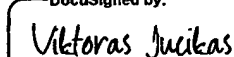
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The 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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with 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 by:

DocuSigned by:


.....E676D208438541F.....

V Jucikas

Director

Date: 7/17/2020

The notes on pages 4 to 12 form part of these financial statements.

Genus Technologies Limited

Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital	Share premium account	Other reserves	Accumulated losses	Total equity
	£	£	£	£	£
At 1 April 2019	518	1,397,092	-	(1,227,647)	169,963
Comprehensive loss for the year					
Loss for the year	-	-	-	(799,803)	(799,803)
Contributions by owners					
Investor shares to be issued	-	-	164,266	-	164,266
At 31 March 2020	518	1,397,092	164,266	(2,027,450)	(465,574)

Statement of Changes in Equity for the Year Ended 31 March 2019

	Share capital	Share premium account	Accumulated losses	Total equity
	£	£	£	£
At 1 April 2018 (as previously stated)	496	1,189,234	(478,540)	711,190
Comprehensive loss for the year				
Loss for the year	-	-	(749,107)	(749,107)
Contributions by owners				
Shares issued during the year	22	274,978	-	275,000
Share issue costs (as restated)	-	(67,120)	-	(67,120)
At 31 March 2019 (as restated)	518	1,397,092	(1,227,647)	169,963

The notes on pages 4 to 12 form part of these financial statements.

Genus Technologies Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

1. General information

Genus Technologies Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company is a parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

2.2 Going concern

The directors of the Company are currently assessing the impact of COVID-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the impact on the Company, its customers, employees and suppliers. The directors are continually reviewing their plans and forecasts and believe that the going concern basis is appropriate in the short term, however depending on the severity and length of the crisis there is a risk that the Company could require further funding or support. On this basis there is considered to be a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern.

Genus Technologies Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

2. Accounting policies (continued)

2.3 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 the Statement of comprehensive income 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 Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.4 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.5 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Genus Technologies Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Taxation

Tax is recognised in the Statement of comprehensive income, 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 reporting date in the countries where the Company operates and generates income.

2.9 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	50%
Computer equipment	-	50%

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 the Statement of comprehensive income.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 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.

Genus Technologies Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 Financial instruments

The Company 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.

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 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 Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

Derivatives, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a convertible loan contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Genus Technologies Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The most critical estimate and assumption for financial liabilities relates to the determination of the carrying value of the convertible loan notes at fair value through profit and loss. In determining this amount, the Company applies the overriding concept that fair value is the amount for which liability can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstances of the financial liability drives the valuation methodology.

No critical accounting judgements are identified.

4. Employees

The average monthly number of employees, including directors, during the year was 2 (2019 - 5).

5. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 April 2019	-	4,227	4,227
Additions	2,269	9,962	12,231
At 31 March 2020	2,269	14,189	16,458
Depreciation			
At 1 April 2019	-	2,008	2,008
Charge for the year	207	4,550	4,757
At 31 March 2020	207	6,558	6,765
Net book value			
At 31 March 2020	2,062	7,631	9,693
At 31 March 2019	-	2,219	2,219

6. Fixed asset investments

Genus Artificial Intelligence, Inc. is a 100% subsidiary undertaking and the investment cost is less than £1.

Genus Technologies Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

7. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	1,195,473	220,883
Other debtors	6,985	12,285
Prepayments and accrued income	227	-
Tax recoverable	246,884	-
	<u>1,449,569</u>	<u>233,168</u>

All amounts owed by group undertakings are repayable on demand and are not interest-bearing.

8. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	262,554	4,367
Other taxation and social security	4,527	18,102
Other creditors	9,417	3,438
Accruals and deferred income	17,364	67,120
Convertible loan notes	2,177,273	756,372
	<u>2,471,135</u>	<u>849,399</u>

On 19 February 2019, the board of directors passed a resolution enabling the Company to create up to a maximum aggregate nominal value of \$3,000,000 unsecured convertible loan notes. These will be issued as part of an investment into the Company, repayable in full on 19 February 2021 and accruing interest yearly at a rate of 2%. As at 31 March 2020, the nominal value of the unsecured convertible loan notes was \$2,566,000 (2019 - \$1,000,000).

Genus Technologies Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

9. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
3,900,000 (2019 - 3,900,000) Ordinary shares of £0.0001 each	390	390
1,280,000 (2019 - 1,280,000) Deferred shares of £0.0001 each	128	128
	<u>518</u>	<u>518</u>

Ordinary shares have full rights in the Company with respect to voting, dividends and capital distribution.

Deferred shares do not have any rights in the Company with respect to voting and dividends. This class of share is not entitled to any distribution of the Company other than a liquidation or winding up in which case priority will be given to these over the other classes of shares in issue.

10. Reserves

Share capital

Share capital represents the nominal value of shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issues cost.

Other reserves

Shares for which consideration has been received but which are not issued yet.

Accumulated losses

Accumulated losses represents cumulative profits and losses, net of dividends paid and other adjustments.

11. Prior year adjustment

During the year, the Company changed its accounting policy with respect to convertible loan notes in line with FRS 102. Previously, the convertible loan notes were regarded as compound instruments, consisting of a liability component and an equity component. Under the revised accounting policy, the Company has classified the convertible loan notes as a financial liability, held at fair value with changes in fair value recognised in the statement of comprehensive income. The impact of this was an increase in liabilities of £127,621 and a corresponding decrease in equity of £127,621.

The statement of financial position has been amended to reflect an adjustment required between share premium and accruals. The result is a decrease in share premium of £67,120 and a corresponding increase in accruals of £67,120.

Genus Technologies Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

12. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to the £5,872 (2019 - £4,482). Contributions totalling £1,840 (2019 - £3,438) were payable to the fund at the reporting date are included in creditors.

13. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	-	23,700
	<u>-</u>	<u>23,700</u>

14. Related party transactions

The Company has taken exemption under FRS 102 section 33.1A from disclosing transactions with group companies, on the grounds that each company party to the transactions is wholly owned within the group.

T Jucikas provided a loan to the company, at the year end this amounted to a balance of £946 (2019 - £Nil), which is included in other creditors. No interest was charged on the loan and it is repayable on demand.

V Jucikas provided a loan to the company, at the year end this amounted to a balance of £325 (2019 - £Nil), which is included in other creditors. No interest was charged on the loan and it is repayable on demand.

15. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Genus Artificial Intelligence, Inc.	Ordinary	100%	Information technology and services
Genus AI, UAB*	Ordinary	100%	Computer software development

*Indirect holding

The registered office of Genus Artificial Intelligence, Inc. is 95 Third Street, 2nd Floor, San Francisco, CA 94103.

The registered office of Genus AI, UAB is Palangos g. 4, 01402 Vilnius, Lithuania.

Genus Technologies Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

16. Post balance sheet events

During the first quarter of 2020, the World Health Organisation declared the outbreak of a novel coronavirus ("COVID-19") as a "Public Health Emergency of International Concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to the significant declines and volatility in financial markets. The outbreak could have a continued material adverse impact on the economic and market conditions and trigger a period of global economic slowdown which may impact Company's earnings.

17. Controlling party

The directors do not consider that there is a single controlling party.