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**SPECTRAL EDGE LIMITED**

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**UNAUDITED**

**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**SPECTRAL EDGE LIMITED**  
**REGISTERED NUMBER: 07538488**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2019**

	Note	30 September 2019 £	28 February 2019 £
<b>FIXED ASSETS</b>			
Tangible assets	4	72,825	75,162
		<u>72,825</u>	<u>75,162</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	5	602,331	356,306
Cash at bank and in hand		1,302,265	2,547,511
		<u>1,904,596</u>	<u>2,903,817</u>
Creditors: amounts falling due within one year	6	(1,248,344)	(88,080)
<b>NET CURRENT ASSETS</b>		<u>656,252</u>	<u>2,815,737</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>729,077</u>	<u>2,890,899</u>
<b>NET ASSETS</b>		<u><u>729,077</u></u>	<u><u>2,890,899</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	902	901
Share premium account		6,123,903	6,123,903
Profit and loss account		(5,395,728)	(3,233,905)
		<u>729,077</u>	<u>2,890,899</u>

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 period in question in accordance with section 476 of 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 Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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.

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**SPECTRAL EDGE LIMITED**  
**REGISTERED NUMBER: 07538488**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 30 SEPTEMBER 2019**

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

**Dr R E M Swann**  
**Director**

Date: 28 October 2019

The notes on pages 4 to 9 form part of these financial statements.

**SPECTRAL EDGE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 March 2019	901	6,123,903	(3,233,905)	2,890,899
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>				
Loss for the period	-	-	(2,237,327)	(2,237,327)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	(2,237,327)	(2,237,327)
Shares issued during the period	1	-	-	1
Transfer to/from profit and loss account	-	-	75,504	75,504
<b>AT 30 SEPTEMBER 2019</b>	<b>902</b>	<b>6,123,903</b>	<b>(5,395,728)</b>	<b>729,077</b>

The notes on pages 4 to 9 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 March 2018	893	6,123,903	(1,939,089)	4,185,707
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Loss for the year	-	-	(1,425,467)	(1,425,467)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	(1,425,467)	(1,425,467)
Shares issued during the year	8	-	-	8
Transfer to/from profit and loss account	-	-	130,651	130,651
<b>AT 28 FEBRUARY 2019</b>	<b>901</b>	<b>6,123,903</b>	<b>(3,233,905)</b>	<b>2,890,899</b>

The notes on pages 4 to 9 form part of these financial statements.

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## SPECTRAL EDGE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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#### 1. GENERAL INFORMATION

Spectral Edge Limited is a private limited company incorporated in England & Wales. The Company's registered office is Ketton Suite, The King Centre Main Road, Barleythorpe, Oakham, Rutland, England, LE15 7WD. The Company's trading address is Bradfield Centre, 184 Cambridge Science Park, Milton Road, Cambridge CB4 0GA.

The Company's functional and presentational currency is GBP.

#### 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### 2.2 GOING CONCERN

During the period, the Company incurred a loss after tax of £2,237,327 (Year ended 28 February 2019 - £1,425,647). The financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements. The Company is involved in continuing research and development activities and is expected to continue to be loss making, and in a net cash outflow position, in the near future as it progresses its activities.

The directors have considered the basis of the financial statements in conjunction with preparing cash flow forecasts and are satisfied that based on the projected cash burn rate the Company will be able to meet its liabilities as they fall due.

##### 2.3 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the licence sales can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

##### 2.4 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.4 TANGIBLE FIXED ASSETS (continued)**

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:

Office equipment	-	20 - 33% straight line
Computer equipment	-	20 - 33% 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 the Statement of Comprehensive Income.

**2.5 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.

**2.6 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions. The balance includes amounts repayable without penalty on notice of not more than 24 hours and a deposit amount fixed for up to 12 months. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.7 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.

**2.8 GRANTS**

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.9 SHARE BASED PAYMENTS**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

**2.10 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.11 INTEREST INCOME**

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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**2. ACCOUNTING POLICIES (CONTINUED)**

**2.12 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 balance sheet date in the countries where the Company operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

**2.13 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.

**3. EMPLOYEES**

The average number of employees, including directors, during the period was 18 (year to 28 February 2019: 14).



**SPECTRAL EDGE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

**4. TANGIBLE FIXED ASSETS**

	Office equipment £	Computer equipment £	Total £
<b>COST OR VALUATION</b>			
At 1 March 2019	15,383	104,052	119,435
Additions	861	21,103	21,964
At 30 September 2019	<u>16,244</u>	<u>125,155</u>	<u>141,399</u>
<b>DEPRECIATION</b>			
At 1 March 2019	5,814	38,459	44,273
Charge for the period on owned assets	2,972	21,329	24,301
At 30 September 2019	<u>8,786</u>	<u>59,788</u>	<u>68,574</u>
<b>NET BOOK VALUE</b>			
At 30 September 2019	<u>7,458</u>	<u>65,367</u>	<u>72,825</u>
<b>At 28 February 2019</b>	<u>9,569</u>	<u>65,593</u>	<u>75,162</u>

**5. DEBTORS**

	30 September 2019 £	28 February 2019 £
Other debtors	602,331	340,972
Prepayments and accrued income	-	15,334
	<u>602,331</u>	<u>356,306</u>

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**SPECTRAL EDGE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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**6. CREDITORS: Amounts falling due within one year**

	<b>30 September 2019</b>	28 February 2019
	£	£
Trade creditors	16,706	25,798
Other taxation and social security	630	33,717
Other creditors	3,996	1,992
Accruals and deferred income	1,227,012	26,573
	<u>1,248,344</u>	<u>88,080</u>

**7. SHARE CAPITAL**

	<b>30 September 2019</b>	28 February 2019
	£	£
<b>Allotted, called up and fully paid</b>		
203,440 (2019 - 201,992) Ordinary shares of £0.001 each	203	202
415,109 (2019 - 415,109) Ordinary B shares of £0.001 each	415	415
283,696 (2019 - 283,696) Preference shares of £0.001 each	284	284
	<u>902</u>	<u>901</u>

On 14 March 2019 1,448 Ordinary shares were issued at par.

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.