

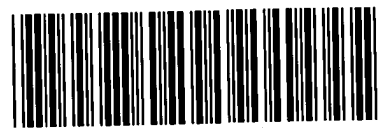
Registered number: 09705888

DNANUDGE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

SATURDAY



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15/12/2018
COMPANIES HOUSE

DNANUDGE LIMITED

COMPANY INFORMATION

Directors	C Toumazou M Karvela
Registered number	09705888
Registered office	80 Wood Lane White City London England W12 0BZ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South Oxford Oxfordshire OX4 2WB

DNANUDGE LIMITED

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DNANUDGE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2018**

The directors present their report and the financial statements for the year ended 31 July 2018.

Principal activities

The principal activity of DNAnudge Limited is the research and development of a direct to consumer genetic service aimed to nudge users towards a healthier lifestyle and better choices.

Going concern

The directors have reviewed the company's forecasts and projections. In conjunction with this review and the raising of £5 million further equity in 2018, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Directors

The directors who served during the year were:

C Toumazou
M Karvela

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DNANUDGE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018**

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'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's auditor is aware of that information.

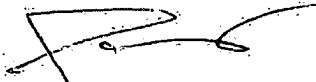
Auditor

Under section 487 (2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing of the accounts with the registrar, whichever is earlier.

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 **13/12/2018** and signed on its behalf.



C Tóumazou
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DNANUDGE LIMITED

Opinion

We have audited the financial statements of DNAnudge Limited (the 'company') for the year ended 31 July 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 company's affairs as at 31 July 2018 and of its 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 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.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DNANUDGE LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. 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.

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. 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.

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

In the light of the knowledge and understanding of the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 strategic report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DNANUDGE LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 1, 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 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 company or to cease operations, or have no realistic alternative but to do so.

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.

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.

Grant Thornton UK LLP

Mark Bishop FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
Date: 14 December 2018

DNANUDGE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2018**

	Note	2018 £	2017 £
Administrative expenses		(6,819,231)	(4,132,826)
Operating loss	4	(6,819,231)	(4,132,826)
Interest receivable and similar income		4,621	67
Interest payable and expenses		(2,008)	(9,910)
Loss before tax		(6,816,618)	(4,142,669)
Tax on loss	8	1,182,724	835,756
Loss for the financial year		(5,633,894)	(3,306,913)

There was no other comprehensive income for 2018 (2017: £Nil).

The notes on pages 9 to 20 form part of these financial statements:

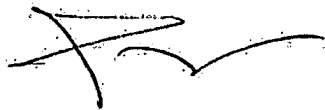
DNANUDGE LIMITED
REGISTERED NUMBER:09705888

BALANCE SHEET
AS AT 31 JULY 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	9	145,828	67,291
Tangible assets	10	122,487	11,376
		<u>268,315</u>	<u>78,667</u>
Current assets			
Debtors: amounts falling due within one year	11	2,238,528	1,245,867
Cash at bank and in hand	12	11,165,053	4,183,275
		<u>13,403,581</u>	<u>5,429,142</u>
Creditors: amounts falling due within one year	13	(1,259,552)	(8,320,444)
Net current assets/(liabilities)		<u>12,144,029</u>	<u>(2,891,302)</u>
Total assets less current liabilities		<u>12,412,344</u>	<u>(2,812,635)</u>
Net assets/(liabilities)		<u>12,412,344</u>	<u>(2,812,635)</u>
Capital and reserves			
Called up share capital		149	107
Share premium account	16	21,504,058	749,993
Other reserves	16	104,766	-
Profit and loss account	16	(9,196,629)	(3,562,735)
		<u>12,412,344</u>	<u>(2,812,635)</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



C Toumazou
 Director

The notes on pages 9 to 20 form part of these financial statements.

DNANUDGE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2018**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 August 2017	107	749,993	-	(3,562,735)	(2,812,635)
Comprehensive income for the year					
Loss for the year	-	-	-	(5,633,894)	(5,633,894)
Total comprehensive income for the year	-	-	-	(5,633,894)	(5,633,894)
Shares issued during the year	42	20,754,065	-	-	20,754,107
Share options to be issued	-	-	104,766	-	104,766
Total transactions with owners	42	20,754,065	104,766	-	20,858,873
At 31 July 2018	149	21,504,058	104,766	(9,196,629)	12,412,344

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2017**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 August 2016	105	499,995	(255,822)	244,278
Comprehensive income for the year				
Loss for the year	-	-	(3,306,913)	(3,306,913)
Total comprehensive income for the year	-	-	(3,306,913)	(3,306,913)
Shares issued during the year	2	249,998	-	250,000
Total transactions with owners	2	249,998	-	250,000
At 31 July 2017	107	749,993	(3,562,735)	(2,812,635)

The notes on pages 9 to 20 form part of these financial statements.

DNANUDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

1. General information

DNAudge Limited is a private company limited by shares incorporated in England and Wales. Its year end is 31 July 2018. Its registered office is 80 Wood Lane, White City, London, England, W12 0BZ.

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 financial statements are presented in Sterling (£), which is the functional currency of the company.

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 following principal accounting policies have been applied:

2.2 Going concern

The directors have reviewed the future prospects of the company and prepared a cash flow covering the period until December 2019. The company has raised £5 million further equity in November 2018. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and regularly review budgets and forecast to ensure sufficient funding is in place to support the company's strategy. The company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Statement.

2.4 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2.5 Interest income

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

DNANUDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

2. Accounting policies (continued)

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.

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.8 Pensions

The company operated a defined contribution pension scheme for the benefit of its employees. Contributions payable are recognised in the Profit and Loss Statement as they become payable under the rules of the scheme.

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 Taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

DNANUDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

2. Accounting policies (continued)

2.11 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Patents	-	10	years
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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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 furniture	-	33.3% straight line
Office equipment	-	33.3% straight line
Computer equipment	-	33.3% 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.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.14 Cash and cash equivalents

Cash includes cash in hand and deposits held in financial institutions available without penalty within 24 hours notice.

DNANUDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

2. Accounting policies (continued)

2.15 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.

2.16 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and loans from third parties.

Debt instruments that are payable or receivable within one year including trade debtors, creditors and loans are measured initially at fair value, net of transaction costs, and measured subsequently at amortised cost using the effect interest method.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities income and expenses. The items in the financial statements where these judgements have been made include:

To estimate the correct period for the allocation of expenses of development contracts, consultation with the supplier and an Internal review was held. Management believe that after the consultation and review the expenses of the contracts have been assigned to the correct financial period.

Estimated life of economic value of patents, management have taken the view that the economic value of the patents in the company should be over a 10 year period.

4. Operating loss

The operating loss is stated after charging:

	2018	2017
	£	£
Amortisation	16,620	3,766
Depreciation	11,682	3,835
Research & development	5,004,484	3,184,963

DNANUDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

5. Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor in respect of the audit for the financial statements	22,000	20,000
Fees payable to the auditor in respect of:		
Non audit fees provision of tax advice	8,000	8,000
Total	<u>30,000</u>	<u>28,000</u>

6. Employees

Wages and salaries	804,434	302,250
Social security costs	83,063	27,354
Cost of defined contribution scheme	33,490	8,312
	<u>920,987</u>	<u>337,916</u>

The company operates an auto-enrolment scheme as a defined contribution pension scheme for the benefit of employees and directors. The assets of the scheme are administered by an independent pensions provider. Pension payments are recognised as an expense during the year was £33,490 (2017: £8,312).

The average number of employees of the company during year was 13 (2017: 7).

7. Directors' remuneration

Remuneration in respect of directors was as follows:

	2018 £	2017 £
Wages and Salaries	207,305	115,500
Social security costs	25,294	12,892
Pension cost	3,901	1,033
	<u>236,500</u>	<u>129,425</u>

DNANUDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

8. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	(1,147,756)	(818,721)
Adjustments in respect of previous periods	(34,968)	(17,035)
	(1,182,724)	(835,756)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: *higher than*) the standard rate of corporation tax in the UK of 19% (2017: 19.67%). The differences are explained below:

	2018	2017
	£	£
Loss on ordinary activities before tax	(6,816,618)	(4,142,669)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.67%)	(1,295,157)	(814,687)
Effects of:		
Expenses not deductible for tax purposes	(1,463)	(10,779)
Adjustment to losses	-	(31,904)
Additional deductions for R&D	(837,429)	(627,616)
Surrender of tax losses for R&D tax credit	350,907	291,677
Adjustments to tax charge in respect of prior periods	(34,968)	(17,035)
Adjustment to tax rate	100,094	50,288
Deferred tax not recognised	535,292	324,300
Total tax charge for the year	(1,182,724)	(835,756)

The company has estimated trading losses of £3,812,176 (2017: £1,881,709) available for carry forward against future trading profits which are subject to agreement with HMRC.

The company has a potential deferred tax asset of £850,796 (2017: £320,245). The deferred tax asset has not been recognized on the grounds of uncertainty with regard to recoverability.

Factors that may affect future tax charges

During the year, the UK corporation tax rate was decreased. Following Budget 2018 announcements, there will be a further reduction in the main corporation tax to 17% from 1 April 2020.

DNANUDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

9. Intangible assets

	Patents £
Cost	
At 1 August 2017	71,057
Additions	95,157
At 31 July 2018	<u>166,214</u>
Amortisation	
At 1 August 2017	3,766
Charge for the year	16,620
At 31 July 2018	<u>20,386</u>
Net book value	
At 31 July 2018	<u>145,828</u>
At 31 July 2017	<u>67,291</u>

Amortisation of intangible assets is included in administrative expenses.

DNANUDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

10. Tangible fixed assets

	Office equipment £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 August 2017	7,201	7,090	1,230	15,521
Additions	16,995	93,276	12,522	122,793
Reclassification	(5,545)	-	5,545	-
At 31 July 2018	<u>18,651</u>	<u>100,366</u>	<u>19,297</u>	<u>138,314</u>
Depreciation				
At 1 August 2017	2,345	1,712	88	4,145
Charge for the year on owned assets	5,176	2,381	4,125	11,682
Reclassification	(1,931)	-	1,931	-
At 31 July 2018	<u>5,590</u>	<u>4,093</u>	<u>6,144</u>	<u>15,827</u>
Net book value				
At 31 July 2018	<u>13,061</u>	<u>96,273</u>	<u>13,153</u>	<u>122,487</u>
At 31 July 2017	<u>4,856</u>	<u>5,378</u>	<u>1,142</u>	<u>11,376</u>

11. Debtors

	2018 £	2017 £
VAT	208,712	374,832
Unpaid share capital	103	100
R&D credit	835,756	835,756
Prepayments	28,290	35,179
Tax recoverable	1,165,667	-
	<u>2,238,528</u>	<u>1,245,867</u>

DNANUDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

12. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	11,165,053	4,183,275

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,064,754	954,573
Loan short term (unsecured)	-	5,008,970
Proceeds for shares not yet issued	-	2,000,000
Other creditors	823	17,364
Accruals	193,975	339,537
	<u>1,259,552</u>	<u>8,320,444</u>

14. Financial instruments

	2018 £	2017 £
Financial assets		
Cash in hand and deposited with bank	11,165,053	4,183,275
Other receivables	103	100
	<u>11,165,156</u>	<u>4,183,375</u>

Financial liabilities

Trade creditors	1,064,754	954,573
Loan short term (unsecured)	-	5,008,970
Proceeds for shares not yet issued	-	2,000,000
Other creditors	823	17,364
Accruals	193,975	339,537
	<u>1,259,552</u>	<u>8,320,444</u>

Financial assets that are measured at amortised cost are made up of, cash and unpaid share capital. Financial Liabilities that are measured at amortised cost are made up of trade creditors, loans, proceeds for shares not yet issued, other creditors and accruals.

DNANUDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

15. Share capital

A Ordinary shares of £1 each

	2018	2017
	£	£
Authorised allotted, called up not paid	100	100
Authorised allotted, called up and fully paid	7	5
Shares issued during the year nominal value £1 fully paid	39	2
Shares issued during the year nominal value £1 not paid	3	-
Total shares in issue	149	107

There is only one category of shares issued.

16. Reserves

Share capital represents the nominal value of the shares that have been issued.

Share premium consists of proceeds received in addition to the nominal value of the shares issued.

Profit and loss account includes all current and prior period profits and losses.

Other reserves

This refers to the cumulative amount of the fair value of the share options that are expected to vest.

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17. Share based payments

The company implemented both an Enterprise Management Incentive Share Option Scheme ("EMI Scheme") and an Unapproved Share Option Scheme ("Unapproved Scheme") during the year. The company has granted options over £0.001 Ordinary Shares to employees of the Group under both the EMI Scheme and the Unapproved Scheme. EMI Options cannot be vested for the first three years. Options issued under both schemes expire 10 years from the date of grant. Options lapse after three months when the option holder ceases employment with the Company.

Directors were granted 2,796 unapproved and 2,181 EMI shares. Related parties to director were granted 300 unapproved share options.

	2018	2017
Total shares granted during the year	4977	0
Shares outstanding at the end of the year	4,977	-
Option pricing model used	Black-scholes	N/A
Weighted average share price (£)	465.60	0
Exercise price (£)	395.76	0
Expected volatility	1.74%	0
Risk-free interest rate	1.60%	0

18. Contingent liabilities

The company had no contingent liabilities as at 31 July 2018 or at 31 July 2017.

19. Capital commitments

At 31 July 2018 the company had capital commitments as follows:

	2018	2017
	£	£
Contracted for but not provided in these financial statements	214,772	-
	<u>214,772</u>	<u>-</u>

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20. Commitments under operating leases

At 31 July 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Less than 1 year	412,495	74,868
More than 1 year and not later than 5 years	2,062,473	-
More than 5 years	1,649,978	-
	<u>4,124,946</u>	<u>74,868</u>

The company has recognised lease payments during the year of £107,042 (2017: £95,611).

21. Related party transactions

The following related party transactions took place during the year.

The company has paid employees that are close relatives of directors £52,744 during the year (2017: £25,545). There is no amount outstanding at the year end (2017: £Nil).

The company has received a loan of £Nil during the year from a shareholder, TS Global Ltd (2017: £5,000,000). It has generated an interest payable of £Nil (2017: £8,970). The total amount owed at the year end is £Nil (2017: £5,008,970).

22. Controlling party

The company is controlled by C. Toumazou by virtue of his shareholding.