

Lawdeck Limited

Annual Report and Unaudited Financial Statements
for the Year Ended 30 April 2020

Lawdeck Limited

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Lawdeck Limited

Company Information

Directors Mr Olatunde Alegbe
Alexander Sukhdev Singh Mann
Mooktakim Ahmed

Registered Number: 08442448

Registered office 86-90 Paul Street
London
EC2A 4NE

Accountants Ashton Allsop
Chartered Accountants
Thorncroft Manor
Thorncroft Drive
Leatherhead
Surrey
KT22 8JB

Lawdeck Limited

(Registration number: 08442448)
Balance Sheet as at 30 April 2020

	Note	2020 £	(As restated) 2019 £
Fixed assets			
Intangible assets	<u>5</u>	690,766	638,343
Tangible assets	<u>6</u>	19,613	3,922
		710,379	642,265
Current assets			
Debtors	<u>7</u>	980,971	321,597
Cash at bank and in hand		887,062	133,899
		1,868,033	455,496
Creditors: Amounts falling due within one year	<u>8</u>	(406,136)	(65,836)
Net current assets		1,461,897	389,660
Total assets less current liabilities		2,172,276	1,031,925
Creditors: Amounts falling due after more than one year		(1,507,608)	(5,000)
Net assets		664,668	1,026,925
Capital and reserves			
Called up share capital	<u>9</u>	218	193
Share premium reserve		3,206,023	1,952,225
Profit and loss account		(2,541,573)	(925,493)
Total equity		664,668	1,026,925

For the financial year ending 30 April 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Lawdeck Limited

**(Registration number: 08442448)
Balance Sheet as at 30 April 2020**

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 28 October 2020 and signed on its behalf by:

.....

Mr Olatunde Alegbe
Director

Lawdeck Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 April 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

86-90 Paul Street
London
EC2A 4NE
England

These financial statements were authorised for issue by the Board on 28 October 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The directors of the company are constantly assessing the impact of COVID-19. The situation is evolving continuously and it is difficult 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.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Lawdeck Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 April 2020

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 taxable income.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Office Equipment	25% Straight line

Development costs

Costs directly attributable to product development are capitalised as intangible assets only when technical feasibility of the project is demonstrated, there is an intention and ability to complete the development activities and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project. Research costs are recognised as an expense when incurred.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Development costs	25% Straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Lawdeck Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 April 2020

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 17 (2019 - 8).

4 Taxation

The amount for taxation includes current and prior year (£112,800) Research and Development claims.

Lawdeck Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 April 2020

5 Intangible assets

	Internally generated software development costs £	Total £
Cost or valuation		
At 1 May 2019	866,353	866,353
Additions internally developed	269,011	269,011
At 30 April 2020	1,135,364	1,135,364
Amortisation		
At 1 May 2019	228,010	228,010
Amortisation charge	216,588	216,588
At 30 April 2020	444,598	444,598
Carrying amount		
At 30 April 2020	690,766	690,766
At 30 April 2019	638,343	638,343

Following a change in accounting policy adopted in the current period, all development costs are now capitalised. The effect of the change has been applied retrospectively and so represents a change from previous years when development costs were expensed as incurred. See note 12 for further details.

Lawdeck Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 April 2020

6 Tangible assets

	Office equipment £	Total £
Cost or valuation		
At 1 May 2019	4,332	4,332
Additions	18,904	18,904
	23,236	23,236
At 30 April 2020	23,236	23,236
Depreciation		
At 1 May 2019	410	410
Charge for the year	3,213	3,213
	3,623	3,623
At 30 April 2020	3,623	3,623
Carrying amount		
At 30 April 2020	19,613	19,613
At 30 April 2019	3,922	3,922

7 Debtors

	2020 £	(As restated) 2019 £
Prepayments	671,518	201,427
Other debtors	169,821	98,965
VAT Control account	139,632	21,205
	980,971	321,597

Prepayments includes £671,429 (2019: £201,429) of advanced payments to Effortless Energy. This has been restated from the profit and loss account in the prior year accounts.

Lawdeck Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 April 2020

8 Creditors

Creditors: amounts falling due within one year

	2020 £	2019 £
Due within one year		
Trade creditors	288,778	28,536
PAYE and NIC	107,005	34,890
Accruals and deferred income	10,250	-
Other creditors	103	2,410
	406,136	65,836
	406,136	65,836

Creditors: amounts falling due after more than one year

	Note	2020 £	2019 £
Due after one year			
Loans and borrowings		1,507,608	-
Other non-current financial liabilities		-	5,000
		1,507,608	5,000
		1,507,608	5,000

Non-current borrowings represents convertible loan notes totalling £1.5m, these attract interest at 4% on redemption, administration/liquidation/receivership/insolvency or conversion. They can be converted into equity with a 20% reduction in the strike share price at the time of the next qualifying funding round.

9 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary of £0.00001 each	19,750,316	197.50	17,283,820	172.84
Deferred of £0.00100 each	20,000	20.00	20,000	20.00
	19,770,316	218	17,303,820	193
	19,770,316	218	17,303,820	193

Lawdeck Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 April 2020

10 Non adjusting events after the financial period

Covid-19 Risk

The Covid-19 pandemic occurred after the financial year end to which these accounts relate. However, the directors are able to report that the company finances are sufficiently robust to be able to endure the economic downturn as a consequence of the lockdown measures imposed by governments. The company's services have continued to be used by its customers during lockdown and whilst everyone has been impacted by the pandemic, there has been no material impact on revenues and cash collection. The company has risk assessed its clients and has stress tested the business to ensure it is able to minimise the financial impact.

Brexit Risk

The company has closely monitored the Brexit process and has sought professional advice where appropriate. The company generates all of its revenues from UK customers but has been mindful of any negative impact upon the existing revenue and future revenue opportunities around Brexit. The company has a good relationship with its customers and there have been no indications of any appetite to change vendor. The directors are confident that the company will continue to do well in the UK market but are vigilant and monitoring the evolving situation closely.

11 Prior year adjustment

The accounts have been restated to ensure the correct presentation of amounts paid to Effortless Energy in the year ending 30 April 2019. These now show as amounts paid in advance on the balance sheet, rather than as a cost in the year. The change has resulted in retained losses decreasing by £201,429.

Lawdeck Limited

Notes to the Unaudited Financial Statements for the Year Ended 30 April 2020

12 Change in accounting policy

Lawdeck has developed software using Natural Language Processing that interacts with the home through energy and home appliances to combine all utility data and suggest optimal utility providers.

The company has previously expensed all development costs. However, the directors believe they have created an intangible asset which is expected to realise future economic benefits in the form of a future revenue stream and so it is appropriate to capitalise and match the utilisation of that asset against those benefits. The directors believe capitalising the development costs, in line with FRS102 1a Section 18, gives a more accurate view of the investment made by the business and gives a truer and fairer view of the company's financial position.

This change has been applied retrospectively and development expenses from FY16, FY17, FY18 and FY19 have now been capitalised in line with the change in policy.

There is no impact on deferred tax due to the existence of tax losses. A deferred tax asset has not been recognised.

The directors believe the presentation of the intangible assets represents the fair value of those assets at the balance sheet date.

The table below shows the impact on the accounts of the changes in accounting policy and the prior period adjustment:

	Loss for the financial year originally reported	Capitalisation of development costs	Amortisation charge	Prior period adjustment	Restated loss	NBV of Development costs
2016	(250,514)	112,174	-		(138,340)	112,174
2017	(297,097)	184,757	(28,044)		(140,384)	268,888
2018	(294,040)	206,004	(74,233)		(162,269)	400,659
2019	(878,181)	363,418	(125,735)	201,429	(439,069)	638,342

Leatherhead

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.