
SPECTRAL EDGE LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 30 SEPTEMBER 2020



SPECTRAL EDGE LIMITED
REGISTERED NUMBER: 07538488

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	3	-	72,825
		-	72,825
CURRENT ASSETS			
Debtors: amounts falling due within one year	4	17,274,200	602,331
Cash at bank and in hand		149,881	1,302,265
		<u>17,424,081</u>	<u>1,904,596</u>
Creditors: amounts falling due within one year	5	<u>(613,794)</u>	<u>(1,248,344)</u>
NET CURRENT ASSETS		16,810,287	656,252
NET ASSETS		<u>16,810,287</u>	<u>729,077</u>
CAPITAL AND RESERVES			
Called up share capital	6	1,011	902
Share premium account		6,729,288	6,123,903
Profit and loss account		10,079,988	(5,395,728)
		<u>16,810,287</u>	<u>729,077</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 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:



P R Denwood
Director

Date: 17 June 2021

The notes on pages 3 to 8 form part of these financial statements.

SPECTRAL EDGE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 October 2019	902	6,123,903	(5,395,728)	729,077
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	15,475,716	15,475,716
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>-</u>	<u>-</u>	<u>15,475,716</u>	<u>15,475,716</u>
Shares issued during the year	109	605,385	-	605,494
AT 30 SEPTEMBER 2020	<u>1,011</u>	<u>6,729,288</u>	<u>10,079,988</u>	<u>16,810,287</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR 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
COMPREHENSIVE INCOME FOR THE PERIOD				
Loss for the period	-	-	(2,237,327)	(2,237,327)
Movement on share options	-	-	75,504	75,504
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>-</u>	<u>-</u>	<u>(2,161,823)</u>	<u>(2,161,823)</u>
Shares issued during the period	1	-	-	1
AT 30 SEPTEMBER 2019	<u>902</u>	<u>6,123,903</u>	<u>(5,395,728)</u>	<u>729,077</u>

The notes on pages 3 to 8 form part of these financial statements.

SPECTRAL EDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. GENERAL INFORMATION

Spectral Edge Limited is a private limited company incorporated in England & Wales. The Company's registered office is 100 New Bridge Street, London, EC4V 6JA.

The smallest group in which the results of the Company are consolidated is Apple Operations International Limited, a company incorporated in the Republic of Ireland, the consolidated financial statements of which are publicly available from the Registrar of Companies, CRO Public Office, Gloucester Place Lower, Mountjoy, Dublin 1, D01 F2X5, Ireland. The Company's ultimate parent undertaking is Apple Inc., a company incorporated in California, United States of America, the consolidated financial statements of which are publicly available from Investor Relations, Apple Inc., One Apple Park Way, Cupertino, California, 95014, United States of America.

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 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 following principal accounting policies have been applied:

2.2 INCOME

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.

Other operating income is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured. Other operating income in the year ended 30 September 2020 relates wholly to the sale of intellectual property.

2.3 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.

SPECTRAL EDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 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	-	33.33%	straight line
Computer equipment	-	33.33%	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 profit or loss.

2.4 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.

2.5 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.

2.6 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.

SPECTRAL EDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.7 SHARE BASED PAYMENTS

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss 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 profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.8 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 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 Company in independently administered funds.

2.9 INTEREST INCOME

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

SPECTRAL EDGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.10 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 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.

2.11 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.

SPECTRAL EDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment £	Total £
COST			
At 1 October 2019	16,244	125,155	141,399
Disposals	(16,244)	(125,155)	(141,399)
At 30 September 2020	-	-	-
At 1 October 2019	8,786	59,788	68,574
Charge for the year on owned assets	1,460	34,954	36,414
Disposals	(10,246)	(94,742)	(104,988)
At 30 September 2020	-	-	-
NET BOOK VALUE			
At 30 September 2020	-	-	-
At 30 September 2019	7,458	65,367	72,825

4. DEBTORS

	2020 £	2019 £
Amounts owed by group undertakings	17,273,779	-
Other debtors	421	602,331
	<u>17,274,200</u>	<u>602,331</u>

SPECTRAL EDGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	900	16,706
Corporation tax	605,852	-
Other taxation and social security	-	630
Other creditors	-	3,996
Accruals and deferred income	7,042	1,227,012
	<u>613,794</u>	<u>1,248,344</u>

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions totaling £NIL (2019: £1,992) were payable to the fund at the balance sheet date and are included in Other Creditors.

6. SHARE CAPITAL

	2020	2019
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
311,456 (2019 - 203,440) Ordinary shares of £0.001 each	312	203
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>1,011</u>	<u>902</u>

On the 8 November 2019 the Company issued 14,722 Ordinary shares at par value and 93,294 Ordinary shares at a price per share of £6.49.

7. POST BALANCE SHEET EVENTS

On 7 May 2021 the Company declared share capital and share premium repayment of £6,730,297.

8. AUDITORS' INFORMATION

The auditors' report on the financial statements for the year ended 30 September 2020 was unqualified.

The audit report was signed on 17 June 2021 by James Burrett (Senior Statutory Auditor) on behalf of Peters Elworthy & Moore.