

THE IDCO. LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

THE IDCO. LIMITED

COMPANY INFORMATION

Directors	J Varga M Booher L Campos IQ Capital Director Nominees Limited (resigned 25 April 2019) GD Paterson (resigned 25 April 2019) G Shilton (resigned 25 April 2019) JS Leckie (resigned 1 August 2018) N Kingsbury (appointed 29 April 2019)
Registered number	SC400459
Registered office	Norloch House 36 King's Stables Road Edinburgh EH1 3EU
Independent auditors	EQ Accountants LLP Chartered Accountants & Statutory Auditors 14 City Quay Dundee DD1 3JA

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	4	241,416	276,781
Tangible assets	5	3,829	1,095
Investments	6	1	1
		<u>245,246</u>	<u>277,877</u>
Current assets			
Debtors: amounts falling due within one year	7	348,105	229,320
Cash at bank and in hand		669,843	467,888
		<u>1,017,948</u>	<u>697,208</u>
Creditors: amounts falling due within one year	8	(460,949)	(521,318)
Net current assets		<u>556,999</u>	<u>175,890</u>
Total assets less current liabilities		<u>802,245</u>	<u>453,767</u>
Net assets		<u>802,245</u>	<u>453,767</u>
Capital and reserves			
Called up share capital	9	9,791	5,090
Share premium account		9,561,645	7,968,196
Profit and loss account		(8,769,191)	(7,519,519)
		<u>802,245</u>	<u>453,767</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 on 2 October 2019.

J Varga
Director

The notes on pages 2 to 8 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

1. Accounting policies

1.1 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:

1.2 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover 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. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.3 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.4 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 YEAR ENDED 30 JUNE 2019

1. Accounting policies (continued)

1.4 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:

Equipment, fixtures and fittings	-	20 - 33% straight line
Office equipment	-	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.

1.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.6 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 non-puttable 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

1.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

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 YEAR ENDED 30 JUNE 2019

1. Accounting policies (continued)

1.8 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.

1.9 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 Statement of financial position 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.

1.10 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

2. General information

The IDCo Limited is a private company, limited by shares, domiciled in Scotland with registration number SC400459. The registered office and trading address is Norloch House, 36 King's Stables Road, Edinburgh, EH1 3EU.

3. Employees

The average monthly number of employees, including directors, during the year was 24 (2018 - 25).

4. Intangible assets

	Licences and IP £	Goodwill £	Total £
Cost			
At 1 July 2018	456,347	1,000	457,347
At 30 June 2019	<u>456,347</u>	<u>1,000</u>	<u>457,347</u>
Amortisation			
At 1 July 2018	180,223	343	180,566
Charge for the year	35,315	50	35,365
At 30 June 2019	<u>215,538</u>	<u>393</u>	<u>215,931</u>
Net book value			
At 30 June 2019	<u>240,809</u>	<u>607</u>	<u>241,416</u>
At 30 June 2018	<u>276,124</u>	<u>657</u>	<u>276,781</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

5. Tangible fixed assets

	Equipment, fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 July 2018	55	6,348	6,403
Additions	14	4,912	4,926
At 30 June 2019	<u>69</u>	<u>11,260</u>	<u>11,329</u>
Depreciation			
At 1 July 2018	-	5,308	5,308
Charge for the year on owned assets	14	2,178	2,192
At 30 June 2019	<u>14</u>	<u>7,486</u>	<u>7,500</u>
Net book value			
At 30 June 2019	<u>55</u>	<u>3,774</u>	<u>3,829</u>
<i>At 30 June 2018</i>	<u>55</u>	<u>1,040</u>	<u>1,095</u>

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2018	1
At 30 June 2019	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

7. Debtors

	2019 £	2018 £
Trade debtors	274,001	176,789
Other debtors	7,021	10,514
Prepayments and accrued income	67,083	42,017
	<u>348,105</u>	<u>229,320</u>

8. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	181,968	127,361
Amounts owed to group undertakings	1	1
Other creditors	69,355	87,938
Accruals and deferred income	209,625	306,018
	<u>460,949</u>	<u>521,318</u>

9. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
5,696,669 (2018 - 5,090,000) Ordinary shares of £0.001 each	5,697	5,090
4,093,511 (2018 -) Series A shares of £0.001 each	4,094	-
	<u>9,791</u>	<u>5,090</u>

On 5 April 2019 the company allotted 399,319 ordinary shares which were issued at a price of £0.34 per share. On 26 April 2019 a further 207,610 ordinary shares were issued in addition to 4,093,511 series A shares, both being issued at a price of £0.34 per share.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

10. Share based payments

At the year end the company held a total of 1,021,100 share options amongst 13 individuals (2018 - 973,600 share options amongst 13 individuals). During the year 142,500 share options lapsed due to 9 leavers. A further 95,000 share options were issued to an additional 8 employees and a further 95,000 share options were issued to existing option shareholders. The options are exercisable on the occurrence of an exit event, being a share sale, asset sale, an IPO or a voluntary winding up and lapse when the grantee ceases to work 25 hours per week or 75% of their working time as an employee or ceases to be an employee.

During the year there was no movement in the previously issued warrants, leaving a balance of 54,360 (2018 - 54,360).

The warrants have an exercise price of £1.09 per share on the fulfillment of certain conditions:

- the warrant holder meets certain performance criteria, of commercial value to the company; or
- certain hurdle in the share price of the company are met prior to the next round of investment in the company.

The warrant shall lapse in the event that:

- the warrant is unexercised following a sale, disposal or flotation of the company; or
- the warrant holder ceases to be a shareholder of the company; or
- the warrant holder chooses to exercise only part of its entitlement (the remaining warrant shall lapse); or
- the warrant holder does not (or is eligible to) exercise the warrant by 31 December 2023.

11. Auditors' information

The auditors' report on the financial statements for the year ended 30 June 2019 was unqualified.

The audit report was signed on 2 October 2019 by Douglas Rae (Senior statutory auditor) on behalf of EQ Accountants LLP.

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.