Registered number: SC400459

THE IDCO. LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

THE IDCO. LIMITED

FINANCIAL STATEMENTS

COMPANY INFORMATION

Directors	SP Brannan (resigned 19 December 2017) G Mitchell (resigned 29 August 2017) R Lewis J Polverari J Varga M Boocher IQ Capital Director Nominees Limited NWV Managment Limited L Campos JS Leckie (appointed 1 September 2017) GD Paterson (appointed 13 June 2017)
Registered number	SC400459
Registered office	Argyle House 3 Lady Lawson Street Edinburgh EH3 9DR
Independent auditors	Douglas Rae Chartered Accountants & Statutory Auditors 14 City Quay Dundee DD1 3JA

THE IDCO. LIMITED

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS
REGISTERED NUMBER: SC400459

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	4		**312,147**		*344,486*
Tangible assets	5		**11,584**		*14,589*
Investments	6		**1**		*1*
			323,732		*359,076*
Current assets					
Debtors: amounts falling due within one year	7	**251,162**		*130,403*	
Cash at bank and in hand	8	**156,191**		*406,339*	
		407,353		*536,742*	
Creditors: amounts falling due within one year	9	**(316,204)**		*(225,870)*	
Net current assets			**91,149**		*310,872*
Total assets less current liabilities			**414,881**		*669,948*
Net assets			**414,881**		*669,948*
Capital and reserves					
Called up share capital	10		**4,554**		*4,010*
Share premium account			**6,744,039**		*5,685,344*
Profit and loss account			**(6,333,712)**		*(5,019,406)*
			414,881		*669,948*

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 17 January 2018.

J Varga
Director
The notes on pages 2 to 10 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 2017

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
Computer 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 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.

1.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.8 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 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 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.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. Accounting policies (continued)

1.8 Financial instruments (continued)

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

1.9 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.

1.10 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 2017

1. Accounting policies (continued)

1.11 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.

1.12 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.

1.13 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. Accounting policies (continued)

1.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1.15 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 Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

1.16 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.

2. General information

The IDCo Limited is a private company, limited by shares, domiciled in Scotland with registration number SC400459. The registered office address is Argyle House, 3 Lady Lawson Street, Edinburgh, EH3 9DR.

3. Employees

Staff costs, including directors' remuneration, were as follows:

The average monthly number of employees, including directors, during the year was 25 *(2016 - 25)*.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

4. Intangible assets

	Licences and IP	Goodwill	Total
	£	£	£
Cost			
At 1 July 2016	453,271	1,000	454,271
Additions	3,076	-	3,076
At 30 June 2017	456,347	1,000	457,347
Amortisation			
At 1 July 2016	109,542	243	109,785
Charge for the year	35,365	50	35,415
At 30 June 2017	144,907	293	145,200
Net book value			
At 30 June 2017	311,440	707	312,147
At 30 June 2016	*343,729*	*757*	*344,486*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

5. Tangible fixed assets

	Equipment, fixtures and fittings	Office equipment	Total
	£	£	£
Cost or valuation			
At 1 July 2016	24,044	19,246	43,290
Additions	56	127	183
At 30 June 2017	24,100	19,373	43,473
Depreciation			
At 1 July 2016	11,857	16,844	28,701
Charge for the year on owned assets	2,929	259	3,188
At 30 June 2017	14,786	17,103	31,889
Net book value			
At 30 June 2017	9,314	2,270	11,584
At 30 June 2016	*12,187*	*2,402*	*14,589*

6. Fixed asset investments

	Investments in subsidiary companies
	£
Cost or valuation	
At 1 July 2016	1
At 30 June 2017	1
Net book value	
At 30 June 2017	1
At 30 June 2016	*1*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

7. Debtors

	2017	*2016*
	£	*£*
Trade debtors	**223,951**	*21,702*
Other debtors	**19,913**	*92,002*
Prepayments and accrued income	**7,298**	*16,699*
	251,162	*130,403*

8. Cash and cash equivalents

	2017	*2016*
	£	*£*
Cash at bank and in hand	**156,191**	*406,339*
	156,191	*406,339*

9. Creditors: Amounts falling due within one year

	2017	*2016*
	£	*£*
Trade creditors	**195,703**	*96,412*
Amounts owed to group undertakings	**1**	*1*
Other taxation and social security	**19,017**	*31,847*
Other creditors	**8,400**	*3,028*
Accruals and deferred income	**93,083**	*94,582*
	316,204	*225,870*

10. Share capital

	2017	*2016*
	£	*£*
Shares classified as equity		
Allotted, called up and fully paid		
4,553,627 *(2016 - 4,010,430)* Ordinary shares of £0.001 each	**4,554**	*4,010*

On 25 November 2016 the company allotted 452,174 ordinary shares, on 30 January 2017 1,282 ordinary shares were alloted and on 13 June 2017 a further 89,743 shares were allotted, all were sold at a price of £1.95 per share.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

11. Share based payments

At the year end the company held a total of 379,722 share options amongst 13 individuals (2016 - 475,000 share options amongst 16 individuals). During the year 112,500 share options lapsed due to 5 leavers and 17,272 share options were issued for a further 2 employees. 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.

The company had previously granted warrants for the issue of up to 147,420 ordinary £0.001 shares in March 2012 and up to 54,360 ordinary shares of £0.001 shares in January 2014.

During the year there was no movement in these warrants, leaving a balance of 54,360 (2016 - 54,360) relating to the shares issued in January 2014.

The relevant January 2014 shares 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.

12. Post balance sheet events

Since the year end the company has issued £800,000 of convertible loan notes with an interest coupon of 9% over base rate.

13. Auditors Information

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 an income statement in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were subject to an audit.

The auditor's report was unqualified and signed 17 January 2018.

The Auditor was EQ Accountants LLP and the senior statutory auditor was Douglas Rae.