

UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

FOR

ADLUDIO LIMITED

ADLUDIO LIMITED (REGISTERED NUMBER: 08227542)

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FOR THE YEAR ENDED 31 DECEMBER 2019

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ADLUDIO LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS:

P S Coggins
G Firsov
Dr J Kotze
D J P Lane
R Cirillo

REGISTERED OFFICE:

10c Warner Street
London
EC1R 5HA

REGISTERED NUMBER:

08227542 (England and Wales)

ACCOUNTANTS:

Horizon Accounts Ltd
Stapleton House Second Floor
110 Clifton Street
London
EC2A 4HT

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Notes	31.12.19		31.12.18	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		55,317		43,345
Investments	6		<u>92,826</u>		<u>88,502</u>
			148,143		131,847
CURRENT ASSETS					
Debtors	7	3,238,827		1,703,048	
Cash at bank		<u>740,236</u>		<u>19,776</u>	
		3,979,063		1,722,824	
CREDITORS					
Amounts falling due within one year	8	<u>1,587,640</u>		<u>1,291,410</u>	
NET CURRENT ASSETS			<u>2,391,423</u>		<u>431,414</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,539,566		563,261
CREDITORS					
Amounts falling due after more than one year	9		<u>691,992</u>		<u>773,070</u>
NET ASSETS/(LIABILITIES)			<u>1,847,574</u>		<u>(209,809)</u>
CAPITAL AND RESERVES					
Called up share capital	11		5,546		2,847
Share premium			5,609,943		2,903,473
Other Equity			49,475		49,475
Share option reserve			1,622,288		573,660
Retained earnings			<u>(5,439,678)</u>		<u>(3,739,264)</u>
SHAREHOLDERS' FUNDS			<u>1,847,574</u>		<u>(209,809)</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

STATEMENT OF FINANCIAL POSITION - continued
31 DECEMBER 2019

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 10 September 2020 and were signed on its behalf by:

P S Coggins - Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. STATUTORY INFORMATION

Adludio Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about Adludio Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Significant judgements and estimates

Share based payments as set out in note 13 to the accounts have been made to employees of the company. As disclosed in the Share Based Payments accounting policy note below, the fair value of any vested share options is recognised in the income statement. For the year ended 31 December 2019 the fair value has been estimated as £15.72 per share. This is based on the value of Ordinary shares issued.

There have been no other significant judgements or estimates applied to the numbers contained within these financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures & fittings	- 10 years
Long leasehold	- Over the terms of the lease
Computer equipment	- 3 years

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

3. ACCOUNTING POLICIES - continued

Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is decrease in the impairment loss arising from an event occurring after the impairment as recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, loans from fellow Group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

3. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Tax credits disclosed on the income statement represent losses surrendered for research and development tax credits.

Research and development

Revenue expenditure on research and development is written off in the period in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The financial statements have been prepared on the going concern basis. The company has incurred losses before tax during the year and the directors believe that the profitability of the company will be reversed when the research and development stage has been completed. The directors have been successful in attracting further investment during year and therefore have reasonable expectations that the company has sufficient resources available to meet its future liabilities, as and when they fall due. On this basis, the directors are therefore of the opinion that they should continue to adopt the going concern basis in preparing the annual financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand 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 to changes in value.

Share based payments

The company operates an equity-settled compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement. The credit entry is taken to reserves because the share options are equity-settled.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019****4. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 32 (2018 - 30) .

5. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2019	31,721	11,518	6,938	50,177
Additions	-	-	21,381	21,381
At 31 December 2019	<u>31,721</u>	<u>11,518</u>	<u>28,319</u>	<u>71,558</u>
DEPRECIATION				
At 1 January 2019	4,140	1,714	978	6,832
Charge for year	<u>3,173</u>	<u>1,152</u>	<u>5,084</u>	<u>9,409</u>
At 31 December 2019	<u>7,313</u>	<u>2,866</u>	<u>6,062</u>	<u>16,241</u>
NET BOOK VALUE				
At 31 December 2019	<u>24,408</u>	<u>8,652</u>	<u>22,257</u>	<u>55,317</u>
At 31 December 2018	<u>27,581</u>	<u>9,804</u>	<u>5,960</u>	<u>43,345</u>

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2019	88,502
Additions	<u>4,324</u>
At 31 December 2019	<u>92,826</u>
NET BOOK VALUE	
At 31 December 2019	<u>92,826</u>
At 31 December 2018	<u>88,502</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019****7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.19	31.12.18
	£	£
Trade debtors	1,425,754	941,601
Amounts owed by group undertakings	1,430,191	498,735
Other debtors	382,882	262,712
	<u>3,238,827</u>	<u>1,703,048</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.19	31.12.18
	£	£
Trade creditors	861,579	902,221
Amounts owed to group undertakings	-	122,461
Taxation and social security	272,751	145,247
Other creditors	453,310	121,481
	<u>1,587,640</u>	<u>1,291,410</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.19	31.12.18
	£	£
Other creditors	<u>691,992</u>	<u>773,070</u>

Included within Other creditors, there is a loan balance from Harbert Europe which is secured against the company's assets with a fixed and floating charge registered at Companies House.

10. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.19	31.12.18
	£	£
Within one year	106,667	106,667
Between one and five years	293,333	400,000
	<u>400,000</u>	<u>506,667</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019****11. CALLED UP SHARE CAPITAL****Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	31.12.19	31.12.18
			£	£
276,418	Ordinary	£0.01	2,764	1,910
24,773	Preference	£0.01	247	247
68,968	Series A Preferred	£0.01	690	690
184,478	Series A-1 Preferred	£0.01	1,845	-
			<u>5,546</u>	<u>2,827</u>

During the year, the following shares were issued:

- 81,943 Ordinary shares of £0.01 each were allotted as fully paid at par.
- 1,000 Ordinary shares of £0.01 each were allotted as fully paid at a premium of £17.07 per share.
- 102,890 Series A-1 Preferred shares of £0.01 each were allotted as full at a premium of £17.074 per share.
- 27,472 Series A-1 Preferred shares of £0.01 each were allotted as full at a premium of £12.803 per share.
- 54,116 Series A-1 Preferred shares of £0.01 each were allotted as full at a premium of £14.512 per share.

Ordinary, Preference, Series A Preferred and Series A-1 Preferred shareholders have full voting and dividend rights. Series A-1 Preferred shareholders have priority over the Ordinary, Preference and Series A Preferred shareholders on a liquidation or other return of capital by the company.

12. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

13. SHARE-BASED PAYMENT TRANSACTIONS

The company operates an EMI qualifying share option scheme. As at the date of the Statement of Financial Position, the company had granted 100,530 EMI qualifying share options to 11 employees with an exercise price of £15.72 per share. During the year, 58,592 share options vested, 2,175 lapsed and 81,943 were exercised. Share options vest over a period of 4 years from the date of grant with a 12 months cliff.

The company also operates an unapproved share option scheme. As at the date of the Statement of Financial Position, the company had granted 2,773 unapproved share options to 5 advisors with an exercise price of £15.72 per share. During the year, 200 share options vested and no share options had been exercised and lapsed. Share options vest over a period of 4 years from the date of grant with a 12 months cliff.

The share options are exercisable on the share capital of the company.

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.