
ABCODIA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

FRIDAY



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COMPANIES HOUSE



LAKIN ROSE
CHARTERED ACCOUNTANTS

ABCODIA LIMITED

COMPANY INFORMATION

DIRECTORS

N Altomare
A M Elder
C E Hooper
I J Jacobs
C J Poole
A J M Richards
J C Rutherford
R A Sandberg
R G Tansley
J C Tyers (J C Barnes)

REGISTERED NUMBER

07383925

REGISTERED OFFICE

1 Park Row
Leeds
LS1 5AB

INDEPENDENT AUDITORS

Lakin Rose Limited
Chartered Accountants & Statutory Auditors
Pioneer House
Vision Park
Histon
Cambridge
CB24 9NL

ABCODIA LIMITED

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ABCODIA LIMITED
REGISTERED NUMBER: 07383925

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Intangible assets	4	21,478	-
Tangible assets	5	113,772	127,518
		<u>135,250</u>	<u>127,518</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	328,207	164,119
Cash at bank and in hand		714,370	2,572,326
		<u>1,042,577</u>	<u>2,736,445</u>
Creditors: amounts falling due within one year	8	(2,041,026)	(702,674)
NET CURRENT (LIABILITIES)/ASSETS		<u>(998,449)</u>	<u>2,033,771</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(863,199)</u>	<u>2,161,289</u>
Creditors: amounts falling due after more than one year	9	(58,816)	(66,470)
NET (LIABILITIES)/ASSETS		<u><u>(922,015)</u></u>	<u><u>2,094,819</u></u>
CAPITAL AND RESERVES			
Called up share capital		540	502
Share premium account	12	6,771,408	6,771,408
Foreign exchange reserve	12	(184,446)	-
Other reserve	12	399,494	-
Profit and loss account	12	(7,909,011)	(4,677,091)
		<u><u>(922,015)</u></u>	<u><u>2,094,819</u></u>

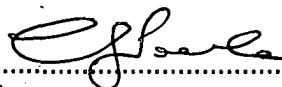
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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 consolidated 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

28th SEPTEMBER 2017



C J Poole
Director

The notes on pages 4 to 16 form part of these financial statements.

ABCODIA LIMITED
REGISTERED NUMBER: 07383925

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Intangible assets	4	21,478	-
Tangible assets	5	2,711	3,388
Investments	6	643	643
		<u>24,832</u>	<u>4,031</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	364,352	984,524
Cash at bank and in hand		655,951	2,568,899
		<u>1,020,303</u>	<u>3,553,423</u>
Creditors: amounts falling due within one year	8	(1,987,939)	(525,979)
NET CURRENT (LIABILITIES)/ASSETS		<u>(967,636)</u>	<u>3,027,444</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(942,804)</u>	<u>3,031,475</u>
NET (LIABILITIES)/ASSETS		<u><u>(942,804)</u></u>	<u><u>3,031,475</u></u>
CAPITAL AND RESERVES			
Called up share capital		540	502
Share premium account	12	6,771,408	6,771,408
Other reserve	12	399,494	-
Profit and loss account brought forward		(3,740,435)	(2,015,534)
Loss for the year		(4,464,010)	(1,724,901)
Other changes in the profit and loss account		90,199	-
Profit and loss account carried forward		<u>(8,114,246)</u>	<u>(3,740,435)</u>
		<u><u>(942,804)</u></u>	<u><u>3,031,475</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance 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 consolidated statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

ABCODIA LIMITED
REGISTERED NUMBER: 07383925

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2016

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

28TH SEPTEMBER 2017



.....
C J Poole
Director

ABCODIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL INFORMATION

The company is a private company limited by shares and is incorporated in England and Wales. The registered office is 1 Park Row, Leeds, LS1 5AB.

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 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own profit and loss account.

2.3 Going concern

The financial statements have been prepared on the going concern basis which assumes that the group will continue as a going concern for the foreseeable future.

In August 2017, further loan notes amounting to £600,000 were issued by the group. The directors continue to seek additional funding and consider various strategic options in order to maintain the group's position as a going concern.

Accordingly the directors believe it appropriate to prepare the financial statements on the going concern basis, but acknowledge that material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern.

2.4 Cash flow

The financial statements do not include a Cash flow statement because the group, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard 102 Section 1A.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue 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 revenue can be measured reliably;
- it is probable that the group 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.

Amounts received or receivable in respect of milestone payments are recognised as revenue when the specific conditions stipulated in the relevant agreement have been satisfied or are recognised over the period to completion of the relevant phase of development, which is consistent with the principle that revenue is recognised in accordance with the company's performance under the relevant contract.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.7 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.

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:

Plant and machinery	- 25% straight line
Office equipment	- 25% 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 consolidated statement of comprehensive income.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Financial instruments

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.

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 consolidated 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling.

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 consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.11 Convertible debt

The proceeds received on issue of the group's convertible debt are allocated into their liability and equity components and presented separately in the balance sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES (CONTINUED)

2.12 Finance costs

Finance costs are charged to the consolidated 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.

2.13 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 consolidated 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 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 group 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 consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with fair value of goods and services received.

2.14 Operating leases: the group as lessee

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

2.15 Leased assets: the group as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the group. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the consolidated statement of comprehensive income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.16 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income 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 group in independently administered funds.

The group contributes to the pension plans of its employees and the pension charge represents the amounts payable by the group to such plans in respect of the period.

2.17 Taxation

Tax is recognised in the consolidated statement of comprehensive income, 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 and the group operate and generate income.

2.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

2.19 Research and development

Research and development expenditure is written off in the year in which it is incurred.

3. EMPLOYEES

The average monthly number of employees, during the year was 17 (2015 - 8).

ABCODIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4. INTANGIBLE ASSETS

Group and Company

	Computer software £
COST	
Additions	21,478
At 31 December 2016	<u>21,478</u>
NET BOOK VALUE	
At 31 December 2016	<u>21,478</u>
At 31 December 2015	<u>-</u>

ABCODIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. TANGIBLE FIXED ASSETS

Group

	Plant and machinery £	Office equipment £	Total £
COST OR VALUATION			
At 1 January 2016	97,980	37,290	135,270
Additions	15,428	14,060	29,488
Disposals	-	(28,357)	(28,357)
Exchange adjustments	19,317	6,221	25,538
At 31 December 2016	<u>132,725</u>	<u>29,214</u>	<u>161,939</u>
DEPRECIATION			
At 1 January 2016	3,510	4,242	7,752
Charge for the year on owned assets	10,050	14,367	24,417
Charge for the year on financed assets	20,759	-	20,759
Disposals	-	(5,827)	(5,827)
Exchange adjustments	692	374	1,066
At 31 December 2016	<u>35,011</u>	<u>13,156</u>	<u>48,167</u>
NET BOOK VALUE			
At 31 December 2016	<u><u>97,714</u></u>	<u><u>16,058</u></u>	<u><u>113,772</u></u>
At 31 December 2015	<u><u>94,470</u></u>	<u><u>33,048</u></u>	<u><u>127,518</u></u>

ABCODIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

5. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Office equipment £
COST OR VALUATION	
At 1 January 2016	5,734
Additions	3,248
At 31 December 2016	8,982
DEPRECIATION	
At 1 January 2016	2,346
Charge for the year on owned assets	3,925
At 31 December 2016	6,271
NET BOOK VALUE	
At 31 December 2016	2,711
At 31 December 2015	3,388

6. FIXED ASSET INVESTMENTS

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Abcodia, Inc.	Ordinary	100 %
Abcodia CS Ltd	Ordinary	100 %

ABCODIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

6. FIXED ASSET INVESTMENTS (CONTINUED)

Company

Investments
in
subsidiary
companies
£

COST OR VALUATION

At 1 January 2016 643

At 31 December 2016 643

NET BOOK VALUE

At 31 December 2016 643

At 31 December 2015 643

7. DEBTORS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	113,719	18,000	113,719	18,000
Amounts owed by group undertakings	-	-	45,528	846,034
Other debtors	198,566	109,689	189,980	96,735
Prepayments and accrued income	15,922	36,430	15,125	23,755
	328,207	164,119	364,352	984,524

ABCODIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. CREDITORS: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Shareholder loans	1,597,975	-	1,597,975	-
Trade creditors	90,643	197,310	83,747	148,855
Amounts owed to group undertakings	-	-	45,528	9,970
Other taxation and social security	22,673	31,119	22,673	31,119
Obligations under finance lease and hire purchase contracts	20,759	17,340	-	-
Other creditors	9,314	7,851	4,952	7,637
Accruals and deferred income	299,662	449,054	233,064	328,398
	2,041,026	702,674	1,987,939	525,979

9. CREDITORS: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Net obligations under finance leases and hire purchase contracts	58,816	66,470	-	-
	58,816	66,470	-	-

10. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2016 £	Group 2015 £
Within one year	20,759	17,340
Between 1-2 years	20,759	17,340
Between 2-5 years	38,057	49,130
	79,575	83,810

ABCODIA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. SHARE BASED PAYMENTS

The company issues a mixture of approved and unapproved share options to directors and employees. Options may be exercised in the event of a trade sale, in addition for certain directors performance conditions must be met before their options can be exercised.

	Number	Exercise prices	Type	Vesting period	Directors	Employees
As at 1 January 2016	51,950	£0.001-£18.20	34,500 approved and 17,450 unapproved	34,500 all vested, 17,450 vesting over four years	4	6
Movements in year	-14,200				-1	5
As at 31 December 2016	37,750	£3.36-£18.20	20,300 approved and 17,450 unapproved	3,000 approved options vested remaining options vesting over four years	3	11

12. RESERVES**Other reserves**

An equity reserve of £399,494 has been recognised in the year, which is the equity component of convertible debt issued during the period.

13. PENSION COMMITMENTS

The group contributes to the personal pension plans of its employees. The pension cost charge represents contributions payable by the group and amounted to £78,732 (2015 - £24,205). Contributions totalling £4,556 (2015 - £3,544) were payable at the balance sheet date.

ABCODIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

14. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Leases expiring:				
Not later than 1 year	36,551	63,245	-	13,712
Later than 1 year and not later than 5 years	17,394	18,972	-	-
	<u>53,945</u>	<u>82,217</u>	<u>-</u>	<u>13,712</u>

15. POST BALANCE SHEET EVENTS

In August 2017 the company issued a total of £600,000 of secured convertible loan stock. Interest is due on this loan stock at a rate of 5% per annum for the first 12 months, and at a rate of 50% per annum thereafter until its scheduled repayment in 2021.

16. FIRST TIME ADOPTION OF FRS 102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements, for the year ended 31 December 2015, were prepared under previous UK GAAP. The transition date to FRS 102 is therefore 1 January 2015.

Adopting FRS 102 has meant the following accounting policy has changed to comply with the new standard as follows:

Share based payments

Under previous GAAP the company was not required to recognise the fair value of share based payments. Under FRS 102 the company has recognised share options granted to employees at fair value over the relevant vesting period. The charge for the year ended 31 December 2016 is £90,199. The company has taken advantage of transitional provisions available to small companies not to recognise the fair value of share options granted before 1 January 2016 therefore the company's reserves brought forward at 1 January 2016 are unaffected.

17. AUDITORS' INFORMATION

The auditors' report was unqualified. We draw attention to note 2.3 to the financial statements which indicates that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The auditors were Lakin Rose Limited and Christopher Dougherty signed the auditors' report as senior statutory auditor.