

Kokoon Technology Ltd
Annual Report and Financial Statements

Registered Number 08740486
For the year ended 30 June 2017

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Company Information

Directors	T Antos G Dini R Hall
Registered office	Unit M1 Shakespeare Business Centre 245a Coldharbour Lane London SW9 8RR
Registered number	08740486
Accountants	KPMG LLP 15 Canada Square London E14 5GL

Balance Sheet

At 30 June 2017

	Note	2017	As restated 2016
		£	£
Fixed assets			
Tangible assets	5	19,511	23,648
		<u>19,511</u>	<u>23,648</u>
Current assets			
Debtors	6	396,709	81,973
Cash at bank and in hand		673,529	778,460
		<u>1,070,238</u>	<u>860,433</u>
Creditors : amounts falling due within one year	7	<u>(3,487,193)</u>	<u>(1,574,475)</u>
Net current liabilities		<u>(2,416,955)</u>	<u>(714,042)</u>
Total assets less current liabilities		<u>(2,397,444)</u>	<u>(690,394)</u>
Creditors : amounts falling due after more than one year	8	-	(573,396)
Net liabilities		<u>(2,397,444)</u>	<u>(1,263,790)</u>
Capital and reserves			
Called up share capital	9	11,110	11,110
Share premium		80,738	80,738
Retained earnings		(2,489,292)	(1,355,638)
Shareholders' funds		<u>(2,397,444)</u>	<u>(1,263,790)</u>

For the year ending 30 June 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.


These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime. In accordance with the special provisions applicable to companies subject to the small companies regime as permitted by section 444(5) of the Companies Act 2006, the entity profit and loss account and directors' report is not included as part of these filed financial statements.

Approved by the Board of directors and authorised for issue on

by:

T Antos - Director

Company Registration No: 08740486


24/01/18

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

1 Accounting policies

Kokoon Technology Ltd (the "Company") is a private company incorporated, domiciled and registered in England in the UK.

These financial statements were prepared in accordance with Section 1A of the Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

These financial statements for the year ended 30 June 2017 are the first financial statements of Kokoon Technology Ltd prepared in accordance with FRS 102. The date of transition to FRS 102 was 1 July 2015. In the transition to FRS102 from old UK GAAP, the company has made no measurement and recognition adjustments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors believe that notwithstanding current year losses of £1,133,654, net current liabilities of £2,416,955 and net liabilities of £2,397,444, the company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support from investors will be adequate to meet the company's needs for a period of at least 12 months from the date of approval of these financial statements.

In December 2017, the Convertible Loan Note was converted into equity and a further funding round was successfully completed by the existing and new investors. Pre-sales are currently recorded within current liabilities as deferred income pending fulfilment in early 2018.

1.3 Foreign currency

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash deposits.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated depreciation rates are as follows:

Computer equipment: 33% on straight line basis

Tools, machinery and IT: 33% on straight line basis

Notes (Continued)

1 Accounting policies (continued)

1.6 Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

1.7 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

Interest receivable and interest payable

Interest income and interest payable are recognised in the profit and loss account as they accrue, using the effective interest method.

1.8 Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Notes (Continued)

1 Accounting policies (Continued)

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.10 Share based payments

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards.

The fair value of the awards granted is measured using an option pricing model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

1.11 Liabilities and Equity

Convertible Loan

On the initial issue of convertible debt, the entity allocates the proceeds between the liability component and the equity component.

To make the allocation, the entity first determines the amount of liability component as fair value of a similar liability that does not have a conversion feature. The residual amount is allocated as the equity component.

Any transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

The liability component of the instrument is subsequently measured on an amortised cost basis. Any initial allocations are not revised in subsequent periods.

Notes (Continued)

2 Judgements in applying policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 to these financial statements, management are required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the year. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following judgements, estimates and assumptions have had the most significant effect on the amounts recognised in these financial statements:

Share options charges

At the end of each financial period the Directors review options, as part of the review process, the number of options expected to vest at maturity are assessed and the share option charge is adjusted accordingly. The actual vesting of these options depends on future events and as such there is significant estimation uncertainty.

3 Staff numbers

The average number of persons employed by the Company (including directors) during the year was 16 (2016: 16).

4 Taxation

Total tax recognised in the profit and loss account

	2017 £	2016 £
<i>Current tax</i>		
Current tax on income for the year	(258,152)	-
Adjustment in respect of prior year	(193,446)	(28,428)
Total current tax	<u>(451,598)</u>	<u>(28,428)</u>

The Company has £1,376,405 (2016: £708,260) tax losses available to carry forward to relieve against future taxable profits.

The Company has prepared a research and development claim for the year ending 30 June 2017. The expected value of the tax refund relating to this claim has been approved for within these financial statements, included within other debtors on the balance sheet. The claim is still subject to review and acceptance from HM Revenue and Customs.

Notes (Continued)

5 Tangible fixed assets

	Computer equipment £	Tools, machinery and IT £	Total £
Cost			
At 1 July 2016	18,476	12,388	30,864
Additions	2,282	5,430	7,712
At 30 June 2017	20,758	17,818	38,576
Depreciation			
At 1 July 2016	5,053	2,163	7,216
Charge for the year	6,271	5,578	11,849
At 30 June 2017	11,324	7,741	19,065
Net Book Value At 30 June 2017	9,434	10,077	19,511
Net Book Value At 30 June 2016	13,423	10,225	23,648

6 Debtors

	2017 £	2016 £
Trade debtors	6,304	10,405
Other debtors	275,430	71,568
Prepayments and accrued income	114,975	-
	396,709	81,973

7 Creditors: amounts falling due within one year

	2017 £	As restated 2016 £
Trade creditors	25,160	24,952
Taxation and social security	18,348	10,790
Other creditors	16,853	656,106
Convertible loan	1,147,908	-
Accruals and deferred income	500	7,500
Deferred income	2,278,424	875,127
	3,487,193	1,574,475

On 29 April 2016 a fixed and floating charge was registered over all future and present interests and freehold or leasehold property of the company. Breed Reply Investments Limited was the security trustee of the floating charge on behalf of all the note holders.

Notes (Continued)

8 Creditors: amounts falling due after more than one year

	2017 £	As restated 2016 £
Convertible loan	-	573,396

9 Called up share capital

Allotted, issued and fully paid:

	2017 £	2016 £
1,000,000 Ordinary shares of £0.01 each	10,000	10,000
111,000 Ordinary A shares of £0.01 each	1,110	1,110
1 Preferred Ordinary share of £0.01 each	-	-
	<u>11,110</u>	<u>11,110</u>

10 Related party transactions

During the year loans of £76 (2016: £35,016) were received from T Antos and repayments of £nil (2016: £90,606) were made to T Antos. As at 30 June 2017, the company owed T Antos £13,641 (2016: £13,565). T Antos is a director of the company. The loan is interest free and repayable on demand.

11 Prior period adjustment

A prior period adjustment has been processed to correctly account for the issue of Ordinary Share Capital. This was incorrectly recorded at nominal value, with the share premium received in advance of the shares issued being included within other creditors. The increase in loss of the prior period is £17,385 and the total share premium is £80,738, previously £nil, and a decrease in other creditors of £63,353.

12 Post balance sheet events

In December 2017, the Convertible Loan Note was converted into equity and a further funding round was successfully completed by the existing and new investors.