

DEVICE AUTHORITY LTD

**Company Registration Number:
04676191 (England and Wales)**

Unaudited abridged accounts for the year ended 31 December 2021

Period of accounts

Start date: 01 January 2021

End date: 31 December 2021

DEVICE AUTHORITY LTD

Contents of the Financial Statements for the Period Ended 31 December 2021

Balance sheet

Notes

DEVICE AUTHORITY LTD

Balance sheet

As at 31 December 2021

	<i>Notes</i>	<i>2021</i>	<i>2020</i>
		£	£
Fixed assets			
Intangible assets:	3	7,724	10,621
Tangible assets:	4	5,026	1,960
Investments:	5	6,386,629	6,386,629
Total fixed assets:		<u>6,399,379</u>	<u>6,399,210</u>
Current assets			
Stocks:		0	0
Debtors:	6	2,343,257	1,995,219
Cash at bank and in hand:		809,342	10,234
Total current assets:		<u>3,152,599</u>	<u>2,005,453</u>
Creditors: amounts falling due within one year:	7	(5,687,687)	(10,058,446)
Net current assets (liabilities):		<u>(2,535,088)</u>	<u>(8,052,993)</u>
Total assets less current liabilities:		3,864,291	(1,653,783)
Creditors: amounts falling due after more than one year:	8	(39,893)	0
Total net assets (liabilities):		<u>3,824,398</u>	<u>(1,653,783)</u>
Capital and reserves			
Called up share capital:		2,602,362	1,798,399
Share premium account:		16,442,896	9,583,296
Profit and loss account:		(15,220,860)	(13,035,478)
Shareholders funds:		<u>3,824,398</u>	<u>(1,653,783)</u>

The notes form part of these financial statements

DEVICE AUTHORITY LTD

Balance sheet statements

For the year ending 31 December 2021 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit 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.

The members have agreed to the preparation of abridged accounts for this accounting period in accordance with Section 444(2A).

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The directors have chosen to not file a copy of the company's profit & loss account.

**This report was approved by the board of directors on 06 April 2022
and signed on behalf of the board by:**

Name: Darron Antill
Status: Director

The notes form part of these financial statements

DEVICE AUTHORITY LTD

Notes to the Financial Statements

for the Period Ended 31 December 2021

1. Accounting policies

These financial statements have been prepared in accordance with the provisions of Section 1A (Small Entities) of Financial Reporting Standard 102

Turnover policy

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. This is recognised, as amounts are invoiced, earned and become payable. If revenues are invoiced for services to be rendered in respect of a future period, the revenues are apportioned.

Tangible fixed assets and depreciation policy

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. At each reporting date tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not more than the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. 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: Computer equipment - 3 years. 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 profit or loss.

Intangible fixed assets and amortisation policy

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. The estimated useful lives range as follows: Intellectual property - 10 years. Computer software development - 3 years.

Valuation and information policy

Investments in subsidiaries are measured at cost less accumulated impairment.

Other accounting policies

Going concern Based on internal forecasts and projections, prepared for a period of at least 12 months from the date of approval of the financial statements, that consider reasonably possible changes in the company's trading performance, the directors have reasonable expectations that the company will require additional resources to continue in operational existence. The forecasts consider current sales orders and opportunities, expenditure forecasts and company's current financial position, and are compiled using key market data, extensive dialogue with customers, in depth analysis of input cost, and a range of scenario planning. Having taken all the above into consideration, the directors consider it appropriate to prepare the financial statements on the going concern basis. These circumstances form a material uncertainty on the company's ability to continue as a going concern as financial support required may be contingent on future fund raises. Foreign currency translation The company's functional and presentational currency is GBP. 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'. Research and development Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit. Operating leases Rentals paid under operating leases are charged to profit or loss 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. Interest income Interest income is recognised in profit or loss using the effective interest method. Finance costs Finance costs are charged to profit or loss 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. Borrowing costs All borrowing costs are recognised in profit or loss in the year in which they are incurred. 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 profit or loss 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 company in independently administered funds. Taxation Tax is recognised in profit or loss 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 operates and generates income. Exceptional items Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence. 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. 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 ordinary shares, with exception of convertible loan notes and warrant shares issued. 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. Warrant shares issued represent a non-basic financial instrument and are recognised as a liability. These are measured at fair value at the date the warrant shares were issued and then re-measured at fair value at each period end until the warrant shares are redeemed. Any fair value gains or losses are recognised in the statement of comprehensive income. Prior year revision In the prior year signed accounts, preference shares were incorrectly treated as a liability on the balance sheet. The share rights of these preference shares are in line with other share classes and are non-redeemable and therefore the company has revised balances to recognise preference shares as equity. This has resulted in prior year revisions to creditors, share capital and share premium. There were no changes in amounts recognised in the profit and loss account as a result of this change in accounting policy. Preference shares All preference shares in issue are convertible to A ordinary shares at the request of the shareholder, they are also non-redeemable and are therefore classified as equity. Any dividends payable against the preference shares would be recognised as a finance expense. Carrying value of goodwill and other intangible assets The carrying value of goodwill and other intangible assets is assessed at least annually to ensure that there is no need for impairment. Performing this assessment requires management to either estimate the fair value less costs to sell or estimate the future cash flows to be generated by the related cash-generating unit, which entails making judgements including the expected rate of growth of sales, margins expected to be achieved and the appropriate discount rate to apply when valuing future cashflows.

DEVICE AUTHORITY LTD

Notes to the Financial Statements for the Period Ended 31 December 2021

2. Employees

	<i>2021</i>	<i>2020</i>
Average number of employees during the period	13	12

DEVICE AUTHORITY LTD

Notes to the Financial Statements for the Period Ended 31 December 2021

3. Intangible Assets

	Total
Cost	£
At 01 January 2021	30,800
At 31 December 2021	<u>30,800</u>
Amortisation	
At 01 January 2021	20,179
Charge for year	2,897
At 31 December 2021	<u>23,076</u>
Net book value	
At 31 December 2021	<u>7,724</u>
At 31 December 2020	<u>10,621</u>

DEVICE AUTHORITY LTD

Notes to the Financial Statements

for the Period Ended 31 December 2021

4. Tangible Assets

	Total
Cost	£
At 01 January 2021	8,154
Additions	5,279
Disposals	(937)
At 31 December 2021	<u>12,496</u>
Depreciation	
At 01 January 2021	6,194
Charge for year	2,213
On disposals	(937)
At 31 December 2021	<u>7,470</u>
Net book value	
At 31 December 2021	<u>5,026</u>
At 31 December 2020	<u>1,960</u>

DEVICE AUTHORITY LTD

Notes to the Financial Statements

for the Period Ended 31 December 2021

5. Fixed investments

Investments in subsidiary companies £ Cost or valuation At 1 January 2021 6,386,629 At 31 December 2021 6,386,629

DEVICE AUTHORITY LTD

Notes to the Financial Statements

for the Period Ended 31 December 2021

6. Debtors

	<i>2021</i>	<i>2020</i>
	£	£
Debtors due after more than one year:	0	0

£Trade debtors 21,567 (2021), 182,800 (2020) Intercompany debtors 2,284,122 (2021), 1,781,130 (2020) Prepayments and accrued income 37,568 (2021), 31,289 (2020) TOTAL 2,343,257 (2021), 1,995,219 (2020)

DEVICE AUTHORITY LTD

Notes to the Financial Statements

for the Period Ended 31 December 2021

7. Creditors: amounts falling due within one year note

£Bank loans 8,719 (2021), 50,000 (2020) Financial instruments 5,152,618 (2021), 9,384,294 (2020) Trade creditors 145,873 (2021), 144,950 (2020) Other taxation and social security 121,286 (2021), 155,870 (2020) Other creditors 8,489 (2021), 11,072 (2020) Accruals and deferred income 250,702 (2021), 312,260 (2020) TOTAL 5,687,687 (2021), 10,058,446 (2020) Financial instruments consist of £5,152,618 (2020: £3,180,917) in respect of the fair value of warrant shares (note 11) and £Nil (2020: £6,203,377) in respect of convertible loan notes. The convertible loan notes issued were considered to be a hybrid financial instrument comprising of a financial instrument (loan) and an embedded derivative (share option). At date of issue both elements were included in the balance sheet as liabilities and held at fair value through profit or loss. During the year, the loan was fully converted to equity.

DEVICE AUTHORITY LTD

Notes to the Financial Statements

for the Period Ended 31 December 2021

8. Creditors: amounts falling due after more than one year note

£Bank loans 39,893 (2021), Nil (2020)The loan is repayable in monthly installments, with the final installment due in October 2027. Interest is charged at an annual rate of 2.5%.

DEVICE AUTHORITY LTD

Notes to the Financial Statements

for the Period Ended 31 December 2021

9. Related party transactions

Name of the related party: Tern PLC

Relationship: Shareholder

Description of the Transaction: Tern PLC, which has a controlling shareholding in the Company, is considered a related party. During the period, Tern's total invoices to the company (ex.VAT) were £24,333 (2020: £32,000) in respect of management services, facility fees and expenses, and the company's invoices (ex. VAT) to Tern totalled £738 (2020: nil). At the period-end the Company owed £90,959 (2020: £83,844) in trade payables, net of the receivables. Tern had previously provided a loan facility to Device Authority Limited. As at 31st December 2021, this was fully repaid (2020: £3,208,698 outstanding).

£

Balance at 01 January 2021 83,844

Balance at 31 December 2021 90,959

Name of the related party: Alsop Louie Partners

Relationship: Shareholder

Description of the Transaction: Alsop Louie Partners had previously provided a loan facility to Device Authority Limited. As at 31st December 2021 this was fully repaid (2020: £1,290,826 outstanding).

£

Balance at 01 January 2021 1,290,826

Balance at 31 December 2021 0

Name of the related party: The Ann Samenuk Revocable Trust

Relationship: Shareholder

Description of the Transaction: The Ann Samenuk Revocable Trust had previously provided a loan facility to Device Authority Limited. As at 31st December 2021 this was fully repaid (2020: £305,808 outstanding).

£

Balance at 01 January 2021 305,808

Balance at 31 December 2021 0

Name of the related party: Venafi Inc.

Relationship: Shareholder

Description of the Transaction: Venafi Inc. is considered a related party. During the period, the company's invoices to Venafi totalled \$10,755 (2020: \$32,000). At the period-end Venafi owed £nil (2020: \$19,500) in trade payables to the Company.

	£
Balance at 01 January 2021	19,500
Balance at 31 December 2021	0

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.