

**Company registration number: 05856137**

**Phase Focus Limited**

**Filleted financial statements**

**31 December 2018**

## **Phase Focus Limited**

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## **Phase Focus Limited**

### **Directors responsibilities statement**

#### **Period ended 31 December 2018**

The directors are responsible for preparing the directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Phase Focus Limited**

**Statement of financial position**

**31 December 2018**

	Note	31/12/18 £	£	31/07/17 £	£
<b>Fixed assets</b>					
Intangible assets	5	36,841		47,134	
Tangible assets	6	17,524		52,767	
Investments	7	695		695	
		<u>          </u>	55,060	<u>          </u>	100,596
<b>Current assets</b>					
Stocks	8	37,388		93,313	
Debtors:					
Amounts falling due within one year	9	67,566		219,309	
Cash at bank and in hand		409,146		2,027,507	
		<u>          </u>		<u>          </u>	
		514,100		2,340,129	
<b>Creditors: amounts falling due within one year</b>					
	10	( 294,671)		( 382,460)	
		<u>          </u>		<u>          </u>	
<b>Net current assets</b>			219,429		1,957,669
			<u>          </u>		<u>          </u>
<b>Total assets less current liabilities</b>			274,489		2,058,265
			<u>          </u>		<u>          </u>
<b>Net assets</b>			274,489		2,058,265
			<u>          </u>		<u>          </u>
<b>Capital and reserves</b>					
Called up share capital	12		11,842		11,495
Share premium account			11,329,074		11,329,073
Profit and loss account			( 11,066,427 )		( 9,282,303)
			<u>          </u>		<u>          </u>
<b>Shareholders funds</b>			274,489		2,058,265
			<u>          </u>		<u>          </u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.



In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

These financial statements were approved by the board of directors and authorised for issue on 22 July 2019 , and are signed on behalf of the board by:

Dr Martin Humphry

Director

Company registration number: 05856137

## **Phase Focus Limited**

### **Notes to the financial statements**

**Period ended 31 December 2018**

#### **1. General information**

The company is a private company limited by shares, registered in UK. The address of the registered office is Phase Focus Limited, 125 Wood Street, London, EC2V 7AW.

#### **2. Statement of compliance**

These financial statements have been prepared in compliance with the provisions of FRS 102, Section 1A, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### **3. Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

##### **Going concern**

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons. The company is engaged in the commercialisation of intellectual property and is currently in the research, development and early commercialisation stage of its activities. As is usual in this industry, research projects must meet specific targets in order to demonstrate ongoing commercial viability and negotiate successfully for additional funding. Companies that cannot demonstrate ongoing technical or commercial viability would be wound down. New funding cycles are typically 12 to 18 months apart, although this varies between companies. In the financial period of 17 months to 31 December 2018 the company made a number of new sales of its main product, doubling this area of turnover compared to the last 12 months. Ancillary sales also increased 60% on the prior 12 months. The forecasted sales pipeline indicates further steady growth from 2019 to 2020. On 22nd March 2019 Phase Focus Limited was sold to PhaseFocus Holdings Limited to enable shareholders to invest a further £283,052 in the company to help progress the commercialisation of its products. The current funds, projected sales, anticipated partnerships and expected investor support are expected to cover the working capital requirements of the company for up to 12 months after the date of these financial statements. After making enquiries and considering the forecasted sales pipeline described above, the directors have a reasonable expectation that the company will have adequate resources to continue in operation and existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

##### **Reporting Period**

The accounts are prepared for a 17 month period ending 31st December 2019 and therefore are not entirely comparable to the year ending 31st July 2017.

## **Revenue Recognition**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, usually on despatch of the goods; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

## **Income Tax**

The taxation expense represents the aggregate amount of current tax and deferred tax recognised in the reporting period. 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. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference. Research and Development tax credits are recognised on research and development carried out in past periods. This policy reflects the Directors beliefs that the Research and Development tax credit should only be recognised when there is a reasonable expectation that the Research and Development tax credit will be agreed with tax authorities. Research and Development tax credits are measured at the amounts of tax expected to be recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

## **Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit or loss.

## **Intangible assets**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at a revalued amount, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

## **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Patents, trademarks and licences - 10 % straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

## **Tangible assets**

tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

## **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery - 33 % straight line  
Fittings fixtures and equipment - 33 % straight line  
Other Capital Assets - 33 % straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

## **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

## **Impairment**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

## **Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

## **Financial instruments**

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions: a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments. To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy) are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

## **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

## **4. Employee numbers**

The average number of persons employed by the company during the period amounted to 17 (2017: 20).

## 5. Intangible assets

	Patents, trademarks & licences £
<b>Cost</b>	
<b>At 1 August 2017 and 31 December 2018</b>	117,011
<b>Amortisation</b>	
At 1 August 2017	69,877
Charge for the period	10,293
<b>At 31 December 2018</b>	80,170
<b>Carrying amount</b>	
<b>At 31 December 2018</b>	36,841
At 31 July 2017	47,134

## 6. Tangible assets

	Plant and machinery £	Equipment £	Total £
<b>Cost</b>			
At 1 August 2017	501,183	82,976	584,159
Additions	7,483	7,812	15,295
Disposals	( 1,067)	-	( 1,067)
<b>At 31 December 2018</b>	507,599	90,788	598,387
<b>Depreciation</b>			
At 1 August 2017	470,493	60,899	531,392
Charge for the year	31,514	19,024	50,538
Disposals	( 1,067)	-	( 1,067)
<b>At 31 December 2018</b>	500,940	79,923	580,863
<b>Carrying amount</b>			
<b>At 31 December 2018</b>	6,659	10,865	17,524
At 31 July 2017	30,690	22,077	52,767

## 7. Investments

	Shares in group undertakings and participating interests £
<b>Cost</b>	
<b>At 1 August 2017 and 31 December 2018</b>	695
<b>Impairment</b>	
<b>At 1 August 2017 and 31 December 2018</b>	-
<b>Carrying amount</b>	
<b>At 31 December 2018</b>	695
At 31 July 2017	695

## 8. Stocks

	<b>31/12/18</b>	31/07/17
	£	£
Finished goods and goods for resale	37,388	93,313

## 9. Debtors

Debtors falling due within one year are as follows:

	<b>31/12/18</b>	31/07/17
	£	£
Trade debtors	21,010	143,323
Other debtors	46,556	75,986
	<b>67,566</b>	<b>219,309</b>

**10. Creditors: amounts falling due within one year**

	<b>31/12/18</b>	31/07/17
	£	£
Trade creditors	40,224	171,998
Amounts owed to group undertakings and undertakings in which the company has a participating interest	43,200	12,986
Social security and other taxes	25,844	33,596
Other creditors	185,403	163,880
	<u>294,671</u>	<u>382,460</u>

## 11. Related party transactions

During the period the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	17 Months ended 31/12/18	Year ended 31/07/17	17 Months ended 31/12/18	Year ended 31/07/17
	£	£	£	£
IP Group PLC	26,042	18,168	( 21,600)	( 3,600)
OMBU Limited	25,878	18,000	( 21,600)	( 1,346)
Phase Focus Inc	7,462	183,686	( 5,512)	1,965
The University of Sheffield	-	11,084	-	-
SUEL Limited	18,500	14,900	-	( 1,440)
The University of York	33,000	22,000	-	( 6,600)

During the 17 months ended 31 December 2018 the company purchased management services and were recharged expenses from IP Group PLC totalling £26,042 (2017: £18,168). The company owed IP Group PLC £21,600 at the period end (2017: £3,600) by way of trade creditor and owed £Nil (2017:£Nil) by way of an accrual.During the 17 months ended 31 December 2018 the company purchased management services totalling £25,879 (2017: £18,000) from OMBU Limited, a shareholder in the company. The company owed OMBU Limited £21,600 at the period end (2017: £1,346) by way of trade creditor and owed £Nil (2017: £Nil) by way of an accrual.During the 17 months ended 31 December 2018 the company purchased sales and marketing services from its subsidiary undertaking Phase Focus Inc, a company registered in the United States of America, totalling £7,462 (2017: £183,686). The company owed £5,511.98 to Phase Focus Inc at the period end (2017: £1,965 owed to Phase Focus Limited ).During the 17 months ended 31 December 2018 the company purchased services totalling £Nil (2017: £11,084) from the University of Sheffield, a shareholder in the company. The company owed the University of Sheffield £Nil at the period end (2017: £Nil) by way of trade creditor. A prepayment for the services totalling £Nil (2017: £Nil) existed at the year end.During the 17 months ended 31 December 2018 the company purchased professional services totalling £18,500 (2017: £14,900) from Suel Limited, a company 100% owned by the University of Sheffield. The company owed Suel Limited £Nil at the period end (2017: £1,440) by way of trade creditor.During the 17 months ended 31 December 2018 the company purchased services totalling £33,000 (2017: £22,000) from the University of York, a shareholder in the company. The company owed the University of York £Nil at the period end (2017: £6,600) by way of trade creditor. A prepayment for the services totalling £Nil (2017: £4,068) existed at the period end.

## 12. Called up share capital

### Issued, called up and fully paid

	31/12/18		31/07/17	
	No	£	No	£
<b>Amounts presented in liabilities:</b>				
Ordinary Shares shares of £ 0.10 each	39,334	3,933	36,716	3,672
A Ordinary Shares shares of £ 0.10 each	37,275	3,728	37,271	3,727
B Ordinary Shares shares of £ 0.10 each	35,480	3,548	35,480	3,548
H Ordinary Shares shares of £ 0.10 each	6,330	633	5,478	548
A Ordinary Shares shares of £ 0.10 each	-	-	4	0
	<u>118,419</u>	<u>11,842</u>	<u>114,949</u>	<u>11,495</u>

On 19th September 2017 the company issued 852 H Ordinary shares of £0.10 each, for total consideration of £85.20, settled in cash. On 22nd May 2018 the company issued 2,618 Ordinary shares of £0.10 each, for total consideration of £ 261.80 , settled in cash.

Classes of ShareOn liquidation or other return of capital, the surplus assets after payment of the Company's liabilities shall be distributed firstly in paying to the holders of B Ordinary Shares a sum equal to the amount subscribed for such shares; secondly in paying the holders of A Ordinary Shares a sum equal to the amount subscribed for such shares; thirdly in paying the holders of Ordinary Shares a sum equal to the amount subscribed for such shares; fourthly in paying the H Shareholder(s) an aggregate sum equal to (X + Y) based proportionately to the number of H Ordinary Shares held by the H Shareholder(s) at such time (X is 2.5% of such sum (if any) as shall equal the surplus assets available after payment of the Company's liabilities to the extent such sum is in excess of £12,000,000; and Y is 2.5% of such sum as shall equal the surplus assets available after payment of the Company's liabilities to the extent such sum is in excess of £16,000,000); and fifthly in distributing the balance amongst the holders of the Equity Shares (Ordinary Shares, A Ordinary Shares and B Ordinary Shares) as if the same constituted one class pro rata in proportion to the number of Equity Shares held by them respectively.

## 13. Controlling party

The company considers there to be no ultimate controlling party.

## 14. Summary audit opinion

The auditor's report for the period dated 29 July 2019 was unqualified.

The senior statutory auditor was Victoria Jane Harrison for and on behalf of GBAC

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