

Ophelos Ltd

Registered Number
12185588
(England and Wales)

Unaudited Financial Statements for the Period ended
31 December 2022

Ophelos Ltd

Company Information

for the period from 1 October 2021 to 31 December 2022

Directors

P C M Chong

A Ghaiumy-Gewinany

R J Stirling

M A Wichrowski

Registered Address

9th Floor 107 Cheapside

London

EC2V 6DN

Registered Number

12185588 (England and Wales)

Ophelos Ltd
Statement of Financial Position
31 December 2022

| | Notes | 31 Dec 2022 | | 30 Sep 2021 | |
|--|-------|-------------|-----------------|-------------|-----------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 9 | | 19,418 | | 1,259 |
| | | | 19,418 | | 1,259 |
| Current assets | | | | | |
| Debtors | 12 | 588,032 | | 23,417 | |
| Cash at bank and on hand | | 3,935,774 | | 870,329 | |
| | | | 4,523,806 | | 893,746 |
| Creditors amounts falling due within one year | 13 | | (306,986) | | (32,182) |
| Net current assets (liabilities) | | | 4,216,820 | | 861,564 |
| Total assets less current liabilities | | | 4,236,238 | | 862,823 |
| Net assets | | | 4,236,238 | | 862,823 |
| Capital and reserves | | | | | |
| Called up share capital | | | 3 | | 2 |
| Share premium | | | 6,574,801 | | 1,699,998 |
| Other reserves | | | 50,458 | | - |
| Profit and loss account | | | (2,389,024) | | (837,177) |
| Shareholders' funds | | | 4,236,238 | | 862,823 |

The company was entitled to exemption from audit for this reporting period 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.

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 and loss account.

The financial statements were approved and authorised for issue by the Board of Directors on 7 June 2023, and are signed on its behalf by:

A Ghaiumy-Gewinany

Director

Registered Company No. 12185588

Ophelos Ltd

Notes to the Financial Statements for the period ended 31 December 2022

1. Statutory information

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

2. Compliance with applicable reporting framework

The financial statements have been prepared in compliance with FRS 102 Section 1A as it applies to the financial statements for the period and there were no material departures from the reporting standard.

3. Change in reporting period and impact on comparability

For the reporting period the company changed its accounting period end from 30 September 2022 to 31 December 2022 in order to align its reporting year with the calendar year. These financial statements therefore cover the 15 month period 1 October 2021 to 31 December 2022 whereas the comparative figures included in these financial statements cover the 12 month period ending 30 September 2021.

4. Principal activities

The principal activity of the company during the period was that of a digital debt servicing technology provider utilising a bespoke platform to manage consumer debts on behalf of commercial clients.

5. Basis of measurement used in financial statements

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

6. Accounting policies

Functional and presentation currency policy

The financial statements are presented in the company's functional currency which is the Pound Sterling (£). Numbers are rounded to the nearest whole pound.

Turnover policy

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is derived from the rendering of debt management services and invoiced sales are based on a percentage of the debt recovered on behalf of customers.

Property, plant and equipment policy

Tangible assets are stated at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

| | Straight line (years) |
|------------------|--------------------------|
| Office Equipment | 2 |

Revenue recognition policy

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the performance obligations completed to date to the total performance obligations to be completed over the life of the contract.

Taxation policy

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.

Deferred tax policy

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Research and development policy

Revenue expenditure on research and development is expensed to profit or loss in the period it is incurred.

For the previous year the company made a claim under the SME R&D tax relief scheme and received a tax credit as a result. Tax credits arising from claims made under the SME R&D tax relief scheme are reflected 'below the line' as a reduction in the Corporation tax charge, or if loss making, as a Corporation tax credit.

Foreign currency translation and operations policy

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each reporting 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 the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Leases policy

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

Employee benefits policy

Contributions to defined contribution plans are expensed in the period to which they relate.

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 income statement 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 company 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 the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with the fair value of goods and services received.

Valuation of financial instruments policy

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

The Company only enters into basic financial instruments 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 nonputtable ordinary shares. Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the 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 the case of an outright 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 and liabilities are offset and the net amount is reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

Going concern

The financial statements have been prepared on a going-concern basis. The company has incurred losses during the period, however the company has been successful in attracting new investment during the period and the directors believe the company has sufficient financial resources to meet its obligations, if and when, they fall due. The directors are therefore of the opinion that they should continue to adopt the going concern basis of accounting in preparing the financial statements.

7. Critical estimates and judgements

Share based payments as set out in note 8 to the accounts below have been made to employees and advisers of the company. As disclosed in the share based payments accounting policy note above, the fair value of the options granted is recognised in the income statement over the course of the vesting period. The fair value of share options is estimated using a black scholes model which calculates the fair value of an option based on the fair value of an ordinary share at the time the options are granted. In the absence of readily available market data the directors have to apply sufficient judgement when considering the fair value of ordinary shares at the time options are granted.

The directors have had to apply sufficient levels of judgement in connection with the contingent liability recognised in respect of the contested R&D tax credit. To gauge the potential chance of a liability crystallising, the directors have leaned on their knowledge of the company's research and development activity in conjunction with their knowledge of the rules and regulations surrounding HMRC's SME R&D tax relief scheme.

No other significant judgements or estimates have been used in order to arrive at the figures contained within the financial statements.

8. Employee information

During the year, the charge for the equity-settled share based payments was £50,458 (2021: £nil). Ophelos Ltd have share options in issue, all options which have been granted have non-market vesting conditions attached and all share options which have been granted are of the same class: Ordinary shares which are exercisable four years following their grant.

These are granted at the discretion of the Directors'. There are no cash settlement alternatives for the employees therefore these are all accounted for under FRS 102. The fair value of share options granted is estimated at the date of grant. The grant date for accounting purposes is at various points as the options were issued, as this is when a shared understanding of the terms and conditions of the arrangements was achieved between the various parties. A non-marketability discount was applied when assessing the fair value at grant date.

The fair value of share options granted is estimated at the date of grant using a Black-Scholes model. During the year ended 31 December 2022, the company granted share options to 1 employee (2021: 11) and 3 third parties (2021: nil), with a total of 112,781 shares under option (2021: 92,500). The options have a weighted average exercise price of £0.29 and (2021: £0.27) per share.

During the year, no share options were exercised (2021: nil).

| | 2022 | 2021 |
|---|------|------|
| Average number of employees during the year | 15 | 12 |

9. Property, plant and equipment

| | Office Equipment | Total |
|------------------------------------|---------------------|---------------|
| | £ | £ |
| Cost or valuation | | |
| At 01 October 21 | 2,517 | 2,517 |
| Additions | 22,938 | 22,938 |
| At 31 December 22 | <u>25,455</u> | <u>25,455</u> |
| Depreciation and impairment | | |
| At 01 October 21 | 1,258 | 1,258 |
| Charge for year | 4,779 | 4,779 |
| At 31 December 22 | <u>6,037</u> | <u>6,037</u> |
| Net book value | | |
| At 31 December 22 | <u>19,418</u> | <u>19,418</u> |
| At 30 September 21 | <u>1,259</u> | <u>1,259</u> |

10. Description of financial commitments other than capital commitments

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

Within 1 year: £52,500

Between 2 and 5 years: £Nil

11. Contingent liabilities, including financial effect, uncertainties and possible reimbursement

The company recognises that a contingent liability exists at the statement of financial position date in relation to a research and development tax credit totalling £112,804 paid to the company by HMRC as a result of a claim made by the company under HMRC's R&D tax relief scheme for SME's. HMRC subsequently challenged the claim and the company, having exhausted the appeals process, is contesting the matter at a tribunal. The directors believe it is appropriate to recognise a contingent liability of £112,804 at the statement of financial position date in respect of the tax credit based on the degree of uncertainty over the outcome of the tribunal.

12. Debtors

| | 2022 | 2021 |
|-----------------------------------|----------------|---------------|
| | £ | £ |
| Trade debtors / trade receivables | 463,165 | 17,563 |
| Other debtors | 21,600 | 5,854 |
| Prepayments and accrued income | 103,267 | - |
| Total | <u>588,032</u> | <u>23,417</u> |

13. Creditors within one year

| | 2022 | 2021 |
|---|----------------|---------------|
| | £ | £ |
| Trade creditors / trade payables | 60,801 | - |
| Taxation and social security | 71,095 | 23,113 |
| Other creditors | 140,492 | 9,069 |
| Accrued liabilities and deferred income | 34,598 | - |
| Total | <u>306,986</u> | <u>32,182</u> |

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