

REGISTERED NUMBER: 10933652 (England and Wales)

UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

FOR

SYNTHESIA LIMITED

SYNTHESIA LIMITED (REGISTERED NUMBER: 10933652)

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

	Page
Company Information	1
Statement of Financial Position	2
Notes to the Financial Statements	4

SYNTHESIA LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 AUGUST 2019

DIRECTORS: V R Rasmussen
S Tjerrild-Hansen
E Nisselson

SECRETARY: S Tjerrild-Hansen

REGISTERED OFFICE: Rocketspace 40
Islington Hight Street
Islington
London
NI 8X8

REGISTERED NUMBER: 10933652 (England and Wales)

ACCOUNTANTS: Horizon Accounts Ltd
Stapleton House Second Floor
110 Clifton Street
London
EC2A 4HT

SYNTHESIA LIMITED (REGISTERED NUMBER: 10933652)**STATEMENT OF FINANCIAL POSITION**
31 AUGUST 2019

	Notes	31.8.19		31.8.18	
		£	£	£	£
FIXED ASSETS					
Intangible assets	5		49,209		50,288
Tangible assets	6		<u>25,716</u>		<u>17,316</u>
			74,925		67,604
CURRENT ASSETS					
Debtors	7	262,317		79,939	
Cash at bank		<u>1,919,817</u>		<u>293,907</u>	
		2,182,134		373,846	
CREDITORS					
Amounts falling due within one year	8	<u>52,081</u>		<u>21,688</u>	
NET CURRENT ASSETS			<u>2,130,053</u>		<u>352,158</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,204,978</u>		<u>419,762</u>
CAPITAL AND RESERVES					
Called up share capital	10		9,847		7,314
Share premium			3,092,921		746,064
Share option reserve			592,542		-
Retained earnings			<u>(1,490,332)</u>		<u>(333,616)</u>
			<u>2,204,978</u>		<u>419,762</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 August 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 August 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

The notes form part of these financial statements

SYNTHESIA LIMITED (REGISTERED NUMBER: 10933652)

STATEMENT OF FINANCIAL POSITION - continued
31 AUGUST 2019

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 21 November 2019 and were signed on its behalf by:

S Tjerrild-Hansen - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. STATUTORY INFORMATION

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

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Significant judgements and estimates

Share based payments as set out in note 12 to the accounts have been made to employees of the company. As disclosed in the Share Based Payments accounting policy note below, the fair value of options are recognised in the income statement over the course of the vesting period. The fair value estimate is based on the value of the shares at the date of grant.

There have been no other significant judgements or estimates applied to the numbers contained within these financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of ten years.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings - 3 years

Computer equipment - 3 years

Other Income

Other income includes government grants.

3. ACCOUNTING POLICIES - continued

Financial instruments

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

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Income Statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Income Statement.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in, the Income Statement, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, loans from fellow Group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

3. ACCOUNTING POLICIES - continued

Taxation

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The financial statements have been prepared on a going concern basis. The company incurred losses during the year and the director is aware that the statement of financial position shows negative net assets. However the company has sufficient funds to meet its obligations, if and when, they become due. The director is therefore of the opinion that he should continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

Share based payments

The company operates an equity-settled compensation plan for its employees. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the relevant entity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each Statement of Financial Position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the relevant income statement. The credit entry is taken to reserves because the share options are equity-settled.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 9 (2018 - 4) .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019

5. INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 September 2018	51,979
Additions	<u>4,468</u>
At 31 August 2019	<u>56,447</u>
AMORTISATION	
At 1 September 2018	1,691
Amortisation for year	<u>5,547</u>
At 31 August 2019	<u>7,238</u>
NET BOOK VALUE	
At 31 August 2019	<u>49,209</u>
At 31 August 2018	<u>50,288</u>

6. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 September 2018	8,300	13,261	21,561
Additions	<u>-</u>	<u>18,940</u>	<u>18,940</u>
At 31 August 2019	<u>8,300</u>	<u>32,201</u>	<u>40,501</u>
DEPRECIATION			
At 1 September 2018	1,187	3,058	4,245
Charge for year	<u>2,766</u>	<u>7,774</u>	<u>10,540</u>
At 31 August 2019	<u>3,953</u>	<u>10,832</u>	<u>14,785</u>
NET BOOK VALUE			
At 31 August 2019	<u>4,347</u>	<u>21,369</u>	<u>25,716</u>
At 31 August 2018	<u>7,113</u>	<u>10,203</u>	<u>17,316</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2019**

7.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			31.8.19	31.8.18
				£	£
	Trade debtors			104,159	-
	Other debtors			158,158	79,939
				<u>262,317</u>	<u>79,939</u>
8.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			31.8.19	31.8.18
				£	£
	Trade creditors			5,408	1,189
	Taxation and social security			31,893	11,933
	Other creditors			14,780	8,566
				<u>52,081</u>	<u>21,688</u>
9.	LEASING AGREEMENTS				
	Minimum lease payments under non-cancellable operating leases fall due as follows:				
				31.8.19	31.8.18
				£	£
	Within one year			<u>25,200</u>	-
10.	CALLED UP SHARE CAPITAL				
	Allotted, issued and fully paid:				
	Number:	Class:	Nominal value:	31.8.19	31.8.18
				£	£
	4,095,159	Ordinary	£0.001	4,095	4,030
	1,418,000	Deferred	£0.001	1,418	1,418
	1,865,789	Series Seed Preferred	£0.001	1,866	1,866
	2,467,724	Series Seed A-2 Preferred Shares	£0.001	2,468	-
				<u>9,847</u>	<u>7,314</u>

The Ordinary shares, Series Seed Preferred shares and Series Seed A-2 Preferred Shares have attached to them full dividend and voting rights.

The Ordinary shares, Series Seed Preferred shares and Series Seed A-2 Preferred Shares have the right to capital distribution (including on winding up) however the Seed Series Preferred shareholders have a priority to be paid before the Ordinary shareholders.

The Deferred shares have no rights to vote or to receive dividends and have a maximum value of £1 on a sale, liquidation or winding up of the company.

11. ULTIMATE CONTROLLING PARTY

During the year there is no ultimate controlling party.

12. SHARE-BASED PAYMENT TRANSACTIONS

The company operates an EMI qualifying share option scheme for its employees and contractors. As at the date of the Statement of Financial Position, the company had granted 1,720,164 EMI qualifying share options to twelve employees and one contractor with an exercise price of £0.001 per share. As at the year end, none of these share options had been exercised or lapsed. Share options vest over a 4 year period from the date of grant with a 1 year cliff.

The company also operates an unapproved share option scheme for its advisers. As at the date of the Statement of Financial Position, the company had granted 34,480 share options to two advisers with an exercise price of £0.001 per share. As at the year end, none of these share options had been exercised or lapsed. 14,544 shares were vested. Share options vest over a 4 year period from the date of grant with a 1 year cliff.

The share options are exercisable on the share capital of the company.

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.