Registered number: 09927701

CERVEST LIMITED CONSOLIDATED ACCOUNTS

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CERVEST LIMITED
REGISTERED NUMBER: 09927701

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Tangible assets	3		45,615		57,562
			45,615		57,562
Current assets					
Debtors: amounts falling due within one year	5	1,881,374		231,495	
Cash at bank and in hand	6	11,289,456		4,327,030	
		13,170,830		4,558,525	
Creditors: amounts falling due within one year	7	(496,882)		(6,186,227)	
Net current assets/(liabilities)			12,673,948		(1,627,702)
Total assets less current liabilities			12,719,563		(1,570,140)
Provisions for liabilities					
Net assets excluding pension asset			12,719,563		(1,570,140)
Net assets/(liabilities)			12,719,563		(1,570,140)
Capital and reserves					
Called up share capital			2,829		2,066
Share premium account			27,023,644		4,538,709
Other reserves			-		298,781
Profit and loss account			(14,306,910)		(6,409,696)
Equity attributable to owners of the parent Company			12,719,563		(1,570,140)
			12,719,563		(1,570,140)

CERVEST LIMITED
REGISTERED NUMBER: 09927701

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit 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 Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the consolidated income statement in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board.

DocuSigned by:
Iqbal Singh Bassi
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Iqbal Singh Bassi
Director

Date: 30 September 2022

The notes on pages 9 to 19 form part of these financial statements.

CERVEST LIMITED
REGISTERED NUMBER: 09927701

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Tangible assets	3		45,615		57,562
Investments			7		-
			45,622		57,562
Current assets					
Debtors: amounts falling due after more than one year	5	170,929		-	
Debtors: amounts falling due within one year	5	1,881,374		231,495	
Cash at bank and in hand	6	11,289,456		4,327,030	
		13,341,759		4,558,525	
Creditors: amounts falling due within one year	7	(496,881)		(6,186,227)	
Net current assets/(liabilities)			12,844,878		(1,627,702)
Total assets less current liabilities			12,890,500		(1,570,140)
Net assets excluding pension asset			12,890,500		(1,570,140)
Net assets/(liabilities)			12,890,500		(1,570,140)
Capital and reserves					
Called up share capital			2,829		2,066
Share premium account			27,023,644		4,538,709
Other reserves			-		298,781
Profit and loss account brought forward		(6,409,696)		(2,881,402)	
Loss for the year		(8,367,502)		(3,528,294)	
Other changes in the profit and loss account		641,225		-	
Profit and loss account carried forward			(14,135,973)		(6,409,696)
			12,890,500		(1,570,140)

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit 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 Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

The Company has opted not to file the consolidated income statement in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board.

DocuSigned by:
Iqbal Singh Bassi

Iqbal Singh Bassi
Director

Date: 30 September 2022

The notes on pages 9 to 19 form part of these financial statements.

CERVEST LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	2,066	4,538,709	298,781	(6,409,696)	(1,570,140)
Comprehensive income for the year					
Loss for the year	-	-	-	(8,538,439)	(8,538,439)
Share based payment charge for the year	-	-	-	641,225	641,225
Other comprehensive income for the year	-	-	-	641,225	641,225
Total comprehensive income for the year	-	-	-	(7,897,214)	(7,897,214)
Shares issued during the year	763	22,484,935	-	-	22,485,698
Equity portion of convertible loan notes	-	-	(298,781)	-	(298,781)
Total transactions with investors	763	22,484,935	(298,781)	-	22,186,917
At 31 December 2021	2,829	27,023,644	-	(14,306,910)	12,719,563

The notes on pages 9 to 19 form part of these financial statements.

CERVEST LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	2,066	4,538,709	298,781	(2,881,402)	1,958,154
Comprehensive income for the year					
Loss for the year	-	-	-	(3,528,294)	(3,528,294)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(3,528,294)	(3,528,294)
Total transactions with investors	-	-	-	-	-
At 31 December 2020	2,066	4,538,709	298,781	(6,409,696)	(1,570,140)

The notes on pages 9 to 19 form part of these financial statements.

CERVEST LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	2,066	4,538,709	298,781	(6,409,696)	(1,570,140)
Comprehensive income for the year					
Loss for the year	-	-	-	(8,367,502)	(8,367,502)
Share based payment charge for the year	-	-	-	641,225	641,225
Other comprehensive income for the year	-	-	-	641,225	641,225
Total comprehensive income for the year	-	-	-	(7,726,277)	(7,726,277)
Contributions by and distributions to owners					
Shares issued during the year	763	22,484,935	-	-	22,485,698
Equity portion of convertible loan notes	-	-	(298,781)	-	(298,781)
Total transactions with investors	763	22,484,935	(298,781)	-	22,186,917
At 31 December 2021	2,829	27,023,644	-	(14,135,973)	12,890,500

The notes on pages 9 to 19 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	2,066	4,538,709	298,781	(2,881,402)	1,958,154
Comprehensive income for the year					
Loss for the year	-	-	-	(3,528,294)	(3,528,294)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(3,528,294)	(3,528,294)
Total transactions with investors	-	-	-	-	-
At 31 December 2020	2,066	4,538,709	298,781	(6,409,696)	(1,570,140)

The notes on pages 9 to 19 form part of these financial statements.

1. Accounting policies

Cervest Limited (the 'company') is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is disclosed on the company information page.

The financial statements are for the year ended 31 December 2021 (2020: year ended 31 December 2020).

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated income statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

1.3 Going concern

The financial statements have been prepared on a going concern basis. The directors believe that the company's sales growth trajectory, its cash levels and its ability to control its operating costs put it in a good position to manage its business risks successfully. This, together with detailed forecasts prepared by the directors have demonstrated a reasonable expectation that the company has adequate resources to continue in operational existience for the foreseeable future and they consider it is appropriate to apply the going concern basis of accounting in preparing the financial statements.

1. Accounting policies (continued)

1.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling (£)..

Transactions and balances

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 and cash and cash equivalents are presented in the Consolidated income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

1. Accounting policies (continued)

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.7 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.

1.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

1. Accounting policies (continued)

1.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

1.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting 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 Group 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 profit or loss over the remaining vesting period.

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

1.11 Tangible fixed assets

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.

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:

Office equipment	-	33%
Computer equipment	-	50%

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.

1. Accounting policies (continued)

1.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Consolidated income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.14 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.

1.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.16 Financial instruments

The Group 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

1. Accounting policies (continued)

1.16 Financial instruments (continued)

impairment loss is recognised in the Consolidated income statement.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2. Employees

The average monthly number of employees, including directors, during the year was 68 (2020 - 29).

3. Tangible fixed assets

Group

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2021	7,581	121,274	128,855
Additions	2,610	43,749	46,359
Disposals	(3,007)	-	(3,007)
At 31 December 2021	7,184	165,023	172,207
Depreciation			
At 1 January 2021	3,947	67,346	71,293
Charge for the year on owned assets	2,429	55,709	58,138
Disposals	(2,839)	-	(2,839)
At 31 December 2021	3,537	123,055	126,592
Net book value			
At 31 December 2021	3,647	41,968	45,615
At 31 December 2020	3,634	53,928	57,562

3. Tangible fixed assets (continued)

Company

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2021	7,581	121,274	128,855
Additions	2,610	43,749	46,359
Disposals	(3,007)	-	(3,007)
At 31 December 2021	7,184	165,023	172,207
Depreciation			
At 1 January 2021	3,947	67,346	71,293
Charge for the year on owned assets	2,429	55,709	58,138
Disposals	(2,839)	-	(2,839)
At 31 December 2021	3,537	123,055	126,592
Net book value			
At 31 December 2021	3,647	41,968	45,615
At 31 December 2020	3,634	53,928	57,562

4. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	7
At 31 December 2021	7

4. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Cervest Incorporated	Canalot Studios, Studio 133 222 Kensal Road, London, England, W10 5BN	Class A	100%

5. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts owed by group undertakings	-	-	170,929	-
	-	-	170,929	-

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	-	45,000	-	45,000
Other debtors	1,382,742	56,526	1,382,742	56,526
Prepayments and accrued income	498,632	129,969	498,632	129,969
	1,881,374	231,495	1,881,374	231,495

6. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	11,289,456	4,327,030	11,289,456	4,327,030
	11,289,456	4,327,030	11,289,456	4,327,030

7. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Convertible loan	-	5,905,387	-	5,905,387
Trade creditors	111,937	70,426	111,937	70,426
Other taxation and social security	209,841	87,088	209,841	87,088
Other creditors	29,149	9,286	29,149	9,286
Accruals and deferred income	145,955	114,040	145,954	114,040
	496,882	6,186,227	496,881	6,186,227

Between July 2020 and January 2021, convertible loan agreements were signed with 22 investors for the sum of £6.1m. The loan terms stipulate no fixed or floating charge over the property and operations of Cervest Limited. Interest of 8% per annum is charged. Within the terms of the loan is an embedded derivative, being a conversion option based on a future financing round which crystallised in May 2021. At the date of signing the accounts, the loan has been fully converted to equity.

8. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
10,540,200 (2020 - 10,540,200) Ordinary shares of £-0.0001 each	1,054.0200	1,054.0200
17,746,048 (2020 - 10,116,000) Seed Preferred shares of £-0.0001 each	1,774.6048	1,011.6000
	2,828.6248	2,065.6200

In the ordinary shares total, there are 10,540,200 ordinary shares. The seed preferred shares class can be broken down into the following totals. There are 7,308,100 seed preferred shares at £0.001 each. There are 260,000 seed-1 preferred shares at £0.001 each. There are 2,547,900 seed-2 preferred shares at £0.001 each. There are 3,227,733 seed A1 preferred stock notes at £0.001 each. There are 4,402,315 seed A2 preferred stock notes at £0.001 each.

During the year 3,227,733 seed A1 preferred stock notes were alloted for consideration of £322.77 and 4,402,315 seed A2 preferred stock notes were allotted for consideration of £440.23.

9. Reserves

Share premium account

The share premium account includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other reserves

The other reserves account includes the equity portion of convertible loan notes that were all converted in the year on 14 May 2021.

10. Share based payments

The company has various share based payment arrangements in place. The options are granted with a fixed exercise price of £0.36 per share option, and vest over a 4 year period from the date of the grant. A charge of £641,225 was recognised in the Profit and Loss Account in relation to share options granted in the year to UK employees with corresponding credit to equity.

11. Related party transactions

There were no related party transactions in the year.

12. Controlling party

In the opinion of the directors there is no ultimate controlling party.