CultureAI Ltd

Registered Number
09671771
(England and Wales)

Unaudited Financial Statements for the Year ended 31 December 2022

CultureAI Ltd

Company Information
for the year from 1 January 2022 to 31 December 2022

Directors	R S Dighero
	J E Moore
	J C Stokes
Registered Address	Cultureai, Bold Bauhaus, 2nd Floor
	27 Quay Street
	Manchester
	M3 3GY
Registered Number	09671771 (England and Wales)

CultureAI Ltd

Statement of Financial Position
31 December 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Intangible assets	9		2,909		4,349
Tangible assets	10		52,863		34,586
			55,772		38,935
Current assets					
Debtors	13	373,705		248,053	
Cash at bank and on hand		1,256,138		2,729,235	
		1,629,843		2,977,288	
Creditors amounts falling due within one year	14	(533,681)		(166,291)	
Net current assets (liabilities)			1,096,162		2,810,997
Total assets less current liabilities			1,151,934		2,849,932
Creditors amounts falling due after one year	15		(25,683)		(34,170)
Net assets			1,126,251		2,815,762
Capital and reserves					
Called up share capital			183		183
Share premium			3,895,639		3,895,639
Other reserves			42,632		-
Profit and loss account			(2,812,203)		(1,080,060)
Shareholders' funds			1,126,251		2,815,762

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 28 September 2023, and are signed on its behalf by:

J E Moore
Director
Registered Company No. 09671771

Notes to the Financial Statements
for the year 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. Principal activities

The principal activity of the company during the year continued to be that of providing organisations with technological support to measure and improve cyber risks and behaviors.

4. Basis of measurement used in financial statements

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

5. Accounting policies

Functional and presentation currency policy

The financial statements are presented in sterling and this is the functional currency of the company.

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.

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)
Fixtures and fittings	5
Office Equipment	3

Intangible assets policy

Intangible assets are recognised at cost and are subsequently measured cost less accumulated amortisation and accumulated impairment losses.

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

	Straight line (years)
Other assets	5

Revenue recognition policy

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred, and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

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 that have been enacted or substantively enacted by the statement of financial position datesubstantively enacted at the reporting 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 written off in the period in which it is incurred.

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 the income statement.

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

The company operates an equity-settled compensation plan. The fair value of the services received in exchange for the grant of the options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, 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 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 income statement. The credit entry is taken to reserves because the share options are equity-settled.

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 non-puttable 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 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 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 incurred losses during the year, however, the directors believe that the company has sufficient resources available for it to be able to continue to meet its obligations, if and when they become due and they have a reasonable belief that the company can continue in operational existence for the foreseeable future. The directors are therefore of the opinion that they should continue to adopt the going concern basis of accounting in preparing the financial statements.

6. Prior period and policy change adjustments

The total debtors for the comparative period have been restated to £248,053 from £86,694 and the total current liabilities for the comparative period have been restated to £166,291 from £4,933. This is due to an error in the allocation of debtors and creditors in the financial statements for the previous period ending 31 December 2021. The restatements have no impact on the overall net asset position at 31 December 2021 nor do they have any impact to the profit or loss reported for the period.

7. Critical estimates and judgements

Share based payments as set out in the notes to the financial statements have been made to employees of the company. The fair value of any vested share options is recognised in the income statement. The fair value of share options is estimated with the use of a Black Scholes model. The fair value of the ordinary shares in issue at the date of granting the options is used as an input into the model.

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

8. Employee information

During the year the company granted 167,921 EMI qualifying share options to 17 employees of the company with an average weighted exercise price of £1.19 per share. At the statement of financial position date no share options had vested, lapsed or been exercised.

Typically, 25% of granted options vest on the first anniversary of the grant date and then vesting occurs monthly for 36 months thereafter. The share options are exercisable over the share capital of the company. A share-based payment of £42,632 has been charged to the income statement for the year to recognise the employee services received in exchange for the grant of the options.

	2022	2021
Average number of employees during the year	16	9

9. Intangible assets

Other intangible assets consist of Trademarks.

	Other	Total
	£	£
Cost or valuation		
At 01 January 22	7,199	7,199
At 31 December 22	7,199	7,199
Amortisation and impairment		
At 01 January 22	2,850	2,850
Charge for year	1,440	1,440
At 31 December 22	4,290	4,290
Net book value		
At 31 December 22	2,909	2,909
At 31 December 21	4,349	4,349

10. Property, plant and equipment

	Fixtures & fittings	Office Equipment	Total
	£	£	£
Cost or valuation			
At 01 January 22	7,203	48,599	55,802
Additions	7,827	33,684	41,511
At 31 December 22	15,030	82,283	97,313
Depreciation and impairment			
At 01 January 22	4,641	16,575	21,216
Charge for year	2,916	20,318	23,234
At 31 December 22	7,557	36,893	44,450
Net book value			
At 31 December 22	7,473	45,390	52,863
At 31 December 21	2,562	32,024	34,586

11. Description of financial commitments other than capital commitments

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

Within one year: £192,192 (2021: £102,000)

12. Description of nature of transactions and balances with related parties

During the year the company made repayments to the directors totalling £246. At the statement of financial position date the company owed the directors £641 (2021: £887). The loans are interest free and repayable on demand.

13. Debtors

	2022	2021
	£	£
Trade debtors / trade receivables	85,758	65,468
Other debtors	26,911	161,359
Prepayments and accrued income	261,036	21,226
Total	373,705	248,053

14. Creditors within one year

	2022	2021
	£	£
Trade creditors / trade payables	187,223	22,984
Bank borrowings and overdrafts	9,818	10,000
Taxation and social security	51,872	25,336
Other creditors	4,712	2,665
Accrued liabilities and deferred income	280,056	105,306
Total	533,681	166,291

15. Creditors after one year

	2022	2021
	£	£
Bank borrowings and overdrafts	25,683	34,170
Total	25,683	34,170

The company's total bank borrowings and overdrafts amounting to £35,501, disclosed in note 14 and 15 above, are guaranteed by the UK government under the Coronavirus Bounce Back Loan scheme.