COMPANY REGISTRATION NUMBER: 09210291

Senseye Limited

Financial Statements

For the Year Ended 31 December 2021

Pages for Filing with Registrar

Senseye Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021 £	2021 £	2020 £
Fixed assets				
Tangible assets	5		28,881	31,975
Current assets				
Debtors	7	1,238,908		1,116,266
Cash at bank and in hand		1,626,628		2,643,005
		2,865,536		**3,759,271**
Creditors: amounts falling due in one year	8		**(1,719,573)**	**(937,899)**
Net current assets			**1,145,963**	**2,821,372**
Total assets less current liabilities			**1,174,844**	**2,853,347**
Non-Current Liabilities	10		**(3,744,977)**	**(2,169,874)**
Net assets			**(2,570,133)**	**683,473**
Capital and reserves				
Called up share capital			117,440	117,440
Share premium account			8,986,144	8,986,144
Profit and loss reserves			(12,944,547)	(9,507,491)
Share option reserves			405,542	310,064
Translation reserves			790,560	(13,244)
Other reserves			74,728	790,560
Shareholders' funds			**(2,570,133)**	**683,473**

The directors of the company have elected not to include a copy of the consolidated statement of comprehensive income within the financial statements.

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

These financial statements were approved by the board of directors and authorised for issue on 29th March 2022, and are signed on behalf of the board by:

Dr SR Kampa
Director

Company registration number: 09210291

The notes on pages 3 to 12 form part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

		2021		**2020**
	Note	**£**	**£**	**£**
Fixed assets				
Tangible assets	**5**		24,061	22,593
Investments	**6**		22,422	22,422
			46,483	**45,015**
Current assets				
Debtors	**7**	3,450,712		2,714,846
Cash at bank and in hand		1,559,806		2,618,690
		5,010,518		**5,333,536**
Creditors: amounts falling due in one year	**8**		**(1,511,450)**	**(847,899)**
Net current assets			**3,499,068**	**4,485,637**
Total assets less current liabilities			**3,545,551**	**4,530,652**
Non-Current Liabilities	**10**		**(3,744,977)**	**(2,169,874)**
Net assets			**(199,426)**	**2,360,778**
Capital and reserves				
Called up share capital			117,440	117,440
Share premium account			8,986,144	8,986,144
Profit and loss reserves			(10,499,112)	(7,843,430)
Share option reserves			405,542	310,064
Other reserves			790,560	790,560
Shareholders' funds			**(199,426)**	**2,360,778**

The loss for the financial year of the parent company was £2,655,682 (2020: £2,295,540).

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

These financial statements were approved by the board of directors and authorised for issue on 29th March 2022, and are signed on behalf of the board by:

Dr SR Kampa
Director

Company registration number: 09210291

The notes on pages 3 to 12 form part of these financial statements

1. General information

The company is a private company limited by shares incorporated in England and Wales. The registered office is Epsilon House, Enterprise Road, Southampton Science Park, Southampton, SO16 7NS.

2. Accounting convention

These financial statements have been prepared in compliance with FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the parent company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The principal accounting policies adopted are set out below.

3. Accounting policies

Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the group and parent company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the group and parent company's ability to continue as a going concern.

Since the group and parent company's foundation, it has been able to attract funds in various forms to advance the development of the group and parent company in order to provide sufficient funding to allow the group and parent company to pay its debts as they fall due. On this basis, the directors consider that the group and parent company have the backing of its lenders and investors to fund the group and parent company to profitability.

During the year ended 31 December 2021 the group made a loss after tax of £3,437,056 (2020: £3,102,452). As at 31 December 2021 the group has net liabilities of £2,570,133 (2020: net assets of £683,473).

The group meets its day-to-day working capital requirements through an existing loan facility which at the balance sheet date amounted to £1,776,389.

The directors are currently considering several funding opportunities from external and internal investors and are going through the necessary due diligence procedures to secure additional funding.

The directors have concluded that although the combination of these circumstances represents a material uncertainty, they have a reasonable expectation that the group and parent company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

(a) Disclosures in respect of each class of share capital have not been presented.
(b) No cash flow statement has been presented for the parent company.
(c) Disclosures in respect of financial instruments have not been presented.
(d) No disclosure has been given for the aggregate remuneration of key management personnel.
(e) No disclosure has been given for intra-group related party transactions

3. Accounting policies (continued)

Consolidation

The financial statements consolidate the financial statements of Senseye Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

The turnover shown in the profit and loss account represents amounts invoiced in respect of sales of products and services rendered during the year, exclusive of Value Added Tax.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, 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 or loss for the current and past periods. Current tax is measured at the amounts of tax expected to be paid or recovered 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 arid laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants received.

A grant that specifies performance conditions is recognise in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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 the profit and loss account.

3. Accounting policies (continued)

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation.

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:

Furniture and Fittings	25% straight line
Equipment	33% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, 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.

3. Accounting policies (continued)

Other financial assets
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 profit or loss, 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.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

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 profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expires or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including trade and other payables, bank loans and loan notes, 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 receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities
Derivatives, including convertible loan notes, 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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs.

3. Accounting policies (continued)

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Defined contribution pension plans

Contributions to defined contribution pension 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 as a finance cost in profit or loss in the period in which it arises.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

4. Employees

The average number of persons employed by the group during the year, including the directors, amounted to:

	2021	**2020**
	No.	No.
Administrative staff	51	54

5. Tangible assets

Group

	Fixtures and fittings	Equipment	**Total**
	£	£	£
Cost			
At 1 January 2021	18,107	101,528	119,635
Additions	-	23,373	23,373
Disposals	-	(1,579)	(1,579)
At 31 December 2021	**18,107**	**123,322**	**141,429**
Depreciation			
At 1 January 2021	13,605	74,055	87,660
Charge for the year	3,411	22,917	26,328
Disposals	-	(1,440)	(1,440)
At 31 December 2021	**17,016**	**95,532**	**112,548**
Carrying amount			
At 31 December 2021	**1,091**	**27,790**	**28,881**
At 31 December 2020	4,502	27,473	31,975

Company

	Fixtures and fittings	Equipment	**Total**
	£	£	£
Cost			
At 1 January 2021	18,132	83,571	101,703
Additions	-	21,897	21,897
Disposals	-	(958)	(958)
At 31 December 2021	**18,132**	**104,510**	**122,642**
Depreciation			
At 1 January 2021	13,609	65,501	79,110
Charge for the year	3,410	17,019	20,429
Disposals	-	(958)	(958)
At 31 December 2021	**17,019**	**81,562**	**98,581**
Carrying amount			
At 31 December 2021	**1,113**	**22,948**	**24,061**
At 31 December 2020	4,523	18,070	22,593

6. Investments

The Group has no investments.

Company

	Shares in group undertakings £
Cost	
At 1 January 2021	22,422
Additions	-
At 31 December 2021	**22,422**
Impairment	
At 1 January 2021 and 31 December 2021	-
Carrying amount	
At 31 December 2021	**22,422**
At 31 December 2020	22,422

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

Subsidiary undertaking	Registered Office	Business Activity	Class of Shares	Percentage of shares held
Senseye GmbH	FCBC, Huttropstraße 60, 45136 Essen, Germany	Sale of analytics software	Ordinary	100
Senseye Technology Inc.	c/o Vaughn Associates 639 Granite Street, Braintree, MA 02184, USA	Sale of analytics software	Ordinary	100
Senseye SAS	124 Rue Réaumur, 75002 Paris, France	Sale of analytics software	Ordinary	100

7. Debtors

Group

	2021 £	2020 £
Trade debtors	388,026	324,018
Other debtors	850,882	792,248
	1,238,908	**1,116,266**

Company

	2021 £	2020 £
Trade debtors	323,994	302,528
Amounts due from group undertakings	2,286,713	1,683,997
Other debtors	840,005	728,321
	3,450,712	**2,714,846**

Included within other debtors are amounts due over one year of £nil (2020: £8,121).

8. Creditors: amounts falling due within one year

Group

	2021	2020
	£	£
Bank borrowings	658,889	6,667
Trade creditors	207,844	135,836
Social security and other taxes	94,112	254,307
Other creditors	758,728	541,089
	1,719,573	**937,899**

Company

	2021	2020
	£	£
Bank borrowings	658,889	6,667
Trade creditors	193,569	113,409
Social security and other taxes	67,770	244,695
Other creditors	591,222	483,128
	1,511,450	**847,899**

9. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

Group

	2021	2020
	£	£
Not later than 1 year	4,093	8,657
Later than 1 year and not later than 5 years	-	-
	4,093	**8,657**

Company

	2021	2020
	£	£
Not later than 1 year	4,093	5,588
Later than 1 year and not later than 5 years	-	-
	4,093	**5,588**

10. Non-current liabilities

Group

	2021	2020
	£	£
Bank borrowings	1,117,500	43,333
Convertible loan notes	2,234,682	2,003,746
Accrued interest on convertible loan notes	392,795	122,795
	3,744,977	**2,169,874**

Company

	2021	2020
	£	£
Bank borrowings	1,117,500	43,333
Convertible loan notes	2,234,682	2,003,746
Accrued interest on convertible loan notes	392,795	122,795
	3,744,977	**2,169,874**

The parent company signed a growth capital term loan facility letter on May 10th 2021, borrowing £2,000,000 for a period of 36 months at an interest rate of SONIA plus 10%. The loan is secured by a fixed and floating charge over the assets of the parent company.

11. Convertible loan notes

Group and Company

	2021	2020
	£	£
Liability component of convertible loan notes	2,234,682	2,003,746

The net proceeds received from the issue of the convertible loan notes have been split between the financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity.

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the statement of financial position represents the effective interest rate less interest paid to that date.

The effective rate of interest is 25%.

The equity component of the convertible loan notes has been credited to other reserves.

12. Share-based payments

The company operates an EMI option scheme for eligible employees and directors, and non-EMI share option incentives for non-eligible participants. Options granted to management and board advisors have different vesting conditions compared to options granted to other employees and directors. Options granted to management and board advisors have a service vesting condition whereas options granted to other employees and directors vest upon occurrence of an exit event. All options expire 10 years after the grant date. Option holders may retain any part of the option which has vested as at the leaving date whereas remaining, unvested options are forfeited.

The share options have been valued at fair value using an option pricing model. The fair value of options vested at the end of the year has been calculated as £405,542 with £95,478 charged to the profit and loss account. As an exit event has not occurred post year end, the fair value of share options granted to other employees and directors has been calculated as £nil.

The movements in the number of share options during the year were as follows:

	2021	2020 (restated)
	No.	No.
Outstanding, start of the year	754,385	854,385
Granted during the year	100,000	-
Forfeited during the year	(92,500)	(100,000)
Outstanding, end of year	761,885	754,385

Restatement for the year ending 31 December 2020 refers to an additional 7,500 options forfeited during 2020 that were omitted from the prior year financial statements.

The movements in the weighted average exercise price of share options during the year were as follows:

	2021	2020 (restated)
	£	£
Granted during the year	1.08	-
Forfeited during the year	0.80	0.65
Outstanding, end of year	0.65	0.61

Restatement for the year ended 31 December 2020 refers to reclassification of options issued at an exercise price of £0.21, previously reported as issued at an exercise price of £0.98 (a total of 157,500 options were reclassified).

The total carrying amount of the liabilities arising from share-based payments at the end of the year was £nil (2020: £nil).

13. Related party transactions

Company

During the year ended 31 December 2021, the parent company purchased for services from Prism Nova Limited to the value of £6,942 (2020: £1,365). A balance of £nil (2020: £312) remained outstanding at year end.

On 8 February 2018, the parent company entered into an agreement to issue a total of 32,634 Ordinary Shares to Steven McEvoy, a shareholder in the parent company, in exchange for the provision of services with a value estimated at £25,000. 21,756 Ordinary shares were issued on 16 April 2019 and a further 10,878 Ordinary shares on 11 April 2020.

During the year ended 31 December 2021, the parent company purchased for services from MortimerGreen Limited to the value of £2,400 (2020: £14,400). A balance of £nil (2020: £2,400) remained outstanding at year end.

As part of an investment agreement in November 2017, the parent company agreed to pay an annual monitoring fee to Breed Reply Limited, part of the same group of companies as Breed Reply Investments Limited, a shareholder. During the year ended 31 December 2021, the parent company purchased services from Breed Reply Limited to the value of £1,240 (2020: £930). A balance of £310 (2020: £620) remained outstanding at year end.

In November 2017, the parent company agreed to pay an annual monitoring fee to IQ Capital Partners LLP, a shareholder. During the year ended 31 December 2021, the parent company purchased services from IQ Capital Partners LLP to the value of £9,652 (2020: £9,239). A balance of £nil (2020: £nil) remained outstanding at the year end.

In November 2017, the parent company agreed to pay an annual monitoring fee to MMC Ventures Limited as manager for Mainspring Nominees (2) Limited, a shareholder. During the year ended 31 December 2021, the parent company purchased services from MMC Ventures Limited to the value of £28,413 (2020: £21,310). At the year end, a balance of £nil remained outstanding (2020: £nil).

During the year ended 31 December 2021 the parent company purchased services from CortexPlus Limited to the value of £nil (2020: £12,000). CortexPlus Limited is controlled by Mark Wells, a Director of the parent company. A balance of £nil (2020: £nil) remained outstanding at the year end.

14. Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Material uncertainty relating to going concern
We draw attention to Note 3 in the financial statements, which indicates that the group incurred a net loss of £3,437,056 during the year ended 31 December 2021 and, as of that date, the group's total liabilities exceeded its total assets by £2,570,133. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of the auditor's report.

The senior statutory auditor was Adam Wilson FCA.
The auditor was Azets Audit Services.