

Entocycle Ltd

Registered Number
09203334
(England and Wales)

Unaudited Financial Statements for the Period ended
31 December 2023

Entocycle Ltd

Company Information

for the period from 1 October 2022 to 31 December 2023

Director	K C O Whitaker
Company Secretary	M P Burkitt
Registered Address	29 Shand Street London SE1 2ES
Registered Number	09203334 (England and Wales)

Entocycle Ltd
Statement of Financial Position
31 December 2023

	Notes	31 Dec 2023		30 Sep 2022	
		£	£	£	£
Fixed assets					
Intangible assets	4		54,530		-
Tangible assets	5		<u>450,856</u>		<u>27,546</u>
			505,386		27,546
Current assets					
Debtors	6	344,880		24,618	
Cash at bank and on hand		<u>535,966</u>		<u>41,316</u>	
		880,846		65,934	
Creditors amounts falling due within one year	7	<u>(7,597,091)</u>		<u>(4,185,356)</u>	
Net current assets (liabilities)			<u>(6,716,245)</u>		<u>(4,119,422)</u>
Total assets less current liabilities			<u>(6,210,859)</u>		<u>(4,091,876)</u>
Net assets			<u>(6,210,859)</u>		<u>(4,091,876)</u>
Capital and reserves					
Called up share capital			100		100
Profit and loss account			<u>(6,210,959)</u>		<u>(4,091,976)</u>
Shareholders' funds			<u>(6,210,859)</u>		<u>(4,091,876)</u>

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 Director acknowledges 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 under section 444 (5A) Companies Act 2006.

The financial statements were approved and authorised for issue by the Director on 30 September 2024, and are signed on its behalf by:

K C O Whitaker

Director

Registered Company No. 09203334

Entocycle Ltd

Notes to the Financial Statements for the period ended 31 December 2023

1. Accounting policies

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.

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.

Basis of preparation

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

Functional and presentation currency

The financial statements are presented in pound sterling (£), which is the company's functional currency, and figures are rounded to the nearest whole pound.

Going concern

The financial statements have been prepared on the going concern basis. The company incurred losses during the period, however the parent company will continue to support the company to be able to meet its obligations, if and when, they become due, and that the company can continue in operational existence for a period of at least 12 months from the statement of financial position date. On this basis, the director is of the opinion that they should continue to adopt the going concern basis in preparing the annual financial statements.

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.

Revenue 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 costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Operating leases

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

Employee benefits

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

Defined contribution pension plan

The company operates a pension plan for the benefit of its employees. Contributions are recognised as expenses as they become payable. Differences between contributions payable in the year and those actually paid are recognised as either prepayments or accruals in the statement of financial position. The assets of the defined contribution pension scheme are held separately from those of the company in an independently administered fund.

Share-based payments

The entity's parent company operates an equity-settled compensation plan. The fair value of the services received by Entocycle Ltd in exchange for the grant of the options is recognised as an expense in the income statement of Entocycle Ltd if it is considered material to the financial statements. 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 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 income statement. The credit entry is taken to the intercompany account on the statement of financial position because the share options are equity-settled by the parent.

Foreign currency translation

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.

Current 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.

Tax credits shown on the income statement represent trading losses surrendered for research and development tax credits.

Deferred tax

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.

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.

Patents are being amortised evenly over their estimated useful life of ten years.

Research and development

Revenue expenditure on research and development is written off in the period in which it is incurred.

The company makes claims under the SME R&D tax relief scheme. Tax credits arising from claims under the SME R&D tax relief scheme are reflected as a reduction in the Corporation Tax charge or, if loss making, as a Corporation Tax credit. Tax credits received or receivable from R&D claims are recognised in the reporting period in which the qualifying expenditure is incurred.

Tangible fixed assets and depreciation

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:

Computer equipment - 33.33% on cost

Fixtures & fittings - 33.33% & 20% on cost

Plant & machinery - 33.33% & 20% on cost

Vehicles - 1 year straight line.

Trade and other debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

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.

Trade and other creditors

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Financial instruments

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 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 out right 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 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.

Government grants or assistance

The company has received government grants from Innovate UK to support its research and development activities. These grants are recognised in the income statement in the period in which the grant is received.

2. Staff Costs

The company operates an EMI-qualifying share option scheme. At the statement of financial position date, the company granted 946,231 (2022: 946,231) EMI qualifying share options to employees at an average weighted exercise price of £0.0000125 per share (2022: £0.0000125). As at the date of the statement of financial position 946,231 share options vested (2022: 946,231), nil lapsed (2022: nil) and nil options were exercised (2022: nil). An amount of £nil has been charged to the income statement in respect of the EMI qualifying share options (2022: £nil).

The share options generally vest over a 4 year period with a 1 year cliff and are exercisable on the share capital of the parent company.

3. Average number of employees

	2023	2022
Average number of employees during the year	23	19

4. Intangible assets

Other intangible assets consists of intellectual property.

	Other	Total
	£	£
Cost or valuation		
Additions	58,744	58,744
At 31 December 23	<u>58,744</u>	<u>58,744</u>
Amortisation and impairment		
Charge for year	4,214	4,214
At 31 December 23	<u>4,214</u>	<u>4,214</u>
Net book value		
At 31 December 23	<u>54,530</u>	<u>54,530</u>
At 30 September 22	<u>-</u>	<u>-</u>

5. Tangible fixed assets

	Land & buildings	Plant & machinery	Vehicles	Office Equipment	Total
	£	£	£	£	£
Cost or valuation					
At 01 October 22	-	24,821	-	49,200	74,021
Additions	91,560	290,997	8,106	86,722	477,385
At 31 December 23	<u>91,560</u>	<u>315,818</u>	<u>8,106</u>	<u>135,922</u>	<u>551,406</u>
Depreciation and impairment					
At 01 October 22	-	11,650	-	34,825	46,475
Charge for year	3,357	26,172	4,797	19,749	54,075
At 31 December 23	<u>3,357</u>	<u>37,822</u>	<u>4,797</u>	<u>54,574</u>	<u>100,550</u>
Net book value					
At 31 December 23	<u>88,203</u>	<u>277,996</u>	<u>3,309</u>	<u>81,348</u>	<u>450,856</u>
At 30 September 22	<u>-</u>	<u>13,171</u>	<u>-</u>	<u>14,375</u>	<u>27,546</u>

6. Debtors: amounts due within one year

	2023	2022
	£	£
Trade debtors / trade receivables	45,646	5,325
Amounts owed by group undertakings	23,630	-
Other debtors	216,232	7,463
Prepayments and accrued income	59,372	11,830
Total	<u>344,880</u>	<u>24,618</u>

7. Creditors: amounts due within one year

	2023	2022
	£	£
Trade creditors / trade payables	148,857	58,475
Amounts owed to related parties	7,389,906	4,076,214
Taxation and social security	50,554	23,194
Other creditors	7,774	6,738
Accrued liabilities and deferred income	-	20,735
Total	<u>7,597,091</u>	<u>4,185,356</u>

8. Operating lease commitments

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

Within one year - £64,545 (2022: £9,732)

Between two to five years - £Nil (2022: £Nil)

9. Related party transactions

Directors:

During the year the company repaid the director £3,724. At the statement of financial position date, the company owed the director £1,439 (2022: £3,922). The loans are interest-free and repayable on demand.

10. Controlling party

The ultimate controlling party is Entocycle Inc, a company incorporated in the USA with its registered offices situated at The Company Corporation, 251 Little Falls Drive, Wilmington, DE, 19808.

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.