

Antidote Technologies Ltd

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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Company Information

Directors:

J Mayo
D Currie
K Lovell
L Schockmel
L Hakes
P Tumkosit

Registered Office: 39 Earlham Street
London
WC2H 9LT

Registered Number: 07611221 (England)

Auditor: BDO LLP
55 Baker Street
London
W1U 7EU

Directors' report

Principal activities

The principal activity of the Group during the period was that of developing a search and referral engine for clinical trials, dedicated to making clinical trials easy to find, understand and access from the patient's perspective, and providing high quality subjects for researchers. This will underpin the aim of the Group to provide a unique marketplace in which patients interested in participating in trials can connect with researchers looking for patients (and vice versa), addressing a major problem in current patient recruitment dynamics and accelerating the pace at which medical trials can be completed and new treatments made available.

Review of business

During the year, the Group continued to invest in new product development and continues to improve upon the services provided. The majority of services are currently concentrated in the United States, although can be provided on a global basis as required.

Going Concern

The Directors have reviewed the Company's and the Group's going concern position taking account its current business activities, budgeted performance and the factors likely to affect its future development through to December 2021. The Directors have assessed the known and potential impacts of Covid-19. The Company and Group successfully transitioned into remote working ahead of the government-imposed lockdowns in both the UK and USA. Due to the nature and set up of the business, the impact on operations was relatively minor. There was no need to reduce employee numbers and no staff were put on furlough – this was assisted by successful application for Paycheck Protection Program assistance for the US entity. However, a temporary hiring freeze was implemented at the start of lockdown and all discretionary spend was significantly reduced or stopped completely.

A number of projects were put on hold by Sponsors due to Covid-19, although these are now likely to be coming back on line through the third and fourth quarters of the year. Whilst behind management's original plan, monthly revenue has continued to be ahead of that in 2019 even through the lockdown period and the full year forecast is still for significant revenue growth in 2020 over 2019.

The short-term impact on cash flow due to Covid-19 has been positive when compared to management's plan due to a combination of lower working capital requirements and management action to reduce discretionary spend wherever possible. In addition, subsequent to the year-end further funding has been received from existing investors via credit loan notes. USD \$4,000,000 was received through to June 2020 with a further USD \$2,000,000 is to be received in Q3 2020.

In concluding on going concern, taking into account the impact of a number of projects being put on hold and performance against plan, the Directors have assessed the need for further funding in order to support the Group's and Company's ongoing operations and continued revenue growth. The Directors have concluded additional financing should be sought in the second quarter of 2021 to cover operations until profitability and positive operating cash flows are achieved. The Directors are assessing the optimum structure and timing of this.

Whilst the directors are confident of obtaining additional investment sufficient to support the business to achieve planned revenue growth and ongoing operations, the amount, timing and structure of which is uncertain, and like any new investment, the ability to raise new financing is also uncertain.

If not achieved by the end of the second quarter of 2021, the Directors will reduce the level of costs in the business to reduce the cash burn and extend the period available to identify and implement new financing options.

The Directors recognise that the ability to attract new customers and so become profitable and cash generative and to raise finance to cover operations until that time indicates that a material uncertainty exists which may cast significant doubt on the group's and company's ability to continue as a going concern and therefore their ability to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the group and company were unable to continue as a going concern.

Directors' report *(continued)*

Strategic report

The directors have not prepared a Strategic report as the Company and its subsidiaries are entitled to the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Political contributions

Neither the Company nor any of its subsidiaries made any political contributions during the year (2018: £nil).

Proposed dividend

The directors do not recommend the payment of a dividend (2018: £nil).

Directors

The directors of the Company who held office during the year as follows:

P Graiver Brodsky (resigned 1 May 2019)

J Mayo

D Currie

K Lovell

P Bala (resigned 3 July 2019)

L Schockmel

L Hakes (appointed 25 July 2019)

P Tumkosit (appointed 10 January 2019)


Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditors, BDO LLP, have indicated their willingness to continue in office and pursuant to Section 487 of the Companies Act 2006, will be deemed to be reappointed and will therefore continue in office.

By order of the board



Keith Lovell
Director

39 Earlam Street
London
WC2H 9LT
26 August, 2020

Statement of directors' responsibilities in respect of the directors' report and the financial statements

Directors' responsibilities statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transaction and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Antidote Technologies Ltd

Opinion

We have audited the financial statements of Antidote Technologies Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the Consolidated Profit and Loss Account and Statement of other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with *International Standards on Auditing (UK) (ISAs (UK))* and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2.2 to the financial statements, which indicates the Directors' considerations over going concern and that the group and parent company are reliant on their ability to secure additional funding until such time that they are able to attract new customers and become profitable and cash generative. As stated in note 2.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and consolidated financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Antidote Technologies Ltd (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Independent auditor's report to the members of Antidote Technologies Ltd (continued)

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Leighton Thomas (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
26 August 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Profit and Loss Account and Statement of other Comprehensive Income
for the year ended 31 December 2019

	<i>Note</i>	2019 £	2018 £
Turnover	3	1,858,292	1,509,969
Cost of sales		(792,152)	(1,062,395)
		<hr/>	<hr/>
Gross profit		1,066,140	447,574
Administrative expenses		(5,273,806)	(5,930,765)
Share based payment charge	14	(30,445)	(49,411)
		<hr/>	<hr/>
Group operating loss		(4,238,111)	(5,532,602)
Interest payable and similar expenses	7	(260,168)	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(4,498,279)	(5,532,602)
Tax on loss on ordinary activities	8	(1,065)	276,391
		<hr/>	<hr/>
Loss for the financial year		(4,499,344)	(5,256,211)
Other comprehensive income			
Currency translation differences		111,906	(72,861)
		<hr/>	<hr/>
Total comprehensive expense for the year		(4,387,438)	(5,329,072)
		<hr/> <hr/>	<hr/> <hr/>

All results derive from continuing operations.

The loss for the Company for the year was £4,600,656 (2018: £5,240,725).

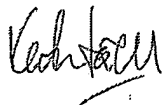
The notes on pages 15 to 25 form part of these consolidated financial statements.

Consolidated Balance Sheet
at 31 December 2019

	Note	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	9		21,788		52,169
			<u>21,788</u>		<u>52,169</u>
Current assets					
Debtors (including £199,464 (2018: £226,828) due after more than one year)	11	791,505		935,635	
Cash at bank and in hand		1,651,587		1,043,163	
		<u>2,443,092</u>		<u>1,978,798</u>	
Creditors: amounts falling due within one year	12	<u>(524,479)</u>		<u>(479,267)</u>	
Net current assets		1,918,613		1,499,531	
Total assets less current liabilities			<u>1,940,401</u>		<u>1,551,700</u>
Creditors: amounts falling due after more than one year	13	<u>(4,780,621)</u>		<u>(48,904)</u>	
		<u>(4,780,621)</u>		<u>(48,904)</u>	
Net (liabilities) / assets			<u>(2,840,220)</u>		<u>1,502,796</u>
Capital and reserves					
Called up share capital	15	79,815		65,838	
Share premium account	15	19,981,498		19,981,498	
Other reserves		129,645		99,200	
Profit and loss account		<u>(23,031,178)</u>		<u>(18,643,740)</u>	
Shareholders' (deficit) / funds			<u>(2,840,220)</u>		<u>1,502,796</u>

The notes on pages 15 to 25 form part of these consolidated financial statements.

These consolidated financial statements were approved by the board of directors on 26 August, 2020 and were signed on its behalf by:



Keith Lovell
Director

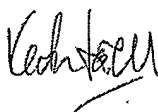
Company registered number: 07611221

Company Balance Sheet
at 31 December 2019

	<i>Note</i>	2019	2018
		£	£
Fixed assets			
Tangible assets	9	11,234	36,993
Investments	10	1	1
		<u>11,235</u>	<u>36,994</u>
Current assets			
Debtors (including £198,484 (2018: £225,808) due after more than one year)	11	753,326	880,474
Cash at bank and in hand		1,363,541	980,210
		<u>2,116,867</u>	<u>1,860,684</u>
Creditors: amounts falling due within one year	12	(358,869)	(303,928)
Net current assets		<u>1,757,998</u>	<u>1,556,756</u>
Total assets less current liabilities		<u>1,769,233</u>	<u>1,593,750</u>
Creditors: amounts falling due after more than one year	13	(4,780,621)	(48,904)
		<u>(4,780,621)</u>	<u>(48,904)</u>
Net (liabilities) / assets		<u>(3,011,388)</u>	<u>1,544,846</u>
Capital and reserves			
Called up share capital	15	79,815	65,838
Share premium account	15	19,981,498	19,981,498
Other reserves		129,645	99,200
Profit and loss account		(23,202,346)	(18,601,690)
Shareholders' (deficit) / funds		<u>(3,011,388)</u>	<u>1,544,846</u>

The notes on pages 15 to 25 form part of these consolidated financial statements.

These consolidated financial statements were approved by the board of directors on 26 August 2020 and were signed on its behalf by:



Keith Lovell
Director

Company registered number: 07611221

Consolidated Statement of Changes in Equity

	Called up Share Capital £	Share Premium account £	Other reserves £	Profit and loss account £	Total equity £
Balance at 1 January 2018	48,659	19,873,096	49,789	(13,314,668)	6,656,876
Total comprehensive income for the period					
Loss for the financial year	-	-	-	(5,256,511)	(5,256,511)
Currency translation differences	-	-	-	(72,861)	(72,861)
Share issue	17,179	108,402	-	-	125,581
Share based payment charge	-	-	49,411	-	49,411
Balance at 31 December 2018 and 1 January 2019	65,838	19,981,498	99,200	(18,643,740)	1,502,796
Total comprehensive income for the period					
Loss for the financial year	-	-	-	(4,499,344)	(4,499,344)
Currency translation differences	-	-	-	111,906	111,906
Share issue	13,977	-	-	-	13,977
Share based payment charge	-	-	30,445	-	30,445
Balance at 31 December 2019	79,815	19,981,498	129,645	(23,031,178)	(2,840,220)

Company Statement of Changes in Equity

	Called up Share Capital £	Share Premium account £	Other reserves £	Profit and loss account £	Total equity £
Balance at 1 January 2018	48,659	19,873,096	49,789	(13,360,965)	6,610,579
Total comprehensive income for the period					
Loss for the financial year	-	-	-	(5,240,725)	(5,240,725)
Share issue	17,179	108,402	-	-	125,581
Share based payment charge	-	-	49,411	-	49,411
Balance at 31 December 2018 and 1 January 2019	65,838	19,981,498	99,200	(18,601,690)	1,544,846
Total comprehensive income for the period					
Loss for the financial year	-	-	-	(4,600,656)	(4,600,656)
Share issue	13,977	-	-	-	13,977
Share based payment charge	-	-	30,445	-	30,445
Balance at 31 December 2019	79,815	19,981,498	129,645	(22,202,347)	(3,011,388)

Notes

(forming part of the consolidated financial statements)

1 General Information

Antidote Technologies Ltd (the "Company") together with its subsidiary (the "Group") provides a search and referral engine for clinical trials, dedicated to making clinical trials easy to find, understand and access. Antidote Technologies Ltd is a private company, limited by shares and incorporated, domiciled and registered in England in the UK. The registered number is 07611221 and the registered address is 39 Earlam Street, London, WC2H 9LT.

2 Accounting policies

These Group and parent company consolidated financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") Section 1A Small Entities as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these consolidated financial statements is sterling. All amounts in the consolidated financial statements have been rounded to the nearest pound.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

2.1 Measurement convention

The consolidated financial statements are prepared on the historical cost basis and in accordance with the Companies Act 2006 and applicable accounting standards.

2.2 Going concern

The Directors have prepared the financial statements on a going concern basis for the reasons set out below.

The Directors have reviewed the Company's and the Group's going concern position taking account its current business activities, budgeted performance and the factors likely to affect its future development through to December 2021. The Directors have assessed the known and potential impacts of Covid-19. The Company and Group successfully transitioned into remote working ahead of the government-imposed lockdowns in both the UK and USA. Due to the nature and set up of the business, the impact on operations was relatively minor. There was no need to reduce employee numbers and no staff were put on furlough – this was assisted by successful application for Paycheck Protection Program assistance for the US entity. However, a temporary hiring freeze was implemented at the start of lockdown and all discretionary spend was significantly reduced or stopped completely.

A number of projects were put on hold by Sponsors due to Covid-19, although these are now likely to be coming back on line through the third and fourth quarters of the year. Whilst behind management's original plan, monthly revenue has continued to be ahead of that in 2019 even through the lockdown period and the full year forecast is still for significant revenue growth in 2020 over 2019.

The short-term impact on cash flow due to Covid-19 has been positive when compared to management's plan due to a combination of lower working capital requirements and management action to reduce discretionary spend wherever possible. In addition, subsequent to the year-end further funding has been received from existing investors via credit loan notes. USD \$4,000,000 was received through to June 2020 with a further USD \$2,000,000 is to be received in Q3 2020.

In concluding on going concern, taking into account the impact of a number of projects being put on hold and performance against plan, the Directors have assessed the need for further funding in order to support the Group's and Company's ongoing operations and continued revenue growth. The Directors have concluded additional financing should be sought in the second quarter of 2021 to cover operations until profitability and positive operating cash flows are achieved. The Directors are assessing the optimum structure and timing of this.

Notes (continued)

Whilst the directors are confident of obtaining additional investment sufficient to support the business to achieve planned revenue growth and ongoing operations, the amount, timing and structure of which is uncertain, and like any new investment, the ability to raise new financing is also uncertain.

If not achieved by the end of the second quarter of 2021, the Directors will reduce the level of costs in the business to reduce the cash burn and extend the period available to identify and implement new financing options.

The Directors recognise that the ability to attract new customers and so become profitable and cash generative and to raise finance to cover operations until that time indicates that a material uncertainty exists which may cast significant doubt on the group's and company's ability to continue as a going concern and therefore their ability to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the group and company were unable to continue as a going concern.

2.3 Basis of consolidation

The Group consolidated financial statements contain the financial statements of the company and all its subsidiary undertakings as at 31 December 2019. A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.4 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of discounts, rebates and value added taxes. The Group recognises revenue when a) the amount can be reliably measured; (b) it is probable that the economic benefits associated with the transaction will flow to the entity; (c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2.5 Foreign currency

Transactions in foreign currencies are translated to the Group and Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

Notes (continued)

2.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

2.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The Group assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- plant and equipment - 3 years
- fixtures and fittings - 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

2.8 Intangible assets

Research and development

Expenditure on research and development activities is recognised in the profit and loss account as an expense as incurred. There was no research and development of new products and services in the current year.

2.9 Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement under the terms of FRS 102 Section 1A Small Entities.

2.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Group Plans

Share-based payment transactions

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity.

Notes (continued)

2.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax receivable on the taxable loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

3 Turnover

	2019	2018
	£	£
Rendering of services	1,858,291	1,509,969
	<hr/>	<hr/>
Total turnover	<u>1,858,291</u>	<u>1,509,969</u>

4 Expenses and auditor's remuneration

Included in the operating loss are the following:

	2019	2018
	£	£
Auditors remuneration:		
Audit of these consolidated financial statements	26,962	26,050
	<hr/>	<hr/>
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	5,875	5,675
Other tax advisory services	-	10,000
Other corporate finance services	-	-
	<hr/>	<hr/>

Notes (continued)

5 Staff numbers and costs

Average monthly number of persons employed by the Group during the year:

	2019	2018
Employees including executive directors	36	43

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£	£
Wages and salaries	2,828,580	3,335,589
Social security costs	279,666	340,307
Contributions to defined contribution plans	44,256	36,150
	3,152,502	3,712,046
	3,152,502	3,712,046

6 Directors remuneration

	2019	2018
	£	£
Directors' remuneration	518,126	557,060
Contributions to defined contribution plans	6,750	4,813
Amounts paid to third parties in respect of directors' services	40,000	40,000
	564,876	601,873
	564,876	601,873

The remuneration of the highest paid director was £263,277 (2018: £249,628).

7 Interest payable and similar charges

	2019	2018
	£	£
Bank interest paid	-	-
Interest payable on financial liabilities (see note 13)	260,168	-
	260,168	-
	260,168	-

Notes (continued)

8 Taxation

	2019	2018
	£	£
Tax credit for the period included in profit and loss account	-	(274,583)
Current tax on income for the period	1,065	(1,808)
Adjustments in respect of prior periods	-	-
	1,065	(276,391)
	1,065	(276,391)

Reconciliation of effective tax rate

	2019	2018
	£	£
Loss on ordinary activities before tax	(4,498,279)	(5,532,602)
	(4,498,279)	(5,532,602)
Tax on loss on ordinary activities at standard CT rate of 19.00% (PY: 19.00%)	(854,674)	(1,051,195)
Expenses not deductible for tax purposes	68,687	353,659
Other permanent differences	77	(7,089)
Additional deduction for R&D expenditure	-	(203,364)
Surrender of tax losses for R&D tax credit refund	-	85,215
Foreign tax - other	1,065	(32,776)
Adjust closing deferred tax to average rate of 19.25%	325,034	267,677
Adjust opening deferred tax to average rate of 19.25%	(266,925)	(206,523)
Deferred tax not recognised	727,801	519,813
	727,801	519,813
Tax credit for the period	1,065	(274,583)
	1,065	(274,583)
	1,065	(274,583)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly. The deferred tax asset/(liability) at 31 December 2019 has been calculated on these rates.

The Group has accumulated tax losses available for offset against future profits of £16.3m (2018: £13.4m). A deferred tax asset has not been recognised in respect of these losses as there is uncertainty regarding the timing of when these losses will be recovered.

Notes (continued)

9 Tangible fixed assets - Group

	Plant and Equipment £	Fixtures & fittings £	Total £
Cost			
Balance at 1 January 2019	103,463	63,031	166,494
Additions	6,392	-	6,392
Disposals	(9,291)	-	(9,291)
Effect of movements in foreign exchange	(1,730)	(66)	(1,796)
Balance at 31 December 2019	98,834	62,965	161,799
Depreciation and impairment			
Balance at 1 January 2019	66,086	48,239	114,325
Depreciation charge for the year	20,949	13,904	34,853
Disposals	(7,640)	-	(7,640)
Effect of movements in foreign exchange	(1,461)	(66)	(1,527)
Balance at 31 December 2019	77,934	62,077	140,011
Net book value			
At 1 January 2019	37,377	14,792	52,169
At 31 December 2019	20,900	888	21,788

Tangible fixed assets - Company

	Plant and Equipment £	Fixtures & fittings £	Total £
Cost			
Balance at 1 January 2019	59,001	61,327	120,328
Additions	-	-	-
Disposals	(4,959)	-	(4,959)
Balance at 31 December 2019	54,042	61,327	115,369
Depreciation and impairment			
Balance at 1 January 2019	36,771	46,564	83,335
Depreciation charge for the year	11,884	13,876	25,760
Disposals	(4,959)	-	(4,959)
Balance at 31 December 2019	43,696	60,440	104,136
Net book value			
At 1 January 2019	22,230	14,763	36,993
At 31 December 2019	10,346	887	11,233

Notes (continued)

10 Fixed asset investments - Company

	Shares in group undertakings £
At beginning of year	1
At end of year	1

The undertakings in which the Company's interest at the year-end is more than 20% are as follows.

<i>Subsidiary name</i>	Country of Incorporation	Principal Activity	Class of shares held	Percentage of shares held
Antidote Technologies Inc	USA	Support Services	Ordinary	100%

Registered address of Antidote Technologies Inc; C/O NRAI Inc, 160 Greentree DR STE 101, Dover, DE 19904, USA
Loss for the year was £1,232,000 (2018: £1,636,980). Net liabilities at the year-end were £2,895,544 (2018: £1,590,683).

11 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade debtors	430,847	268,571	430,847	268,571
Other debtors	184,200	223,962	161,737	192,732
Corporation tax recoverable	37,707	307,821	37,707	307,821
Prepayments and accrued income	138,751	135,281	123,035	111,350
	791,505	935,635	753,326	880,474
Due within one year	592,041	708,807	554,842	654,665
Due after more than one year	199,464	226,828	198,484	225,809
	791,505	935,635	753,326	800,474

12 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade creditors	100,036	57,930	87,546	40,740
Taxation and social security	46,796	110,073	34,038	88,976
Other creditors	10	10	10	10
Accruals and deferred income	377,637	311,254	237,275	174,202
	524,479	479,267	358,869	303,928

Notes (continued)

13 Creditors: amounts falling after more than one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Other creditors	4,525,092	-	4,525,092	-
Accruals and deferred income	255,529	48,904	255,529	48,904
	<u>4,780,621</u>	<u>48,904</u>	<u>4,780,621</u>	<u>48,904</u>

During the year, the Company issued USD \$6,000,000 of credit loan notes (CLN), in consideration for the same value. The conversion of such notes is subject to the loan instrument agreement. While under issue the CLN earn an interest rate of 8% per annum, non-compounding. The company has recognised a liability for interest accrued during the financial year. When the company redeems the CLNS all accrued interest shall be rolled up and (if not converted with the principal amount of the notes), paid to the noteholders on the earlier of (i), the date on which the Notes are cancelled, repaid or redeemed in accordance with the provisions of the instrument and (ii) the fifth anniversary of the instrument.

14 Employee benefits

Defined contribution pension plans

The Group operates a number of defined contribution pension plans for its employees.

The total expense relating to the plans in the current year was £44,256 (2018: £36,150)

Other long-term benefits

Share options scheme

The Company has established an Enterprise Management Incentive Scheme ("EMI") and an Unapproved Share Option Scheme ("Unapproved"). Generally, options vest over a four-year period, with a one year cliff, and expire on the tenth anniversary from date of grant. Options granted become exercisable on vesting subject to the employee remaining in employment of the group.

The number and weighted average exercise prices of share options are as follows:	Weighted average exercise price 2019	Number of options 2019	Weighted average exercise price 2018	Number of options 2018
Outstanding at the beginning of the year	£0.12193	5,864,948	£0.18476	6,116,746
Forfeited during the year	-	-	-	-
Exercised during the year	£0.10000	1,397,708	£0.07310	1,717,862
Granted during the year	£0.10000	345,856	£0.13247	2,117,189
Expired during the year	£0.04582	1,593,387	£0.19639	651,125
	<u>£0.20529</u>	<u>3,219,709</u>	<u>£0.12193</u>	<u>5,864,948</u>
Outstanding at the end of the year	<u>£0.20529</u>	<u>3,219,709</u>	<u>£0.12193</u>	<u>5,864,948</u>
Exercisable at the end of the year	<u>£0.20787</u>	<u>2,128,975</u>	<u>£0.19813</u>	<u>1,845,743</u>

Notes (continued)

14 Employee benefits (continued)

Share options (continued)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The fair value of employee share options granted was arrived at by taking into account the price of shares in recent investment rounds together with historic and future expected volatility using a Black-Scholes pricing model.

The total expenses for the year arising from share-based payments are as follows:

	2019	2018
	£	£
Total share based payment expense	30,445	49,411

15 Capital and reserves

Share capital

	2019	2018
	£	£
<i>Allotted, called up and fully paid;</i>		
7,429,516 ordinary shares of £0.01 each	74,295	60,318
2,242,847 "A" shares of £0.001 each	2,242	2,242
5,006,007 "B" shares of £0.0001 each	501	501
9,450,010 "C" shares of £0.0001 each	945	945
17,737,998 "D1" shares of £0.0001 each	1,774	1,774
577,018 "D2" shares of £0.0001 each	58	58
	79,815	65,838
	79,815	65,838

During the year, the company issued 1,397,708 ordinary shares for a consideration of £13,977

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium

	2019	2018
	£	£
Balance brought forward	19,981,498	19,873,096
Premium on shares issued in the year	-	108,402
	19,981,498	19,981,498
	19,981,498	19,981,498

Notes *(continued)*

16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Less than one year	185,006	208,255	116,934	152,304
Between one and five years	675,773	403	675,773	403
More than five years		-		-
	<u>860,779</u>	<u>208,658</u>	<u>792,707</u>	<u>152,707</u>

During the year £356,730 was recognised as an expense in the profit and loss account in respect of operating leases (2018: £371,121).

The Group had no other off-balance sheet commitments.

17 Related parties

Identity of related parties with which the Group has transacted

The following transactions took place between the group and related parties during the financial year:

Credit loan notes amounting to USD 6,000,000 were issued to related parties, and the equivalent funds were received by the company.

Director fees paid to related parties in the year amounted to £40,000 (2018: £40,000)

Transactions with key management personnel

Total compensation of key management personnel in the year amounted to £524,867 (2018: £561,873).

18 Ultimate parent company and parent company of larger group

No other group financial statements include the results of the Company.

The Directors believe there is no overall controlling party.

19 Subsequent events

Subsequent to the balance sheet further funding has been received by existing investors in exchange for credit loan notes. USD \$4,000,000 was received at the time of signing these accounts, with a further USD \$2,000,000 to be received in Q3 2020.

On March 11, 2020, the World Health Organisation declared the outbreak of the coronavirus (COVID-19) a pandemic. At the signing of these accounts, the group have not experienced any significant changes in business activity that had a significant negative impact on these accounts. As detailed in note 2.2 the group has implemented changes to mitigate the overall risk.