

Company registration number 09691535 (England and Wales)

DRONE AG LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
PAGES FOR FILING WITH REGISTRAR

DRONE AG LIMITED

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DRONE AG LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	4		661,287		-
Tangible assets	5		91,502		687,237
			<u>752,789</u>		<u>687,237</u>
Current assets					
Stocks		3,250		7,879	
Debtors	6	159,018		105,440	
Cash at bank and in hand		90,325		7,382	
		<u>252,593</u>		<u>120,701</u>	
Creditors: amounts falling due within one year	7	<u>(320,194)</u>		<u>(134,366)</u>	
Net current liabilities			<u>(67,601)</u>		<u>(13,665)</u>
Total assets less current liabilities			685,188		673,572
Creditors: amounts falling due after more than one year	8		(7,083)		(17,229)
Provisions for liabilities			<u>67,686</u>		<u>(13,959)</u>
Net assets			<u>745,791</u>		<u>642,384</u>
Capital and reserves					
Called up share capital	9		22		20
Share premium account			2,087,543		1,538,298
Profit and loss reserves			<u>(1,341,774)</u>		<u>(895,934)</u>
Total equity			<u>745,791</u>		<u>642,384</u>

DRONE AG LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2023

For the financial year ended 31 December 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 10 July 2024 and are signed on its behalf by:

J Wrangham
Director

Company registration number 09691535 (England and Wales)

DRONE AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

Drone AG Limited (09691535) is a private company limited by shares incorporated in England and Wales. The registered office is The Steadings, East Lilburn, Alnwick, Northumberland, NE66 4ED.

1.1 Accounting convention

These financial statements have been prepared under the historical cost convention and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and 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 company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies adopted are set out below.

1.2 Going concern

These accounts have been prepared on the going concern basis, as additional funding has been raised in the year to support the general working capital of the company. Additional funding has been raised via Advance Subscription Funds and investments from Agrii, Winfornton and CrowdCube. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.4 Research and development expenditure

General research and development expenditure is written off in the period in which it is incurred. Specific development costs are capitalised where permitted by FRS102.

1.5 Intangible fixed assets other than goodwill

Intangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Development costs	10% straight line
Brand	Fully amortised

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

DRONE AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

1.6 Tangible fixed assets

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

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:

Plant and equipment	20% straight line
Fixtures and fittings	20% reducing balance
Computers	20% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand.

1.9 Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors are measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised at transaction price.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

DRONE AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.11 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.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 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 will be received.

A grant that specifies performance conditions is recognised 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.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.15 Operating 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.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

DRONE AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Total	12	8

4 Intangible fixed assets

	Development costs £	Brand £	Total £
Cost			
At 1 January 2023	-	5,000	5,000
Additions	141,204	-	141,204
Disposals	(455)	-	(455)
Transfers	586,585	-	586,585
At 31 December 2023	727,334	5,000	732,334
Amortisation and impairment			
At 1 January 2023	-	5,000	5,000
Amortisation charged for the year	66,047	-	66,047
At 31 December 2023	66,047	5,000	71,047
Carrying amount			
At 31 December 2023	661,287	-	661,287
At 31 December 2022	-	-	-

Internal capitalised development costs relating to Research and Development activities had previously been allocated as a tangible fixed asset, in error. This was simply an allocation error. No depreciation has been charged to date, due to development works still in progress.

At 1 January 2023 the capitalised costs have been transferred and reclassified as an intangible fixed asset. Amortisation will be charged at 10 years straight line, commencing from 1 January 2023.

DRONE AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

5 Tangible fixed assets

	Plant and Development machinery etc		Total
	£	£	£
Cost			
At 1 January 2023	152,201	586,585	738,786
Additions	25,474	-	25,474
Disposals	(3,275)	-	(3,275)
Transfers	-	(586,585)	(586,585)
	<u>174,400</u>	<u>-</u>	<u>174,400</u>
At 31 December 2023			
Depreciation and impairment			
At 1 January 2023	51,549	-	51,549
Depreciation charged in the year	32,455	-	32,455
Eliminated in respect of disposals	(1,106)	-	(1,106)
	<u>82,898</u>	<u>-</u>	<u>82,898</u>
At 31 December 2023			
Carrying amount			
At 31 December 2023	<u>91,502</u>	<u>-</u>	<u>91,502</u>
At 31 December 2022	<u>100,652</u>	<u>586,585</u>	<u>687,237</u>

Internal capitalised development costs relating to Research and Development activities had previously been allocated as a tangible fixed asset, in error. This was simply an allocation error. No depreciation has been charged to date, due to development works still in progress.

At 1 January 2023 the capitalised costs have been transferred and reclassified as an intangible fixed asset. Amortisation will be charged at 10 years straight line, commencing from 1 January 2023.

The accounting policy for plant and machinery has been revised from 1 January 2023 to 20% (from 15%) straight line. No prior period adjustment has been made, on the basis that this change is not considered material.

6 Debtors

	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	70,649	6,273
Corporation tax recoverable	76,601	62,673
Other debtors	4,111	36,273
Prepayments and accrued income	7,657	221
	<u>159,018</u>	<u>105,440</u>

DRONE AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

7 Creditors: amounts falling due within one year

	2023 £	2022 £
Bank loans	5,000	24,871
Trade creditors	71,732	41,395
Taxation and social security	86,787	44,761
Other creditors	2,125	23,339
Accruals and deferred income	154,550	-
	<u>320,194</u>	<u>134,366</u>

Bank loans are unsecured.

8 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank Loan		7,083	17,229
		<u>7,083</u>	<u>17,229</u>

Bank loans are unsecured.

9 Called up share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Nominal value of 0.0001333p each	16,508,956	19,880,000	22	20
	<u>16,508,956</u>	<u>19,880,000</u>	<u>22</u>	<u>20</u>

During the year 1,591,887 ordinary A shares with a nominal value of £0.000001333. per share were issued at a premium of between £0.395929383 and £0.419188434.

10 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2023 £	2022 £
31,737	38,133
<u>31,737</u>	<u>38,133</u>

11 Directors' transactions

At 31 December 2023 J Wrangham, director, owed the company £2,367 (31 December 2022: £20,020) . The loans are interest free and repayable on demand. The balances will be repaid within nine months of the financial year end.

DRONE AG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

12 Share options

Options have been granted (but not yet exercised) on shares in two schemes.

Under the first scheme, options over 317,542 shares have been granted (but not yet exercised) at various strike prices. If exercised, the underlying shares will come from the Founders' stake with no dilution of minority investors.

Under the second scheme, options over 1,256,000 shares have been granted (but not yet exercised) at various strike prices. If exercised, the underlying shares will come from new issuance. This scheme allows for a further grant of 244,000 share options.

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