

Entocycle Ltd

Registered Number
09203334
(England and Wales)

Unaudited Financial Statements for the Year ended
30 September 2022

Entocycle Ltd
Company Information
for the year from 1 October 2021 to 30 September 2022

Directors

K C Olivares Whitaker

Registered Address

29 Shand Street

London

SE1 2ES

Registered Number

09203334 (England and Wales)

Entocycle Ltd
Statement of Financial Position
30 September 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	8		27,546		14,555
			<u>27,546</u>		<u>14,555</u>
Current assets					
Debtors	11	24,618		154,265	
Cash at bank and on hand		41,316		148,648	
			<u>65,934</u>		<u>302,913</u>
Creditors amounts falling due within one year	12	(4,185,356)		(2,980,000)	
			<u>(4,119,422)</u>		<u>(2,677,087)</u>
Net current assets (liabilities)			<u>(4,091,876)</u>		<u>(2,662,532)</u>
Total assets less current liabilities			<u>(4,091,876)</u>		<u>(2,662,532)</u>
Net assets			<u>(4,091,876)</u>		<u>(2,662,532)</u>
Capital and reserves					
Called up share capital			100		100
Profit and loss account			(4,091,976)		(2,662,632)
			<u>(4,091,876)</u>		<u>(2,662,532)</u>
Shareholders' funds			<u>(4,091,876)</u>		<u>(2,662,532)</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.

The financial statements were approved and authorised for issue by the Director on 5 April 2023, and are signed on its behalf by:

K C Olivares Whitaker

Director

Registered Company No. 09203334

Entocycle Ltd

Notes to the Financial Statements for the year ended 30 September 2022

1. Statutory information

The company is a private company limited by shares and registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Compliance with applicable reporting framework

The financial statements have been prepared in compliance with FRS 102 Section 1A as it applies to the financial statements for the period and there were no material departures from the reporting standard.

3. Principal activities

The principal activity of the company in the year under review was that of improving the food chain sustainability by transforming organic by-products into sustainable protein feed using the power of insects.

4. Basis of measurement used in financial statements

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

5. Accounting policies

Functional and presentation currency policy

The financial statements are presented in the company's functional currency which is the Pound Sterling (£).

Turnover policy

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Property, plant and equipment policy

Tangible 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

Revenue recognition policy

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover 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.

Taxation policy

Taxation for the year comprises current tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that 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 policy

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Research and development policy

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

The company's revenue expenditure on research and development often qualifies for relief under the various R&D tax relief schemes, including the SME R&D tax relief scheme and the Research and Development Expenditure Credit (RDEC) scheme. Tax credits arising from successful claims under the SME R&D tax relief scheme are reflected 'below the line' as a reduction in the Corporation Tax charge or, if the company is loss making, as a Corporation Tax credit. Tax credits arising from successful claims under the RDEC scheme are subject to Corporation Tax. Gross tax credits are therefore reflected 'above the line' in Other Income with the corresponding charge to Corporation Tax reflected as an increase in the Corporation Tax charge, or decrease in the Corporation Tax credit if appropriate.

Foreign currency translation and operations policy

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each reporting period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Government grants and other government assistance policy

Grant income relating to revenue is recognised in the income statement on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Leases policy

Rentals paid under operating leases are charged to the Income statement on a straight line basis over the period of the lease.

Employee benefits policy

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.

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.

Valuation of financial instruments policy

The Company has chosen to adopt the 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.

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

Going concern

The financial statements have been prepared on a going concern basis. The company incurred losses during the year and the director is aware that the statement of financial position shows net liabilities. The parent company will continue to support the company to meet its obligations, if and when, they become due. The director is therefore of the opinion that the company should continue to adopt the going concern basis of accounting in preparing the financial statements.

6. Critical estimates and judgements

There are no significant estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next reporting period.

7. Employee information

Share Based Payment Transactions

The parent company operates an EMI qualifying share option scheme for the employees of Entocycle Ltd and at the statement of financial position date, the company had granted 946,231 EMI qualifying share options to employees (2021: 946,231) with an average weighted exercise price \$0.0000125 per share. As at the year end date; 946,231 share options had vested (2021: 946,231), 0 had been exercised (2021: 0) and 0 had lapsed (2021: 0).

The EMI qualifying share options vest over a 4 year period and are exercisable on the share capital of the parent company. As per the share based payment accounting policy an amount of £Nil has been recognised in the income statement in respect of the above share option scheme (2021: £Nil).

	2022	2021
Average number of employees during the year	19	20

8. Property, plant and equipment

	Plant & machinery	Office Equipment	Total
	£	£	£
Cost or valuation			
At 01 October 21	12,558	38,197	50,755
Additions	12,263	11,003	23,266
At 30 September 22	<u>24,821</u>	<u>49,200</u>	<u>74,021</u>
Depreciation and impairment			
At 01 October 21	7,915	28,285	36,200
Charge for year	3,735	6,540	10,275
At 30 September 22	<u>11,650</u>	<u>34,825</u>	<u>46,475</u>
Net book value			
At 30 September 22	<u>13,171</u>	<u>14,375</u>	<u>27,546</u>
At 30 September 21	<u>4,643</u>	<u>9,912</u>	<u>14,555</u>

9. Description of financial commitments other than capital commitments

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

Within one years - £9,732 (2021 - £96,000)

Between one and five years - £0 (2021 - £9,732)

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

Directors

At the statement of financial position date, the company owed the director £3,922 (2021 - £3,922). The loans are interest free and repayable on demand.

Ultimate Controlling Entity

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.

11. Debtors

	2022	2021
	£	£
Trade debtors / trade receivables	5,325	390
Other debtors	19,293	153,875
Total	<u>24,618</u>	<u>154,265</u>

12. Creditors within one year

	2022	2021
	£	£
Trade creditors / trade payables	58,475	16,142
Amounts owed to related parties	4,076,214	2,920,970
Taxation and social security	23,194	26,432
Other creditors	6,738	10,226
Accrued liabilities and deferred income	20,735	6,230
Total	<u>4,185,356</u>	<u>2,980,000</u>

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.