

COMPANY REGISTRATION NUMBER: SC409777

Sofant Technologies Ltd
Filleted Unaudited Financial Statements
For the year ended
31 March 2023

Sofant Technologies Ltd
Statement of Financial Position
31 March 2023

		31 Mar 23	30 Sep 22 <i>(restated)</i>
	Note	£	£
Fixed assets			
Intangible assets	5	8,877,599	6,764,418
Tangible assets	6	212,914	183,687
		<u>9,090,513</u>	<u>6,948,105</u>
Current assets			
Stocks		4,769	4,769
Debtors	7	848,438	1,147,426
Cash at bank and in hand		267,669	54,515
		<u>1,120,876</u>	<u>1,206,710</u>
Creditors: amounts falling due within one year	8	<u>1,149,914</u>	<u>1,224,349</u>
Net current liabilities		<u>29,038</u>	<u>17,639</u>
Total assets less current liabilities		<u>9,061,475</u>	<u>6,930,466</u>
Provisions			
Taxation including deferred tax		504,480	355,827
Net assets		<u>8,556,995</u>	<u>6,574,639</u>
Capital and reserves			
Called up share capital		1,193	1,023
Share premium account		11,042,917	8,528,582
Profit and loss account		(2,487,115)	(1,954,966)
Shareholders funds		<u>8,556,995</u>	<u>6,574,639</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

For the period ending 31 March 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the period in question in accordance with section 476 ;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements .

Sofant Technologies Ltd

Statement of Financial Position *(continued)*

31 March 2023

These financial statements were approved by the board of directors and authorised for issue on 15 June 2023 , and are signed on behalf of the board by:

D M Wither

Director

Company registration number: SC409777

Sofant Technologies Ltd

Notes to the Financial Statements

Period from 1 October 2022 to 31 March 2023

1. General information

The company is a private company limited by shares, registered in Scotland. The address of the registered office is Suite 2, Ground Floor, Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS, Scotland.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity. Going concern The financial statements have been prepared on a going concern basis. The directors have assessed the Company's ability to continue as a going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively. Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

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:

- | | | |
|----------|---|---|
| Patents | - | Evenly until the expiry of each Patent's life |
| Licences | - | 20% straight line |

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.

Tangible assets

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

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant & equipment	-	25% straight line
Fixtures & fittings	-	25% straight line
Office equipment	-	25% straight line

Research & development

Research expenditure is written off in the period in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Basic financial assets, which include prepaid expenses and accrued income, taxes receivable and cash at bank, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Basic financial liabilities, which include trade creditors, accrued expenses and taxes due are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. At each reporting date the company assesses whether there is objective evidence that any financial asset has been impaired. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due. The amount of the provision is recognised immediately in profit or loss. Government grants Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Government grants are recognised using the accrual model. Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Share-based payments

Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. This is based upon the company's estimate of the shares or share options that will eventually vest which takes into account all vesting conditions and non-market performance conditions, with adjustments being made where new information indicates the number of shares or share options expected to vest differs from previous estimates. Fair value is determined using an appropriate pricing model. All market conditions and non-vesting conditions are taken into account when estimating the fair value of the shares or share options. As long as all other vesting conditions are satisfied, no adjustment is made irrespective of whether market or non-vesting conditions are met. Where the terms of an equity-settled transaction are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the fair value of the transaction, as measured at the date of modification. Where an equity-settled transaction is cancelled or settled, it is treated as if it had vested on the date of cancellation or settlement, and any expense not yet recognised in profit or loss is expensed immediately. Cash-settled share-based payment transactions are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

4. Employee numbers

The average number of persons employed by the company during the period amounted to 19 (2022: 12).

5. Intangible assets

	Patents £	Licences £	Research & Development £	Total £
Cost				
At 1 October 2022 (as restated)	214,292	50,000	6,576,862	6,841,154
Additions	–	–	–	–
Additions from internal developments	–	–	2,115,120	2,115,120
At 31 March 2023	214,292	50,000	8,691,982	8,956,274
Amortisation				
At 1 October 2022	26,736	50,000	–	76,736
Charge for the period	1,939	–	–	1,939
At 31 March 2023	28,675	50,000	–	78,675
Carrying amount				
At 31 March 2023	185,617	–	8,691,982	8,877,599
At 30 September 2022	187,556	–	6,576,862	6,764,418

6. Tangible assets

	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 October 2022 (as restated)	225,928	5,897	110,870	342,695
Additions	51,964	5,667	9,958	67,589
At 31 March 2023	277,892	11,564	120,828	410,284
Depreciation				
At 1 October 2022	99,543	2,665	56,800	159,008
Charge for the period	27,171	1,186	10,005	38,362
At 31 March 2023	126,714	3,851	66,805	197,370
Carrying amount				
At 31 March 2023	151,178	7,713	54,023	212,914
At 30 September 2022	126,385	3,232	54,070	183,687

7. Debtors

	31 Mar 23	30 Sep 22 <i>(restated)</i>
	£	£
Trade debtors	171,379	320,399
Other debtors	677,059	827,027
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	848,438	1,147,426
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8. Creditors: amounts falling due within one year

	31 Mar 23	30 Sep 22 <i>(restated)</i>
	£	£
Trade creditors	1,051,866	1,115,705
Social security and other taxes	59,367	79,293
Other creditors	38,681	29,351
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	1,149,914	1,224,349
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9. Share-based payments

Certain employees had been granted options to subscribe for shares in the company under share option schemes as follows: The unapproved options outstanding, granted on 1 January 2018, 14 May 2018, 5 February 2020, 22 March 2020, 12 May 2021, 24 May 2021 and 11 April 2022 at an option prices of £6.22, £15.52 and £18.57, are shown below:

	Number of shares
Option exercise period May 2018 to May 2028	450
Option exercise period March 2020 to March 2030	223
Option exercise period May 2021 to May 2031	4,259
Option exercise period April 2022 to April 2032	2,196

	7,128

The EMI options outstanding, granted on 21 August 2018, 22 March 2020, 12 April 2020 and 1 June 2021 at option prices of £5.94, £13.19 and £16.71, are shown below:

	Number of EMI shares
Option exercise period August 2018 to August 2028	667
Option exercise period March 2020 to March 2030	850
Option exercise period April 2020 to April 2030	250
Option exercise period June 2021 to June 2031	1,750
Option exercise period July 2022 to July 2032	1,100

TOTAL	4,617

The estimated fair value of each share option granted is as follows: Option Number Exercise Price Fair Value
Unapproved 2,196 £18.57 £26.00 EMI Options 1,230 £28.80 £24.42

Details of the number and weighted average exercise prices (WAEP) of share options during the period are as follows:

	31 Mar 23		30 Sep 22	
	No.	WAEP	No.	WAEP
Outstanding at 1 October 2022	16,129	16.88	13,003	15.46
Granted during the period	–	–	3,426	30.65
Exercised during the period	(4,284)	14.81	–	–
Expired during the period	(130)	28.80	(300)	16.71
Outstanding at 31 March 2023	11,715	17.50	16,129	16.88

The total expense recognised in profit or loss for the period is as follows:

	31 Mar 23	30 Sep 22
		(restated)
	£	£
Equity-settled share-based payments	51,672	71,490

The estimated fair values were calculated by applying the Black-Scholes option pricing model. The model inputs were 2023 Share price at grant date £6.22 - £31.68 Exercise price £5.41 - £31.68 Expected volatility 70% Expected life 10 years Risk free interest rate 0.306%-2.090% Dividend yield 0%

10. Prior period errors

The prior year figures have been restated to reflect the inclusion of patent fees as prepayments that was previously expensed. The effects of this adjustment on the statement of retain earnings are as follows:

	£
Profit/(loss) for year originally stated as at 30 September 2022	(122,833)
Effect of adjustment of patent fees	67,488
Revised profit/(loss) for the year as at 30 September 2022	(55,345)

The effects of this adjustment on the statement of changes in equity are as follows:

	£
Net assets/(liabilities) originally stated as at 30 September 2022	6,507,151
Effect of correction on debtors - patent fees	67,488
Restated net assets/(liabilities) originally stated as at 30 September 2022	6,574,639

11. Operating leases

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

	31 Mar 23	30 Sep 22
		(restated)
	£	£
Not later than 1 year	16,702	33,405

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.