

# Synthesia Limited

Registered Number  
10933652  
(England and Wales)

Unaudited Financial Statements for the Year Ended  
31 August 2021

**Synthesia Limited**  
**Company Information**  
for the year from 1 September 2020 to 31 August 2021

**Directors**

V R Rasmussen

S Tjerrild-Hansen

M Turk (appointed 12 February 2021)

**Registered Address**

16 Dufour's Place

16 Dufours Place

London

W1F 7SP

**Registered Number**

10933652 (England and Wales)

Synthesia Limited  
Statement of Financial Position  
31 August 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9		37,919		43,564
Tangible assets	10		24,256		19,998
Investments	11		1		-
			62,176		63,562
<b>Current assets</b>					
Debtors	15	806,301		479,860	
Cash at bank and on hand		8,857,903		950,677	
			9,664,204		1,430,537
<b>Creditors amounts falling due within one year</b>	16	(189,144)		(63,926)	
			9,475,060		1,366,611
<b>Net current assets (liabilities)</b>			9,537,236		1,430,173
<b>Total assets less current liabilities</b>			9,537,236		1,430,173
<b>Net assets</b>			9,537,236		1,430,173
<b>Capital and reserves</b>					
Called up share capital			13,161		9,847
Share premium			12,071,977		3,092,921
Other reserves			729,318		483,985
Profit and loss account			(3,277,220)		(2,156,580)
			9,537,236		1,430,173
<b>Shareholders' funds</b>			9,537,236		1,430,173

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 directors acknowledge 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 Board of Directors on 17 December 2021, and are signed on its behalf by:

S Tjerrild-Hansen

**Director**

**Registered Company No. 10933652**

# Synthesia Limited

## Notes to the Financial Statements for the year ended 31 August 2021

### **1. STATUTORY INFORMATION**

Synthesia Limited 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**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

### **3. PRINCIPAL ACTIVITIES**

The principal activity of the company in the year under review was that of development of AI technology that understands and models the intricacies of the human face, bringing entirely new capabilities to content creators.

### **4. SMALLEST GROUP IN WHICH RESULTS ARE CONSOLIDATED**

The financial statements contain information about Synthesia Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

### **5. BASIS OF MEASUREMENT USED IN FINANCIAL STATEMENTS**

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

### **6. ACCOUNTING POLICIES**

#### **Functional and presentation currency policy**

The presentation currency of the financial statements is the Pound Sterling (£).

#### **Turnover policy**

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of services.

## **Property, plant and equipment policy**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided on all tangible fixed assets as follows:

	<b>Straight line (years)</b>
Fixtures and fittings	3
Office Equipment	3

## **Intangible assets policy**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of ten years

## **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.

## **Research and development policy**

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

## **Foreign currency translation and operations policy**

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

## **Leases policy**

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

## **Investments policy**

Investments in subsidiary undertakings are recognised at cost.

## **Employee benefits policy**

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

### **Share Based Payments**

The company operates an equity-settled compensation plan. The fair value of the services received in exchange for the grant of the options is recognised as an expense in the income statement. 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 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 reserves because the share options are equity-settled.

## **Valuation of financial instruments policy**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares. Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out right short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **Cash and cash equivalents:**

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

## **Going concern**

The financial statements have been prepared on a going concern basis. The company incurred losses during the year, however the directors have a reasonable expectation that trading will improve once the research and development stage has been completed and the company is fully operational. Additionally, the company has sufficient funds to meet its obligations, if and when, they become due. The directors have considered the impact of the COVID 19 pandemic on the activities of the business and do not consider that this will materially impact the ability of the company to trade in future. The directors are therefore of the opinion that he should continue to adopt the going concern basis of accounting in preparing the financial statements.

## 7. CRITICAL ESTIMATES AND JUDGEMENTS

Share based payments as set out in the notes to the accounts have been made to employees of the company. As disclosed in the Share Based Payments accounting policy note below, the fair value of options are recognised in the income statement over the course of the vesting period. The fair value estimate is based on the value of the shares at the date of grant.

There have been no other significant judgements or estimates applied to the numbers contained within these financial statements.

## 8. EMPLOYEE INFORMATION

### Share Based Payments

The company operates an EMI qualifying share option scheme for its employees and contractors. At the date of the statement of financial position, the company had granted 1,799,006 EMI qualifying share options to employees and contractors with exercise prices between £0.001 and £0.273 per share. As at the year end, 1,080,767 share options had vested, no share options had been exercised and 90,131 share options had lapsed. Share options vest over a 4 year period from the date of grant with a 1 year cliff.

The company also operates an unapproved share option scheme for its advisers. As at the date of the Statement of Financial Position, the company had granted 844,224 share options to employees and advisers with an exercise prices between £0.001 and £0.273 per share. 450,781 share options had vested, no share options had been exercised and 18,658 share options had lapsed. Share options vest over a 4 year period from the date of grant with a 1 year cliff.

At the year end 15,822 had been granted to an adviser and these are subject to a performance condition and only vest on a change in control of the Company.

	<b>2021</b>	<b>2020</b>
Average number of employees during the year	15	13

## 9. INTANGIBLE ASSETS

	<b>Other £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 01 September 20	56,447	56,447
At 31 August 21	<u>56,447</u>	<u>56,447</u>
<b>Amortisation and impairment</b>		
At 01 September 20	12,883	12,883
Charge for year	<u>5,645</u>	<u>5,645</u>
At 31 August 21	<u>18,528</u>	<u>18,528</u>
<b>Net book value</b>		
At 31 August 21	<u>37,919</u>	<u>37,919</u>
At 31 August 20	<u>43,564</u>	<u>43,564</u>

## 10. PROPERTY, PLANT AND EQUIPMENT

	<b>Fixtures &amp; fittings £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 01 September 20	9,492	39,129	48,621
Additions	<u>309</u>	<u>18,197</u>	<u>18,506</u>
At 31 August 21	<u>9,801</u>	<u>57,326</u>	<u>67,127</u>
<b>Depreciation and impairment</b>			
At 01 September 20	6,893	21,730	28,623
Charge for year	<u>2,072</u>	<u>12,176</u>	<u>14,248</u>
At 31 August 21	<u>8,965</u>	<u>33,906</u>	<u>42,871</u>
<b>Net book value</b>			
At 31 August 21	<u>836</u>	<u>23,420</u>	<u>24,256</u>
At 31 August 20	<u>2,599</u>	<u>17,399</u>	<u>19,998</u>

## 11. FIXED ASSET INVESTMENTS

	<b>Investments in group undertakings and participating interests £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
Additions	1	1
At 31 August 21	<u>1</u>	<u>1</u>
<b>Net book value</b>		
At 31 August 21	<u>1</u>	<u>1</u>
At 31 August 20	<u>-</u>	<u>-</u>

## 12. DESCRIPTION OF FINANCIAL COMMITMENTS OTHER THAN CAPITAL COMMITMENTS

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

Within one year - £149,324

Between one and 5 years - £149,324

## 13. DESCRIPTION OF NATURE OF TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

## 14. DESCRIPTION OF EVENT AFTER REPORTING DATE

Subsequent to the end of the year the company issued 3,059,120 shares of £0.001 each for a total consideration of \$49,999,998.

## 15. DEBTORS

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade debtors / trade receivables	208,036	138,825
Amounts owed by group undertakings	32,996	-
Other debtors	565,269	341,035
Total	<u>806,301</u>	<u>479,860</u>

## 16. CREDITORS WITHIN ONE YEAR

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade creditors / trade payables	56,053	15,124
Amounts owed to related parties	5,125	-
Taxation and social security	124,812	27,862
Other creditors	3,154	20,940
Total	<u>189,144</u>	<u>63,926</u>

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