

# Phytoform Labs Ltd

Registered Number  
10923425  
(England and Wales)

Unaudited Financial Statements for the Year ended  
31 December 2022

**Phytoform Labs Ltd**  
**Company Information**  
for the year from 1 January 2022 to 31 December 2022

**Directors**

Dr N Kral

W Pelton

**Registered Address**

Lawes Open Innovation Hub

West Common

Harpenden

AL5 2JQ

**Registered Number**

10923425 (England and Wales)

Phytoform Labs Ltd  
Statement of Financial Position  
31 December 2022

	Notes	2022		2021	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		181,308		65,910
			<u>181,308</u>		<u>65,910</u>
<b>Current assets</b>					
Debtors	10	414,166		242,869	
Cash at bank and on hand		716,515		332,668	
		<u>1,130,681</u>		<u>575,537</u>	
<b>Creditors amounts falling due within one year</b>	11	(4,128,537)		(1,769,716)	
			<u>(2,997,856)</u>		<u>(1,194,179)</u>
<b>Net current assets (liabilities)</b>			<u>(2,816,548)</u>		<u>(1,128,269)</u>
<b>Total assets less current liabilities</b>			<u>(2,816,548)</u>		<u>(1,128,269)</u>
<b>Net assets</b>			<u>(2,816,548)</u>		<u>(1,128,269)</u>
<b>Capital and reserves</b>					
Called up share capital			2		2
Profit and loss account			(2,816,550)		(1,128,271)
			<u>(2,816,548)</u>		<u>(1,128,269)</u>
<b>Shareholders' funds</b>			<u>(2,816,548)</u>		<u>(1,128,269)</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 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 29 March 2023, and are signed on its behalf by:

Dr N Kral

**Director**

**Registered Company No. 10923425**

# Phytoform Labs Ltd

## Notes to the Financial Statements for the year ended 31 December 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

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 research and experimental development on biotechnology.

### 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 sterling and this is the functional currency of the company.

#### Property, plant and equipment policy

Tangible 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:

Plant and machinery - 3 years straight line

Office Equipment (class 1) - 3 years straight line

Office equipment (class 2) – 4 years straight line

Class 1 Office Equipment consists of computer equipment.

Class 2 Office Equipment consists of office furniture and fittings that are non-computer related.

## **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 disclosed on the income statement represent 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 period in which it is incurred.

The company qualifies to make claims under the SME R&D tax relief 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 loss making, as a Corporation Tax credit. Tax credits receivable from R&D claims are recognised in the reporting period in which the qualifying expenditure is incurred.

## **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.

## **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 in exchange for the grant of the options is recognised as an expense in the income statement 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 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 base 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 period and the directors are aware that the statement of financial position shows net liabilities. However, the parent company, Phytoform Labs Inc, will continue to support the company to meet its obligations, if and when, they become due. The directors are therefore of the opinion that they should 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 its employees and at the statement of financial position date, the company had granted 1,050,082 EMI qualifying share options to employees (2021: 1,050,082) with an average weighted exercise price \$0.00001 per share. As at the year end date; 743,808 share options had vested (2021: 457,728) and 306,274 had yet to vest (2021: 592,354). Of the vested share options; 0 had been exercised (2021: 0) and 161,551 had lapsed (2021: 161,551).

The EMI qualifying share options vest over a 3 year period and are exercisable on the share capital of the parent company.

The parent company also operates an unapproved share option scheme for contractors. At the statement of financial position date, the company had granted 161,551 unapproved share options to employees (2021: 161,551) with an average weighted exercise price \$0.00001 per share. As at the year end date; 161,551 share options had vested (2021: 161,551) and 0 had yet to vest (2021: 0). Of the vested share options; 0 had been exercised (2021: 0) and 0 had lapsed (2021: 0).

The unapproved share options vest immediately on the grant date and are exercisable on the share capital of the parent company.

At the date of the financial statements, the fair value of the outstanding share options was deemed immaterial to the financial statements; it has therefore not been recognised.

	2022	2021
Average number of employees during the year	15	8

## 8. Property, plant and equipment

	Plant & machinery	Office Equipment	Total
	£	£	£
<b>Cost or valuation</b>			
At 01 January 22	43,200	71,164	114,364
Additions	68,294	121,665	189,959
At 31 December 22	111,494	192,829	304,323
<b>Depreciation and impairment</b>			
At 01 January 22	19,849	28,605	48,454
Charge for year	24,882	49,679	74,561
At 31 December 22	44,731	78,284	123,015
<b>Net book value</b>			
At 31 December 22	66,763	114,545	181,308
At 31 December 21	23,351	42,559	65,910

## 9. Description of financial commitments other than capital commitments

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

Within one year £118,546 (2021: £18,945)

Between one and five years £0 (2021: £7,104)

## 10. Debtors

	2022	2021
	£	£
Trade debtors / trade receivables	-	919
Other debtors	363,056	234,087
Prepayments and accrued income	51,110	7,863
Total	414,166	242,869

## 11. Creditors within one year

	2022	2021
	£	£
Trade creditors / trade payables	14,623	30,425
Amounts owed to related parties	4,038,264	1,715,339
Taxation and social security	26,668	14,097
Other creditors	10,379	2,568
Accrued liabilities and deferred income	38,603	7,287
Total	<u>4,128,537</u>	<u>1,769,716</u>

Silicon Valley Bank hold a fixed charge over the company's bank accounts in connection with a Business Charge Card taken out with the lender. The charge was registered on 12 October 2021 and remains outstanding at the statement of financial position date.

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.