

COMPANY REGISTRATION NUMBER: SC388915

Speech Graphics Ltd

Filleted Unaudited Financial Statements

For the year ended

31 December 2021

Speech Graphics Ltd

Statement of Financial Position

31 December 2021

		2021	2020
	Note	£	£
Fixed assets			
Tangible assets	6	44,274	34,122
Current assets			
Debtors	8	1,284,501	904,553
Investments	9	7,500	-
Cash at bank and in hand		5,302,215	1,310,358
		6,594,216	2,214,911
Creditors: amounts falling due within one year	10	675,285	478,526
Net current assets		5,918,931	1,736,385
Total assets less current liabilities		5,963,205	1,770,507
Creditors: amounts falling due after more than one year	11	-	240,000
Net assets		5,963,205	1,530,507
Capital and reserves			
Called up share capital	13	219	168
Share premium account		8,942,214	3,630,894
Profit and loss account		(2,979,228)	(2,100,555)
Shareholders funds		5,963,205	1,530,507

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 year ending 31 December 2021 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 year 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 .

These financial statements were approved by the board of directors and authorised for issue on 7 June 2022 , and are signed on behalf of the board by:

Dr G O Hofer

Director

Company registration number: SC388915

Speech Graphics Ltd

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

The company is a private company limited by shares, registered in Scotland. The address of the registered office is 61 Dublin Street, Edinburgh, Scotland, EH3 6NL.

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, including consideration of the impact of Covid-19 as disclosed in Events after the end of the reporting period in the notes to the financial statements, and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Consolidation

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

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.

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.

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:

Tenant improvements	-	20% straight line
Fixtures and fittings	-	25% straight line
Computer equipment	-	33% 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.

With effect of the year ended 31 December 2021, any research and development tax credit will be recognised in the year to which it relates. For the year ended 31 December 2021 this amounts to £450,800 (2020: £436,405).

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. For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets. For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

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 and the performance model.

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 trade and other debtors, 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 and other creditors, bank and other loans 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.

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 year amounted to 33 (2020: 27).

5. Tax on loss

Major components of tax income

	2021 £	2020 £
Current tax:		
UK current tax income	(450,800)	(436,405)
Adjustments in respect of prior periods	–	(328,964)
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Total current tax	(450,800)	(765,369)
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Tax on loss	(450,800)	(765,369)
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There is an unrecognised deferred tax asset of £76,895 (2020: £ 57,872). This arises as a result of losses carried forward. Losses can only be offset against future profits, which cannot be determined with certainty.

6. Tangible assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 January 2021	19,450	79,811	99,261
Additions	2,091	39,916	42,007
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At 31 December 2021	21,541	119,727	141,268
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Depreciation			
At 1 January 2021	12,537	52,602	65,139
Charge for the year	3,677	28,178	31,855
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At 31 December 2021	16,214	80,780	96,994
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Carrying amount			
At 31 December 2021	5,327	38,947	44,274
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At 31 December 2020	6,913	27,209	34,122
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7. Investments

The company owns 100% of the issued share capital of Speech Graphics Inc USA, a USA incorporated company.

In June 2021, the company purchased 100% of the issued share capital of Speech Graphics Hungary Korlátolt Felelősségű Társaság, a Hungarian limited company.

8. Debtors

	2021	2020
	£	£
Trade debtors	282,580	90,202
Amounts owed by group undertakings and undertakings in which the company has a participating interest	500,976	361,524
Other debtors	500,945	452,827
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	1,284,501	904,553
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9. Investments

	2021	2020
	£	£
Investments in group undertakings	7,500	-
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10. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	77,932	5,549
Amounts owed to group undertakings and undertakings in which the company has a participating interest	30,815	-
Social security and other taxes	43,045	33,122
Other creditors	523,493	439,855
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	675,285	478,526
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11. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Convertible loan	-	240,000
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On 19 October 2021, the loan of £240,000 was converted into shares .

12. Share-based payments

Certain employees had been granted options to subscribe for shares in the company under share option schemes as follows: During the year the following EMI options were granted.

Number of shares

Options exercise period February 2021 to February 2025	7,700
Options exercise period February 2021 to February 2031	29,410

Sales	37,110

The estimated fair value of each share option granted is as follows: Option Number Exercise Price Fair Value EMI 37,110 £1.68 £1.41

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

	2021		2020	
	No.	WAEP	No.	WAEP
Outstanding at 1 January 2021	5,960	1.15	1,000	-
Granted during the year	37,110	1.68	6,510	1.28
Exercised during the year	(900)	1.55	(1,550)	0.95
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Outstanding at 31 December 2021	42,170	1.63	5,960	1.15
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The total expense recognised in profit or loss for the year is as follows:

	2021	2020
	£	£
Equity-settled share-based payments	10,671	1,638
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The estimated fair values were calculated by applying the Black-Scholes option pricing model. The model inputs were: 2021 2020 Share price at grant date £1.42-£1.87 £1.42 Exercise price £1.428-£1.68 £1.28 Expected volatility 70% 70% Expected life 10 years 10 years Risk free interest rate 0.505%-1.464% 0.505%-0.642% Dividend yield 0% 0%

13. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £ 0.0001 each	1,680,566	168	1,680,566	168
Series A1 shares of £ 0.0001 each	391,961	39	-	-
Series A2 shares of £ 0.0001 each	117,448	12	-	-
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	2,189,975	219	1,680,566	168
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On 18 October 2021 391,961 Series A1 shares and 117,448 Series A2 shares with a nominal value of £0.0001 were issued for a consideration of £10.62 per share totalling £5,410,717. Legal fees relating to the share issue have been allocated to the share premium account within the financial statements.

