Registered number: SC209936

ARRAYJET LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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ARRAYJET LIMITED

COMPANY INFORMATION

Directors	Dr I S McWilliam Dr K M MacFarlane Dr J Keegan Mr A K Faichney Mr M Ramsay
Registered number	SC209936
Registered office	Midlothian Innovation Centre Pentlandfield Roslin Midlothian EH25 9RE
Independent auditor	French Duncan LLP Chartered Accountants and Statutory Auditors 56 Palmerston Place Edinburgh EH12 5AY
Bankers	HSBC 76 Hanover Street Edinburgh EH2 1HQ
Solicitors	Rooney Nimmo 8 Walker Street Edinburgh EH3 7LH

ARRAYJET LIMITED

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ARRAYJET LIMITED
REGISTERED NUMBER: SC209936

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

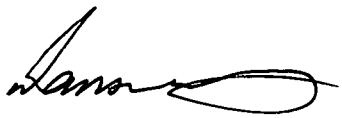
	Note		2019 £		*2018 £*
Fixed assets					
Intangible assets	5		**44,708**		*36,817*
Tangible assets	6		**95,223**		*124,078*
			139,931		*160,895*
Current assets					
Stocks	7	**258,982**		*187,630*	
Debtors: amounts falling due within one year	8	**939,961**		*424,167*	
Cash at bank and in hand		**132,655**		*67,064*	
		1,331,598		*678,861*	
Creditors: amounts falling due within one year	9	**(962,377)**		*(699,433)*	
Net current assets/(liabilities)			**369,221**		*(20,572)*
Net assets			**509,152**		*140,323*
Capital and reserves					
Called up share capital	10		**112,514**		*112,514*
Share premium account			**5,106,281**		*5,106,281*
Profit and loss account			**(4,709,643)**		*(5,078,472)*
			509,152		*140,323*

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr M Ramsay
Director
Date: 14 February 2020

The notes on pages 4 to 14 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2018	**112,514**	**5,106,281**	**(5,078,472)**	**140,323**
Comprehensive income for the year				
Profit for the year	-	-	**368,829**	**368,829**
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	**368,829**	**368,829**
Total transactions with owners	-	-	-	-
At 30 September 2019	**112,514**	**5,106,281**	**(4,709,643)**	**509,152**

The notes on pages 4 to 14 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 October 2017	86,992	4,729,766	(4,626,608)	190,150
Comprehensive income for the year				
Loss for the year	-	-	(455,802)	(455,802)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(455,802)	(455,802)
Shares issued during the year	25,522	376,515	-	402,037
Share based payment expense	-	-	3,938	3,938
Total transactions with owners	25,522	376,515	3,938	405,975
At 30 September 2018	112,514	5,106,281	(5,078,472)	140,323

The notes on pages 4 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. General information

The company is a private company limited by shares and is incorporated in Scotland. The address of its registered office is Midlothian Innovation Centre, Pentlandfield, Roslin, Midlothian, EH25 9RE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

Cash flow forecasts have been prepared by the directors that show that the company has sufficient resources available to fund the forecast expenditure required for its continued operations for a period of at least twelve months from the date of approval of the financial statements.

The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Long-term contracts

Amounts recoverable on contracts included in debtors are stated at cost, which comprises of direct materials and direct labour, plus attributable profit (to the extent that this is reasonably certain less any losses incurred or foreseen in bring contracts to completion) less amounts received as progress payments.

For any contracts where receipts exceed the book value of work done, the excess is included in creditors as payments received on account.

2. Accounting policies (continued)

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Patents	-	10 % straight line
Trademarks	-	10 % straight line

2.6 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Tenant's improvements	- 20% straight line
Fixtures and fittings	- 25% straight line
Equipment	- 25-33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include costs of materials and labour.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2. Accounting policies (continued)

2.9 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.11 Financial instruments

The Company only enters into basic financial instrument 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 and loans to related parties.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

At each 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.14 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2. Accounting policies (continued)

2.15 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Share based payments

The company has taken advantage of the exemption permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" not to fair value options granted prior to 1 October 2016.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

2. Accounting policies (continued)

2.18 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permenent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effects on amounts recognised in the financial statements:

Property, plant and equipment

The estimates and assumptions made to determine the depreciation charge require judgments to be made as regards to assets useful lives and residual values. The useful lives and residual values of the Company's fixed assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets. Historically, changes in useful lives have not resulted in material changes to the Company's depreciation charge.

Patents and trademarks

The estimates and assumptions made to determine the amortisation charge require judgments to be made as regards to assets useful lives and residual values. The useful lives and residual values of the Company's intangible assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets. Historically, changes in useful lives have not resulted in material changes to the Company's amortisation charge.

Share based payments

The fair value of share options is determined by management on the basis of assumptions which are considered to reflect market conditions which exist at the date the options are granted. Management judgement is therefore required in determining the appropriate assumptions to be used in the calculation of fair value.

Long term contracts

The assessment of long term contracts requires estimates to be made of the profit or loss expected to be achieved on contracts. Management base this assessment on detailed costings and progress reports and their experience of similar contracts in the past. Both costs and revenues may require to be revised as future events unfold and uncertainties are resolved.

4. Employees

The average monthly number of employees, including directors, during the year was 27 *(2018 - 30)*.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

5. Intangible assets

	Patents £	Trademarks £	Total £
Cost			
At 1 October 2018	**109,416**	**605**	**110,021**
Additions	**12,984**	**-**	**12,984**
At 30 September 2019	**122,400**	**605**	**123,005**
Amortisation			
At 1 October 2018	**72,738**	**466**	**73,204**
Charge for the year	**5,032**	**61**	**5,093**
At 30 September 2019	**77,770**	**527**	**78,297**
Net book value			
At 30 September 2019	**44,630**	**78**	**44,708**
At 30 September 2018	*36,678*	*139*	*36,817*

6. Tangible fixed assets

	Tenants improvements £	Fixtures and fittings £	Equipment £	Total £
Cost				
At 1 October 2018	**77,305**	**53,916**	**263,293**	**394,514**
Additions	**-**	**-**	**26,450**	**26,450**
At 30 September 2019	**77,305**	**53,916**	**289,743**	**420,964**
Depreciation				
At 1 October 2018	**60,105**	**51,345**	**158,986**	**270,436**
Charge for the year on owned assets	**5,733**	**1,076**	**48,496**	**55,305**
At 30 September 2019	**65,838**	**52,421**	**207,482**	**325,741**
Net book value				
At 30 September 2019	**11,467**	**1,495**	**82,261**	**95,223**
At 30 September 2018	*17,200*	*2,571*	*104,307*	*124,078*

7. Stocks

	2019 £	*2018 £*
Raw materials and consumables	**116,874**	*105,996*
Work in progress	**132,352**	*72,025*
Finished goods	**9,756**	*9,609*
	258,982	*187,630*

Stock recognised in cost of sales during the year as an expense was £664,926 *(2018 - £334,099)* .

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

8. Debtors

	2019 £	*2018 £*
Trade debtors	**186,831**	*127,989*
VAT recoverable	**-**	*5,573*
Prepayments and accrued income	**753,130**	*113,679*
Corporation tax repayable	**-**	*176,926*
	939,961	*424,167*

9. Creditors: Amounts falling due within one year

	2019 £	*2018 £*
Trade creditors	**207,354**	*179,429*
Other taxation and social security	**35,620**	*30,773*
Other creditors	**25,254**	*31,970*
Accruals and deferred income	**694,149**	*457,261*
	962,377	*699,433*

10. Share capital

	2019 £	*2018 £*
Allotted, called up and fully paid		
11,251,440 Ordinary shares of £0.01 each	**112,514**	*112,514*

11. Share based payments

The Company has issued the following share options in respect of Ordinary shares of £0.01 to employees:

Number	Date Issued	Exercise price
Unapproved Share Options		
100,000	9 September 2013	10p per share
105,000	9 May 2014	5p per share
59,000	30 May 2018	5p per share
EMI Share Options		
346,000	9 May 2014	5p per share
84,000	13 February 2015	5p per share
245,000	14 September 2017	5p per share
22,500	30 May 2018	5p per share

The option period of the above options is 10 years from the date of the option agreement. These options can be exercised in the event of takeover, liquidation, the Company obtaining a listing or the sale of the whole business and assets of the company. The options are settled in equity once exercised.

If the options noted above remain unexercised at the end of the option period, they expire and are forfeited if the employee leaves the business.

The Company has taken advantage of the exemption provided by FRS 102 not to fair value share options granted prior to 1 October 2016.

During the year, the company recognised a share based payment expense totalling £Nil (2018: £3,938) in respect of share options granted.

12. Commitments under operating leases

At 30 September 2019 the Company had future minimum lease payments under non-cancellable operating leases totalling £132,941 (2018 - £208,610).

13. Controlling party

In the opinion of the directors there is no controlling party.

14. Auditor's information

The auditor's report on the financial statements for the year ended 30 September 2019 was unqualified.

The audit report was signed on 14 February 2020 by Nicola MacLennan (Senior Statutory Auditor) on behalf of French Duncan LLP.