

Company Registration No. 08595964 (England and Wales)

KNOWLEDGEMOTION LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
PAGES FOR FILING WITH REGISTRAR

KNOWLEDGEMOTION LTD

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KNOWLEDGEMOTION LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	As restated	£
Non-current assets					
Property, plant and equipment	3		24,100		30,593
Investments	4		1		2
			<u>24,101</u>		<u>30,595</u>
Current assets					
Trade and other receivables	5	3,463,465		1,910,606	
Cash and cash equivalents		218,408		1,590,874	
		<u>3,681,873</u>		<u>3,501,480</u>	
Current liabilities	6	(2,556,129)		(1,011,826)	
Net current assets			<u>1,125,744</u>		<u>2,489,654</u>
Total assets less current liabilities			<u>1,149,845</u>		<u>2,520,249</u>
Non-current liabilities	7		(43,689)		-
Net assets			<u>1,106,156</u>		<u>2,520,249</u>
Equity					
Called up share capital	9		261		261
Share premium account			9,323,612		9,319,237
Capital redemption reserve			15		15
Share based payment reserve			167		167
Retained earnings			(8,217,899)		(6,799,431)
Total equity			<u>1,106,156</u>		<u>2,520,249</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 December 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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.

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

KNOWLEDGEMOTION LTD

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2020

The financial statements were approved by the board of directors and authorised for issue on 23 December 2021 and are signed on its behalf by:

M W Wood

Director

Company Registration No. 08595964

KNOWLEDGEMOTION LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	As restated Share premium account	Capital reduction reserve	Share based payment reserve	Retained earnings	Total
Notes	£	£	£	£	£	£
Balance at 1 January 2019	187	4,167,885	-	46	(3,772,080)	396,038
Year ended 31 December 2019:						
Loss and total comprehensive income for the year	-	-	-	-	(3,027,351)	(3,027,351)
Issue of share capital	89	4,999,633	-	-	-	4,999,722
Reduction of share capital	(15)	-	15	-	-	-
Share based payment	-	-	-	121	-	121
Balance at 31 December 2019 as previously reported	261	9,167,518	15	167	(6,799,431)	2,368,530
Prior year adjustment	9	151,719	-	-	-	151,719
Balance at 31 December 2019 as restated	261	9,319,237	15	167	(6,799,431)	2,520,249
Year ended 31 December 2020:						
Loss and total comprehensive income for the year	-	-	-	-	(1,418,468)	(1,418,468)
Issue of share capital	9	4,375	-	-	-	4,375
Balance at 31 December 2020	261	9,323,612	15	167	(8,217,899)	1,106,156

KNOWLEDGEMOTION LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Knowledgemotion Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire, WA14 2DT.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

Since early 2020, the Coronavirus Disease 2019 ("COVID-19") has spread across the world and it has affected the business and economic activities of the company. At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, despite the continuing uncertainty caused by Covid-19. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Content download revenue is recognised upon delivery of the content.

Streaming revenue is recognised on a straight line basis over the period of the license or contract.

Professional services revenue is recognised over the period of the contract, based on the level of work performed at each stage of the contract.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

KNOWLEDGEMOTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	33% straight line
Plant and machinery	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the statement of income.

1.6 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the income statement.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

KNOWLEDGEMOTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through the statement of income, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

KNOWLEDGEMOTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

KNOWLEDGEMOTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Business Interruption Payments made to banks on behalf of the company are treated as a Government grant and recognised in other operating income and the related interest charge as an expense in the financial statements of the company.

Government grant income relating to Coronavirus Job Retention Scheme is recognised in other operating income over the period when the related costs are incurred.

KNOWLEDGEMOTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	24	20

3 Property, plant and equipment

Plant and machinery etc

£

Cost

At 1 January 2020

45,764

Additions

8,971

At 31 December 2020

54,735

Depreciation and impairment

At 1 January 2020

15,171

Depreciation charged in the year

15,464

At 31 December 2020

30,635

Carrying amount

At 31 December 2020

24,100

At 31 December 2019

30,593

4 Fixed asset investments

2020
£

2019
£

Shares in group undertakings

1

2

KNOWLEDGEMOTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

4	Fixed asset investments	(Continued)	
	Movements in non-current investments		
			Shares in subsidiaries
			£
	Cost or valuation		
	At 1 January 2020		2
	Disposals		(1)
	At 31 December 2020		1
	Carrying amount		
	At 31 December 2020		1
	At 31 December 2019		2
5	Trade and other receivables	2020	As restated 2019
		£	£
	Amounts falling due within one year:		
	Trade receivables	2,295,182	769,442
	Corporation tax recoverable	-	184,216
	Amounts owed by group undertakings	181,964	214,110
	Other receivables	986,319	742,838
		<u>3,463,465</u>	<u>1,910,606</u>
6	Current liabilities	2020	2019
		£	£
	Bank loan (secured) - note 7	6,312	-
	Trade payables	486,863	94,189
	Corporation tax	-	8,125
	Other taxation and social security	476,686	54,796
	Other payables	1,586,268	854,716
		<u>2,556,129</u>	<u>1,011,826</u>
7	Non-current liabilities	2020	2019
		£	£
	Bank loan (secured)	43,689	-

KNOWLEDGEMOTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Non-current liabilities

(Continued)

The bank loan represents amounts loaned to the company under the Bounce Back Loan Scheme. There is a fixed repayment term of 6 years, interest is charged at 2.5% per annum and the loan is fully guaranteed by the UK Government.

Creditors which fall due after five years are as follows:	2020 £	2019 £
Payable by instalments	3,531	-

8 Share-based payment transactions

The company operates a Company Share Option Plan under which certain directors and employees of the company were granted share options. In the absence of observable market prices and market data, share options granted were valued at the fair value on the grant date using the Black Scholes valuation model and vest over a period of 4 years.

The fair value of the options vested during the year is immaterial and accordingly there is no share-based payment charge included in the income statement in respect of these options.

	Number of share options 2020 Number	Weight average exercise price 2020 £
Outstanding at 1 January 2020	14,096	-
Adjustment in relation to 2019	59,889	-
Adjusted outstanding at 1 January 2020	73,985	8.44
Granted	11,100	22.52
Expired	(17,800)	28.15
Outstanding at 31 December 2020	67,285	5.55

9 Called up share capital

	2020 Number	As restated 2019 Number	2020 £	As restated 2019 £
Ordinary share capital Issued and fully paid				
Ordinary of 0.1p each	255,118	254,943	255	255
A Ordinary of 0.01p each	54,151	54,151	5	5
B Ordinary of 0.01p each	6,017	6,017	1	1
	315,286	315,111	261	261

KNOWLEDGEMOTION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Called up share capital

(Continued)

During the year, 175 Ordinary £0.001 shares were issued at a premium of £24.99 per share.

The comparative amounts for 2019 have been restated to correctly disclose the categories of share capital.

The prior year adjustment of £151,719 relates to prior year reclassification of share premium amounts. The corresponding adjustment is included in other receivables.

10 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2020	2019
£	£
124,820	263,784
<u> </u>	<u> </u>

11 Related party transactions

The company has taken advantage of the exemption available in accordance with Section 33.1A of Financial Reporting Standard 102 whereby it has not disclosed transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

At the year end the company owed £55,000 (2019: £25,000 due from) to D Bainbridge. This amount is interest free and repayable on demand.

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