

Registered number: 09857705

LUMINANCE TECHNOLOGIES LTD

FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2020



LUMINANCE TECHNOLOGIES LTD
REGISTERED NUMBER:09857705

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	10	138,444	161,203
Investments	11	174	174
		<u>138,618</u>	<u>161,377</u>
Current assets			
Debtors: amounts falling due within one year	12	1,670,587	1,662,702
Cash at bank and in hand	13	1,344,974	5,236,414
		<u>3,015,561</u>	<u>6,899,116</u>
Creditors: amounts falling due within one year	14	(790,897)	(448,797)
Net current assets		<u>2,224,664</u>	<u>6,450,319</u>
Net assets		<u><u>2,363,282</u></u>	<u><u>6,611,696</u></u>
Capital and reserves			
Called up share capital	16	29,629	29,615
Share premium account	17	18,791,017	18,791,017
Profit and loss account	17	(16,457,364)	(12,208,936)
Shareholders' funds		<u><u>2,363,282</u></u>	<u><u>6,611,696</u></u>

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 of directors and were signed on its behalf by:

Director DocuSigned by:
Andrew Kanter
D2B089AA547F445...
Date: 15/11/2021

The notes on pages 3 to 15 form part of these financial statements.

LUMINANCE TECHNOLOGIES LTD

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	29,615	18,791,017	(12,208,936)	6,611,696
Comprehensive expense for the year				
Loss for the year	-	-	(4,421,116)	(4,421,116)
Total comprehensive expense for the year	-	-	(4,421,116)	(4,421,116)
Shares issued during the year	14	-	-	14
Credit to equity for share based payments	-	-	172,688	172,688
Total transactions with owners	14	-	172,688	172,702
At 31 December 2020	29,629	18,791,017	(16,457,364)	2,363,282

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2019	27,784	11,159,310	(7,406,228)	3,780,866
Comprehensive expense for the year				
Loss for the year	-	-	(5,021,390)	(5,021,390)
Total comprehensive expense for the year	-	-	(5,021,390)	(5,021,390)
Shares issued during the year	1,831	7,631,707	-	7,633,538
Credit to equity for share based payments	-	-	218,682	218,682
Total transactions with owners	1,831	7,631,707	218,682	7,852,220
At 31 December 2019	29,615	18,791,017	(12,208,936)	6,611,696

The notes on pages 3 to 15 form part of these financial statements.

LUMINANCE TECHNOLOGIES LTD

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

1. General information

Luminance Technologies Ltd is a private company limited by shares and incorporated in England and Wales. Registered number 09857705. Its registered office is located at 3rd Floor, Maurice Wilkes Building, Cowley Road, Cambridge, England, CB4 0DS.

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

The Company made a loss in the financial year of £4,446k (2019 - loss of £5,021k). The directors have considered the current market conditions, trading activity post year end and the liquid resources available to the Company and have obtained a letter of support from its immediate parent undertaking, Luminance Holding Limited. Luminance Holding Limited has also obtained a letter of support from a related undertaking, ICP London Limited. Both letters of support indicate that the Company and Luminance Holding Limited, respectively, will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the Company's financial statements. In assessing the cash flows the directors have considered assumptions relating to new business and its cost base.

In light of the Covid-19 pandemic, the directors have also assessed its impact on business performance to date, the potential credit risk and also the impact on key suppliers. Throughout this period, the Company continues to have close dialogue with its customers and key suppliers. On the basis of the directors' assessment of the Company's financial position and of the enquires made of the directors of both Luminance Holding Limited and ICP London Limited, the directors have a reasonable expectation that the Company will continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

2.3 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the Company and Group are considered eligible for the exemption to prepare consolidated accounts.

LUMINANCE TECHNOLOGIES LTD

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

2. Accounting policies (continued)

2.4 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:

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.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model 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.

The estimated useful lives range as follows:

Appliances	- 5 years
Computer equipment	- 2 to 3 years

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.

2.6 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

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

LUMINANCE TECHNOLOGIES LTD

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

2. Accounting policies (continued)

2.8 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company has entered into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from related parties.

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.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

2.10 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.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Sterling.

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 year 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.

2.12 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

LUMINANCE TECHNOLOGIES LTD

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

2. Accounting policies (continued)

2.13 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss 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.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

2.14 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.16 Taxation

Tax is recognised in the Statement of Comprehensive Income, except for tax attributable to an item of income and expense recognised as Other Comprehensive Income, or to an item recognised directly in equity, as this tax is 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 Balance Sheet date in the countries where the Company operates and generates income.

LUMINANCE TECHNOLOGIES LTD

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

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

The preparation of financial information in conformity with FRS 102 requires the directors to make critical accounting estimates and judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The key judgement area impacting the financial statements is the directors' assessment regarding going concern. The directors have considered the current market conditions, trading activity post year end and the liquid resources available to the Company and have obtained a letter of support from its immediate parent undertaking, Luminance Holding Limited. Luminance Holding Limited has also obtained a letter of support from a related undertaking, ICP London Limited. Both letters of support indicate that the Company and Luminance Holding Limited, respectively, will be provided with the necessary financial support for the foreseeable future, being at least 12 months from the date of approval of the Company's financial statements.

4. Turnover

Turnover in the current year and the prior year is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	876,268	529,750
Rest of Europe	1,185,875	918,920
Rest of World	715,878	908,144
	<u>2,778,021</u>	<u>2,356,814</u>

5. Operating loss

The operating loss is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	113,249	96,715
Net foreign exchange losses	111,205	16,518
Other operating lease rentals	18,838	22,484
Share based payment charge	<u>172,688</u>	<u>218,682</u>

6. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £ (2019 -).

LUMINANCE TECHNOLOGIES LTD

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

7. Employees

The average monthly number of employees, including executive directors, during the year was 89 (2019 - 74).

8. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	<u>34,995</u>	<u>35,000</u>

None of the directors was accruing retirement benefits in respect of defined contribution pension schemes in either the current or prior years.

LUMINANCE TECHNOLOGIES LTD

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

9. Taxation

	2020 £	2019 £
Current tax		
UK Corporation tax on losses for the year	(574,881)	(400,036)
	<u>(574,881)</u>	<u>(400,036)</u>
Taxation on loss on ordinary activities	<u>(574,881)</u>	<u>(400,036)</u>

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(4,995,997)	(5,421,426)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(949,239)	(1,030,071)
Effects of:		
Expenses not deductible for tax purposes	39,963	74,581
Other permanent differences	(4,877)	-
Surrender of tax losses for R&D tax credit refund	178,411	124,149
Additional deduction for R&D expenditure	(425,774)	(296,278)
Deferred tax not recognised	586,635	854,037
Effects of change in tax rate	-	(126,454)
Total tax credit for the year	<u>(574,881)</u>	<u>(400,036)</u>

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes have not been substantively enacted for the balance sheet date and therefore no adjustment has been made to deferred taxation balances to account for this change.

At 31 December 2020, the Company had tax losses amounting to approximately £13.3m (2019: £10.1m) which are available for offset against future taxable profits. A deferred tax asset of £2.5m (2019: £1.9m) has not been recognised as the directors consider that it is uncertain that the losses will be utilised in the foreseeable future.

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Tangible fixed assets

	Appliances £	Computer equipment £	Total £
Cost			
At 1 January 2020	87,858	228,695	316,553
Additions	-	90,491	90,491
Disposals	-	(25,590)	(25,590)
At 31 December 2020	<u>87,858</u>	<u>293,596</u>	<u>381,454</u>
Depreciation			
At 1 January 2020	52,060	103,290	155,350
Charge for the year on owned assets	17,572	95,677	113,249
Disposals	-	(25,590)	(25,590)
At 31 December 2020	<u>69,632</u>	<u>173,377</u>	<u>243,009</u>
Net book value			
At 31 December 2020	<u>18,226</u>	<u>120,219</u>	<u>138,445</u>
At 31 December 2019	<u>35,798</u>	<u>125,405</u>	<u>161,203</u>

LUMINANCE TECHNOLOGIES LTD

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

11. Fixed asset investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 January 2020 and at 31 December 2020	<u>174</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Luminance Limited	Maurice Wilkes Building, 3rd Floor, Cowley Road, Cambridge, CB4 0DS	Ordinary	100%
Luminance, Inc.	Maurice Wilkes Building, 3rd Floor, Cowley Road, Cambridge, CB4 0DS	Ordinary	100%

12. Debtors

	2020 £	2019 £
Trade debtors	289,078	485,815
Amounts owed by related undertakings	386,699	-
Corporation tax receivable	594,098	667,855
VAT receivable	40,377	207,256
Other debtors	2,172	231
Prepayments and accrued income	358,163	301,545
	<u>1,670,587</u>	<u>1,662,702</u>

13. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>1,344,974</u>	<u>5,236,414</u>

LUMINANCE TECHNOLOGIES LTD

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

14. Creditors: Amounts falling due within one year

	2020 £	2019 £
Payments received on account	-	14,897
Trade creditors	208,208	71,322
Amounts owed to related undertakings	-	16,364
Other taxation and social security	121,466	110,550
Other creditors	23,372	34,019
Accruals and deferred income	437,851	201,645
	<u>790,897</u>	<u>448,797</u>

Amounts owed to subsidiary undertaking are repayable on demand and non interest bearing.

15. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>2,029,622</u>	<u>5,722,460</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(669,609)</u>	<u>(338,247)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors and amounts receivable from subsidiary undertakings.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to subsidiary undertaking, other creditors, accruals and payments received on account.

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

16. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,000,000 (2019 - 1,000,000) A Ordinary shares of £0.01 each	10,000	10,000
1,962,939 (2019 - 1,961,539) B Ordinary shares of £0.01 each	19,629	19,615
	29,629	29,615

Share rights

A Ordinary shares carry full voting rights but have no rights to dividends. Holders of A Ordinary shares are not conferred any rights to distribution, with the exception of £0.01 for each A Ordinary share held.

B Ordinary shares carry full voting rights, entitlement to dividends and a right to distributions after repayment of the capital of the A Ordinary shares shareholders.

Share issues

During the year the Company issued 1,400 B Ordinary shares for a consideration of £14.

17. Reserves

Share premium account - includes any premium received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account - includes the current and prior year losses.

LUMINANCE TECHNOLOGIES LTD

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

18. Share based payments

The Company has a share option scheme for certain employees. Share options are exercisable at prices determined at the date of grant. The share options vest in 6 month equal tranches over 3 years, subject to continued employment. Options are lapsed if the employee leaves the Company before the option vests. The contractual life of the share options is 10 years.

Movements in the number of share options outstanding and their weighted average exercise prices are as follows:

	Weighted average exercise price (pence) 2020	Number 2020	Weighted average exercise price (pence) 2019	Number 2019
Outstanding at 1 January 2020	933	52,157	835	53,257
Granted during the year	4,230	17,750	4,354	2,000
Lapsed during the year	(2,362)	(4,684)	(1,213)	(3,100)
Exercised during the year	(1)	(1,389)	-	-
Outstanding at the 31 December 2020	1,681	63,834	933	52,157

The weighted average fair value of options granted during the year ended 31 December 2020 was £31.70 (2019 - £32.79). There are 47,373 options exercisable at the year ended 31 December 2020 (2019 - 39,215) with a weighted average exercise price of £10.11 (2019 - £5.16).

The fair value of share based payments has been calculated using the Black-Scholes option pricing model. Expected volatility was determined based on the historic volatility of comparable companies. The expected life is the expected period from date of grant to exercise based on management's best estimate. The following assumptions were used in the model for options granted during the year ended 31 December 2020 and 2019:

	2020	2019
Fair value per option	£31.70	£32.79
Weighted average share price	£41.91	£43.00
Exercise price (dollars)	\$54.60	\$54.60
Weighted average expected life (years)	5	5
Expected volatility	100%	100%
Expected dividend rate	0%	0%
Risk-free interest rate	3.05%	2.5%

LUMINANCE TECHNOLOGIES LTD

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

18. Share based payments (continued)

	2020	2019
	£	£
Equity-settled schemes	<u>172,688</u>	<u>218,682</u>

19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £116,477 (2019 - £85,885). Contributions totalling £23,372 (2019 - £34,019) were payable to the fund at the Balance Sheet date and are included in other creditors.

20. Related party transactions

During the year the Company has received cash funding and been recharged costs amounting to £1,254,541 (2019 - £1,126,826) from ICP London Limited, a related undertaking. At 31 December 2020 £47,282 (2019 - £Nil) was owed to ICP London Limited.

During the year the Company has provided cash funding to a wholly owned subsidiary undertaking Luminance, Inc. amounting to £393,399 (2019 - £16,264), and has accrued for £Nil (2019: £Nil) of sales service and marketing service recharges in line with the intercompany R&D services agreement. At 31 December 2020, Luminance, Inc. owed the Company £393,399 (2019 - £16,264).

At 31 December 2020 the Company owed £100 (2019 - £100) to Luminance Limited, a wholly owned subsidiary undertaking.

Aggregate remuneration to key management personnel in the year remunerated by Luminance Technologies Limited was £921,788 (2019 - £461,504). Additional individuals that are identified as key management personnel, who are not directors of Luminance Technologies Ltd, are remunerated through a fellow group undertaking and the cost is incurred by the Company through a management charge totalling £502,706 (2019 - £433,901) for the year.

21. Controlling party

As at 31 December 2020, the Company's immediate and ultimate parent company and controlling party was Luminance Holdings Limited, a company registered in the British Virgin Islands.

22. Auditor's information

The Company has taken advantage of the small company provisions to file a balance sheet and related notes. The full annual accounts and Directors' report have been subject to audit. The Auditor's report was issued on 7 December 2021 by Grant Thornton UK LLP, signed by Timothy Taylor as senior statutory auditor. The Auditor's report was unqualified and did not include a statement under Section 498(2) or Section 498(3) Companies Act 2006.