

**R3 IOT LIMITED T/A KRUCIAL
UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024
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**R3 IOT LIMITED T/A KRUCIAL
UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

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**R3 IOT LIMITED T/A KRUCIAL
BALANCE SHEET
AS AT 30 JUNE 2024**

	Note	2024 £	2023 £
Fixed assets			
Intangible assets	4	466,014	483,326
Tangible assets	5	333,013	224,165
		799,027	707,491
Current assets			
Stocks		356,937	139,566
Debtors	6	144,119	363,343
Cash at bank and in hand		1,488,937	37,804
		1,989,993	540,713
Creditors: amounts falling due within one year	7	(353,591)	(501,608)
		1,636,402	39,105
Total assets less current liabilities		2,435,429	746,596
Creditors: amounts falling due after more than one year	8	(27,065)	(28,777)
		2,408,364	717,819
Capital and reserves			
Called-up share capital	9	5	3
Share premium account		7,604,078	3,860,880
Profit and loss account		(5,195,719)	(3,143,064)
Total shareholders' funds		2,408,364	717,819

**R3 IOT LIMITED T/A KRUCIAL
BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2024**

For the financial year ending 30 June 2024 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 financial year in accordance with section 476;
- 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; and
- These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime and a copy of the Profit and Loss Account has not been delivered.

These financial statements have been prepared in accordance with the provisions of FRS 102 Section 1A – small entities. The financial statements of R3 IOT Limited t/a Krucial (registered number: SC600268) were approved and authorised for issue by the Board of Directors on 19 March 2025. They were signed on its behalf by:

Allan Cannon
Director

R3 IOT LIMITED T/A KRUCIAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding financial year, unless otherwise stated.

General information and basis of accounting

R3 IOT Limited t/a Krucial (the Company) is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The address of the Company's registered office is 6/3 Turnberry House, 175 West George Street, Glasgow, G2 2LB, Scotland, United Kingdom.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Section 1A of Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

The financial statements are presented in pounds sterling which is the functional currency of the Company and rounded to the nearest £.

Going concern

The directors have assessed the Balance Sheet and likely future cash flows at the date of approving these financial statements. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and to meet its financial obligations as they fall due for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in the Profit and Loss Account in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in the Statement of Comprehensive Income.

Turnover

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Employee benefits

Short term benefits

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

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

Share-based payment

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Equity-settled share-based payment transactions are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured by use of the Black-Scholes model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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.

Taxation

Current tax

Current tax is provided at amounts expected to be paid (or recoverable) using the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the Company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more or less tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Intangible assets

Intangible assets are stated at cost or valuation, net of amortisation and any provision for impairment. Amortisation is provided on all intangible assets at rates to write off the cost or valuation of each asset over its expected useful life as follows:

Other intangible assets	5 years straight line
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Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Company is expected to benefit. This period is between three and five years. Provision is made for any impairment.

Trademarks, patents and licences

Separately acquired patents and trademarks are included at cost and amortised in equal annual instalments over a period of 5 years which is their estimated useful economic life. Provision is made for any impairment.

Other 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.

R3 IOT LIMITED T/A KRUCIAL
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Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment property and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line or reducing balance basis over its expected useful life, as follows:

Land and buildings	7 years straight line
Plant and machinery etc.	3 - 4 years straight line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

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 profit or loss.

Leases

The Company as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the Profit and Loss Account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each Balance Sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Profit and Loss Account as described below.

Non-financial assets

At each balance sheet date, the company reviews its tangible and intangible 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). The recoverable amount of an asset is the higher of its fair value less costs to sell and its 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.

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. 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.

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Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in creditors: amounts falling due within one year.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities are only offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors 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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans 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 creditors 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

Government grants

R3 IOT LIMITED T/A KRUCIAL
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Government grants are recognised based on the performance model and are measured at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them and the grants will be received.

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

2. Employees

	2024	2023
	Number	Number
Monthly average number of persons employed by the Company during the year, including directors	24	25

R3 IOT LIMITED T/A KRUCIAL
NOTES TO THE FINANCIAL STATEMENTS
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3. Share-based payments

Equity-settled share-based payment schemes

The Company has a share option scheme for all employees.

Options are exercisable at a price equal to the estimated fair value of the Company's shares on the date of grant. The vesting period for the approved scheme is noted in point a) below and are exercisable on an exit event. The vesting period for the unapproved scheme is spread over two and a half years and are exercisable as they vest. Options are forfeited if the employee leaves the Company before the options vest.

a) 25% of options vest on the first anniversary of the grant date, and a further 25% vest on each year anniversary thereafter for a total period of four years.

Details of the share options outstanding during the financial year are as follows:

	2024		2023	
	Weighted Average		Weighted Average	
	Number of share options	Average exercise price (£)	Number of share options	Average exercise price (£)
Outstanding at beginning of period	116,627	0.49	183,751	0.62
Granted during the period	7,018	0	3,367	0
Forfeited during the period	(12,729)	0	(11,256)	1.34
Exercised during the period	(12,050)	0	(59,235)	0
Outstanding at the end of the period	98,866	0	116,627	0.49
Exercisable at the end of the period	0	0	0	0

The fair value of the share options at the grant date was calculated using the Black-Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

The share options are a mix of equity-settled EMI and unapproved options and have a maximum term of 10 years. The unapproved options are able to be exercised at any time from the date they vest.

The company did not recognise any share-based payment expenses which related to either the EMI or unapproved scheme through the profit and loss account as they were deemed to be immaterial.

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4. Intangible assets

	Other intangible assets	Total
	£	£
Cost		
At 01 July 2023	493,197	493,197
Additions	44,664	44,664
At 30 June 2024	537,861	537,861
Accumulated amortisation		
At 01 July 2023	9,871	9,871
Charge for the financial year	61,976	61,976
At 30 June 2024	71,847	71,847
Net book value		
At 30 June 2024	466,014	466,014
At 30 June 2023	483,326	483,326

5. Tangible assets

	Land and buildings	Plant and machinery etc.	Total
	£	£	£
Cost			
At 01 July 2023	143,486	170,619	314,105
Additions	0	162,783	162,783
At 30 June 2024	143,486	333,402	476,888
Accumulated depreciation			
At 01 July 2023	17,082	72,858	89,940
Charge for the financial year	17,082	36,853	53,935
At 30 June 2024	34,164	109,711	143,875
Net book value			
At 30 June 2024	109,322	223,691	333,013
At 30 June 2023	126,404	97,761	224,165

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6. Debtors

	2024	2023
	£	£
Trade debtors	98,281	0
Corporation tax	0	174,766
Other debtors	45,838	188,577
	144,119	363,343
	144,119	363,343

7. Creditors: amounts falling due within one year

	2024	2023
	£	£
Bank loans	6,022	10,648
Trade creditors	46,955	40,668
Other taxation and social security	17,300	275,861
Other creditors	283,314	174,431
	353,591	501,608
	353,591	501,608

There are no amounts included above in respect of which any security has been given by the small entity.

8. Creditors: amounts falling due after more than one year

	2024	2023
	£	£
Bank loans	27,065	25,444
Other creditors	0	3,333
	27,065	28,777
	27,065	28,777

There are no amounts included above in respect of which any security has been given by the small entity.

**R3 IOT LIMITED T/A KRUCIAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

9. Called-up share capital

	2024	2023
	£	£
Allotted, called-up and fully-paid		
2,177,563 A ordinary shares of £ 0.000001 each (2023: - shares of £ 0.000001 each)	2	0
1,506,042 Preferred ordinary shares of £ 0.000001 each (2023: 2,165,513 shares of £ 0.000001 each)	2	2
	<u>4</u>	<u>2</u>
1,180,778 Seed preference shares of £ 0.000001 each	1	1
	<u>5</u>	<u>3</u>

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.