

UNAUDITED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
31 DECEMBER 2022

PQ SOLUTIONS LIMITED

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# PQ SOLUTIONS LIMITED

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## COMPANY INFORMATION

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<b>Directors</b>	A Cheng S Power C Tjhai
<b>Company secretary</b>	A Cheng
<b>Registered number</b>	06808505
<b>Registered office</b>	64 Southwark Bridge Road London England SE1 0AS
<b>Accountants</b>	Menzies LLP Chartered Accountants Lynton House 7-12 Tavistock Square London WC1H 9LT

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# PQ SOLUTIONS LIMITED

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## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

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	Note	31 December 2022 £	28 February 2022 £
<b>Fixed assets</b>			
Tangible assets	4	13,145	174
Investments	5	935	935
		<u>14,080</u>	<u>1,109</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	285,269	279,355
Cash at bank and in hand		475,246	22,126
		<u>760,515</u>	<u>301,481</u>
Creditors: amounts falling due within one year	7	(2,101,835)	(1,533,810)
<b>Net current liabilities</b>		<u>(1,341,320)</u>	<u>(1,232,329)</u>
<b>Total assets less current liabilities</b>		<u>(1,327,240)</u>	<u>(1,231,220)</u>
Creditors: amounts falling due after more than one year	8	(12,681,966)	(11,631,447)
<b>Net liabilities</b>		<u>(14,009,206)</u>	<u>(12,862,667)</u>
<b>Capital and reserves</b>			
Called up share capital		189,759	189,759
Share premium account		742,736	742,736
Equity reserve		4,318,361	3,238,361
Share based payment reserve		813,577	807,683
Profit and loss account		(20,073,639)	(17,841,206)
		<u>(14,009,206)</u>	<u>(12,862,667)</u>

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**PQ SOLUTIONS LIMITED**  
REGISTERED NUMBER:06808505

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**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

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The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

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 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 income and retained earnings 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:

**A Cheng**

Director

Date: 28 September 2023

The notes on pages 2 to 9 form part of these financial statements.

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# PQ SOLUTIONS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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### 1. General information

PQ Solutions Limited is a private company limited by shares and is registered and incorporated in England and Wales, company registration number 06808505. The registered office is 64 Southwark Bridge Road, London, England, SE1 0AS.

### 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 following principal accounting policies have been applied:

#### 2.2 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 parent and Group are considered eligible for the exemption to prepare consolidated accounts.

#### 2.3 Going concern

In preparing the accounts on the going concern basis, the directors have given consideration to the company's results for the period and the company's net liabilities position. The Company incurred a loss before tax of £2,422,801 and had net liabilities of £14,009,206 for the period end 31 December 2022. The Company is currently financed by way of initial funding received through the issue of preference shares and other loans from investors. The Company will require further funding to continue to meet its obligations as they fall due in the foreseeable future.

The receipt of further funding, is currently under discussion with a number of potential funding providers, and the directors, after considering cash flow requirements for the 12 month period from the date of approval of these financial statements, are confident the company will successfully obtain sufficient further funding in the very near future and continue to be able to pay its liabilities as they fall due. The Company has pledged to continue to raise funding for the business in the next 12 months from the date of approval of the accounts.

The products and services offered by the company are sold in sectors that are driven by regulation leading to a strong business case for clients to continue to buy.

The directors consider it is appropriate for the financial statements to be prepared on the going concern basis based on their forecasts and action plans in place.

#### 2.4 Revenue

Revenue is recognised to the extent that services are provided to customers over a period of time. It 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 and sales related taxes.

#### 2.5 Research and development

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

#### 2.6 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.

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# PQ SOLUTIONS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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### 2. Accounting policies (continued)

#### 2.7 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 reporting 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 profit or loss over the remaining vesting period.

#### 2.8 Taxation

Tax is recognised in profit or loss 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 in the countries where the Company operates and generates income.

#### 2.9 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.

Depreciation is provided on the following basis:

Plant and machinery	-
	4 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 profit or loss.

#### 2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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# PQ SOLUTIONS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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### 2. Accounting policies (continued)

#### 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, loans to related parties and investments in ordinary shares.

#### 2.12 Convertible debt

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the Statement of Financial Position.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

### 3. Employees

The average monthly number of employees, including directors, during the period was 11 (2022 - 11).

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# PQ SOLUTIONS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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### 4. Tangible fixed assets

	Plant and machinery £
<b>Cost or valuation</b>	
At 1 March 2022	124,561
Additions	14,290
Disposals	(98,080)
At 31 December 2022	<u>40,771</u>
<b>Depreciation</b>	
At 1 March 2022	124,387
Charge for the period on owned assets	1,319
Disposals	(98,080)
At 31 December 2022	<u>27,626</u>
<b>Net book value</b>	
At 31 December 2022	<u>13,145</u>
<i>At 28 February 2022</i>	<u>174</u>

### 5. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 March 2022	<u>935</u>
At 31 December 2022	<u>935</u>

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# PQ SOLUTIONS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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### 6. Debtors

	31 December 2022 £	28 February 2022 £
Trade debtors	34,575	-
Amounts owed by group undertakings	8,524	14,605
Other debtors	41,391	6,680
Prepayments and accrued income	9,464	14,243
Tax recoverable	191,315	243,827
	<u>285,269</u>	<u>279,355</u>

### 7. Creditors: Amounts falling due within one year

	31 December 2022 £	28 February 2022 £
Other loans	999,056	821,670
Trade creditors	215,293	25,697
Amounts owed to group undertakings	934	934
Other taxation and social security	28,496	28,981
Other creditors	688,106	447,540
Accruals and deferred income	169,950	208,988
	<u>2,101,835</u>	<u>1,533,810</u>

The company received loans of £524,436 (February 2022: £816,480) from an investor. The loans are repayable within a year and interest is charged at a rate of 8% and is included in other loans.

Within other creditors balance are directors' loan accounts which are repayable on demand.

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# PQ SOLUTIONS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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### 8. Creditors: Amounts falling due after more than one year

	<b>31 December 2022</b>	<i>28 February 2022</i>
	£	£
Other creditors	<b>220,000</b>	220,000
Share capital treated as debt	<b>62,773</b>	62,773
Share premium treated as debt	<b>12,399,193</b>	11,348,674
	<b><u>12,681,966</u></b>	<u>11,631,447</u>

Other creditors include amounts due to the company directors which are not repayable within the next 12 months.

In relation to the share capital treated as debt, the Directors consider that the Company will not be in a position to redeem these shares within one year of the accounting reference date and therefore it is appropriate for the preference shares to continue to be treated as a non - current liability until such time that the redemption terms can be satisfied in accordance with the Articles of Association.

# PQ SOLUTIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

### 9. Share capital

	31 December 2022 £	28 February 2022 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
18,975,900 (2022 - 18,975,900) Ordinary shares of £0.01 each	<u>189,759</u>	<u>189,759</u>
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
6,277,338 (2022 - 6,277,338) Preference shares of £0.01 each	<u>62,773</u>	<u>62,773</u>

741,700 Series A shares with a nominal value of £0.01 were allotted on 30 January 2023, the amount paid per share was £1.3483.

59,333 Series A shares with a nominal value of £0.01 were allotted on 14 March 2023, the amount paid per share was £1.3483.

1,022,570 Series A shares with a nominal value of £0.01 were allotted on 20 August 2023, the amount paid per share was £1.3456.

### 10. Share based payments

	<b>Weighted average exercise price (pence) 31 December 2022 £</b>	<b>31 December Number 2022 £</b>	<i>Weighted average exercise price (pence) 28 February 2022 £</i>	<i>28 February Number 2022 £</i>
Outstanding at the beginning of the period	0.10	1,533,018	0.10	1,533,018
Granted during the period		-		-
Forfeited during the period		-		-
<b>Outstanding at the end of the period</b>	<u>0.1</u>	<u>1,533,018</u>	<u>0.10</u>	<u>1,533,018</u>

#### Equity-settled share option plan

During 2019 the company established an HMRC approved share option scheme for the benefit of its employees and contractors. Under the scheme, share options are granted at the approved market value for shares in the company at the grant date. The share options vest 50% on the second anniversary of the grant, then a further 2% vest each month for a further two years thereafter. The options are forfeited if the employee leaves the company before they become entitled to exercise the share options.

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# PQ SOLUTIONS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2022

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### 11. Related party transactions

The company has taken the advantage of the exemptions provided by Section 33 under FRS 102 'Related Party

Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided

that any subsidiary undertaken which is party to the transaction is wholly owned by a member of that group.

On 12 May 2016, preference shares were issues to a shareholder with significant influence. Interest was incurred of

£1,441,467 (February 2022: £1,018,732) on these preference shares and at the period end £10,290,827 (February 2022: £9,375,181) was outstanding, which is shown under creditors due after more than one year.

At 31 December 2022, directors were owed a total of £848,404 (February 2022: £521,688) by the company. £170,000 (February 2022: £120,000) of this amount is included in other creditors due in more than one year.

Interest of £20,986 was charged on the amounts owed to the directors during the period.

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.