

AZOTIC TECHNOLOGIES LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

UHY Calvert Smith
Chartered Accountants
Heritage House
Murton Way
Osbaldwick
York
North Yorkshire
YO19 5UW

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Page
Company Information	1
Balance Sheet	2 to 3
Notes to the Financial Statements	4 to 8

AZOTIC TECHNOLOGIES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

DIRECTORS:

R H Chyc
P A Koppert

REGISTERED OFFICE:

Heritage House
Murton Way
Osbaldwick
York
North Yorkshire
YO19 5UW

REGISTERED NUMBER:

07925932 (England and Wales)

ACCOUNTANTS:

UHY Calvert Smith
Chartered Accountants
Heritage House
Murton Way
Osbaldwick
York
North Yorkshire
YO19 5UW

BALANCE SHEET
31 DECEMBER 2021

		2021		2020 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	4		11,262,800		9,602,279
Tangible assets	5		35,726		25,757
Investments	6		2		2
			11,298,528		9,628,038
CURRENT ASSETS					
Stocks		1,037,307		16,000	
Debtors	7	1,117,130		846,602	
Cash at bank and in hand		6,567,951		140,308	
		8,722,388		1,002,910	
CREDITORS					
Amounts falling due within one year	8	1,943,392		1,216,925	
NET CURRENT ASSETS/(LIABILITIES)			6,778,996		(214,015)
TOTAL ASSETS LESS CURRENT LIABILITIES			18,077,524		9,414,023
CREDITORS					
Amounts falling due after more than one year (including convertible debt)	9		9,424,655		3,156,538
NET ASSETS			8,652,869		6,257,485
CAPITAL AND RESERVES					
Called up share capital	10		148		148
Share premium			9,470,177		9,441,475
Convertible loan note reserve			3,680,044		-
Retained earnings			(4,497,500)		(3,184,138)
SHAREHOLDERS' FUNDS			8,652,869		6,257,485

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

BALANCE SHEET - continued
31 DECEMBER 2021

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 9 September 2022 and were signed on its behalf by:

R H Chyc - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. STATUTORY INFORMATION

Azotic Technologies Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

For the period to date the company and group have been primarily focussed on research and development activities. This has necessarily resulted in the company reporting significant losses in this and prior years.

The directors have considered the company's financial position, access to funding and business plans, and have a reasonable expectation that the company will have adequate resources to continue to trade into the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Development expenditure

The company has adopted a policy of capitalising qualifying development expenditure as an intangible asset.

In accordance with FRS102, development expenditure will qualify for capitalisation only where the company can demonstrate all of the following:

- (a) The technical feasibility of completing the development so that the intangible asset will be available for use or sale;
- (b) Its intention to complete the development and to use or sell the intangible asset;
- (c) Its ability to use or sell the intangible asset;
- (d) How the intangible asset will generate probably future economic benefits;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

All intangible assets are considered to have a finite useful life. Amortisation is recognised so as to write off cost of the assets less their residual values over their useful life.

The estimated useful life of development expenditure is 10 years. Amortisation is charged in line with the pattern in which the company expects to consume the asset's future economic benefits over this period, based upon production and sales forecasts.

Amortisation begins when the the intangible asset is available for use in the manner intended. At the reporting date the company had various development projects ongoing.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 33.3% on reducing balance, 25% on reducing balance and 10% on reducing balance

Government grants

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.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments - convertible loan notes

Where the company issues convertible loan notes, the equity value of the loan is calculated based on their fair value at the transaction date. The value is deducted from the debt instrument and allocated to a convertible loan note reserve. This amount will be transferred to the profit and loss account over the term of the loan notes using the effective interest method.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Share based payments

The company has issued options to employees under an Enterprise Management Incentive Plan.

No expense was recognised on issue, or in subsequent accounting periods to date, due to uncertainty as to whether the vesting requirements to exercise the options would be met. A reassessment of the probability of the options vesting, and potential vesting period, is made at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 18 (2020 - 21) .

4. **INTANGIBLE FIXED ASSETS**

	Other intangible assets £
COST	
At 1 January 2021	9,611,410
Additions	<u>1,695,035</u>
At 31 December 2021	<u>11,306,445</u>
AMORTISATION	
At 1 January 2021	9,131
Charge for year	<u>34,514</u>
At 31 December 2021	<u>43,645</u>
NET BOOK VALUE	
At 31 December 2021	<u>11,262,800</u>
At 31 December 2020	<u>9,602,279</u>

5. **TANGIBLE FIXED ASSETS**

	Plant and machinery etc £
COST	
At 1 January 2021	431,462
Additions	<u>21,811</u>
At 31 December 2021	<u>453,273</u>
DEPRECIATION	
At 1 January 2021	405,705
Charge for year	<u>11,842</u>
At 31 December 2021	<u>417,547</u>
NET BOOK VALUE	
At 31 December 2021	<u>35,726</u>
At 31 December 2020	<u>25,757</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

6. FIXED ASSET INVESTMENTS		Shares in group undertakings £
COST		
At 1 January 2021 and 31 December 2021		<u>2</u>
NET BOOK VALUE		
At 31 December 2021		<u>2</u>
At 31 December 2020		<u>2</u>
7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2021	2020 as restated
	£	£
Amounts owed by group undertakings	259,651	-
Other debtors	<u>857,479</u>	<u>846,602</u>
	<u>1,117,130</u>	<u>846,602</u>
8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2021	2020 as restated
	£	£
Trade creditors	987,564	305,830
Amounts owed to group undertakings	295,892	512,175
Taxation and social security	202,738	25,252
Other creditors	<u>457,198</u>	<u>373,668</u>
	<u>1,943,392</u>	<u>1,216,925</u>
9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
	2021	2020 as restated
	£	£
Other creditors	<u>9,424,655</u>	<u>3,156,538</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Convertible loan notes	10,000,000	-
Equity value adjustment	<u>(3,575,345)</u>	-
	<u>6,424,655</u>	-

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued

Other creditors represent convertible debt, secured by fixed and floating charges over the assets of the company.

Adjustment has been made for the calculated equity value of the convertible loan notes issued in the period, and the unwinding of the related finance cost.

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 as restated £
13,291,739	Ordinary shares	0.000008	106	108
5,241,594	U Class shares	0.000008	42	40
			<u>148</u>	<u>148</u>

Ordinary shares have full voting and dividend rights.

U Class shares have no voting rights and carry a dividend entitlement.

During the period 240,595 Ordinary shares were redesignated as U Class shares.

11. RELATED PARTY DISCLOSURES

Included in other creditors at the year end is £3,000,000 (2020: £3,156,538) advanced by a company holding a participating interest in Azotic Technologies Limited. Interest of £209,844 (2020: £156,538) was charged on the loan in the year.

The company has taken advantage of the exemption under FRS102 1A to not provide particulars of transactions with wholly-owned group companies.

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.