

PHOSPHONICS LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2021

PHOSPHONICS LIMITED
REGISTERED NUMBER: 04829817

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	4	9,590	13,506
Tangible assets	5	891,389	45,666
		<hr/>	<hr/>
		900,979	59,172
Current assets			
Stocks	6	605,162	457,045
Debtors: amounts falling due within one year	7	636,010	642,779
Cash at bank and in hand	8	369,403	635,405
		<hr/>	<hr/>
		1,610,575	1,735,229
Current liabilities			
Creditors: amounts falling due within one year	9	(962,455)	(163,266)
		<hr/>	<hr/>
Net current assets		648,120	1,571,963
Total assets less current liabilities		<hr/>	<hr/>
		1,549,099	1,631,135
Net assets		<hr/>	<hr/>
		1,549,099	1,631,135
Capital and reserves			
Called up share capital	10	100	4,118,171
Share premium account		-	3,964,632
Profit and loss account		1,548,999	(6,451,668)
		<hr/>	<hr/>
		1,549,099	1,631,135

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 and were signed on its behalf by:

Dr V Eastwick-Field

Director

Date: 27 April 2022

The notes on pages 2 to 10 form part of these financial statements.

PHOSPHONICS LIMITED

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

1. General information

Phosphonics Limited is a company incorporated and registered in England & Wales. The registered office and principal place of business is Unit 7, Downsview Road, Wantage, England, OX12 9FA

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 Going concern

The Directors have considered the financial position of the Company and have concluded that it remains a going concern. This decision has been reached after future planning and budgeting has been complied, considering the growing demand for products used in recovery and recycling of precious metals that is driven by finite world resources, exceptional PGM prices and a general industry drive towards sustainability. The Phosphonics products are highly effective PGM scavengers and the increase in demand for cost effective PGM recovery continues to drive the company's research and development that includes innovative materials that extend the existing product range.

2.3 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

PHOSPHONICS LIMITED

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

2. Accounting policies (continued)

2.4 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

Amortisation is provided on the following bases:

Computer software	-	33 % per annum
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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.

Depreciation is provided on the following basis:

Leasehold improvements	-	Over the life of lease
Plant and machinery	-	20% per annum
Motor vehicles	-	20% per annum
Fixtures and fittings	-	20% per annum
Computer equipment	-	33% per annum
Assets under construction	-	N/a

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.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. Stock is impaired on a systematic basis reflecting the ageing profile and natural lifecycle of chemical components. The impairment loss is recognised immediately in profit or loss.

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

2. Accounting policies (continued)

2.7 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.

2.8 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.

Short term debtors and creditors are measured at the transaction price. Other financial instruments, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 period 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.11 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 profit or loss 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.

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

2. Accounting policies (continued)

2.12 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 balance sheet date in the countries where the Company operates and generates income.

2.13 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.14 Research and development tax credit

The R&D tax credit is recognised when it is certain that the tax credit in relation to research and development carried out will be received.

3. Employees

The average monthly number of employees, including directors, during the year was 8 (2020 - 6).

PHOSPHONICS LIMITED

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

4. Intangible assets

	Computer software £
Cost	
At 1 January 2021	14,734
Additions	995
	<hr/>
At 31 December 2021	15,729
	<hr/>
Amortisation	
At 1 January 2021	1,228
Charge for the year on owned assets	4,911
	<hr/>
At 31 December 2021	6,139
	<hr/>
Net book value	
At 31 December 2021	<hr/> <hr/> 9,590
At 31 December 2020	<hr/> <hr/> 13,506

PHOSPHONICS LIMITED

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

5. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £
Cost or valuation						
At 1 January 2021	-	161,199	-	550	25,001	-
Additions	65,876	11,068	8,650	12,264	2,910	763,931
Disposals	-	(28,982)	-	(299)	-	-
At 31 December 2021	65,876	143,285	8,650	12,515	27,911	763,931
Depreciation						
At 1 January 2021	-	126,719	-	-	14,365	-
Charge for the year on owned assets	4,536	9,151	383	1,281	3,625	-
Disposals	-	(28,982)	-	(299)	-	-
At 31 December 2021	4,536	106,888	383	982	17,990	-
Net book value						
At 31 December 2021	61,340	36,397	8,267	11,533	9,921	763,931
At 31 December 2020	-	34,480	-	550	10,636	-

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

5. Tangible fixed assets (continued)

	Total £
Cost or valuation	
At 1 January 2021	186,750
Additions	864,699
Disposals	(29,281)
	<hr/>
At 31 December 2021	1,022,168
	<hr/>
Depreciation	
At 1 January 2021	141,084
Charge for the year on owned assets	18,976
Disposals	(29,281)
	<hr/>
At 31 December 2021	130,779
	<hr/>
Net book value	
At 31 December 2021	<u>891,389</u>
At 31 December 2020	<u>45,666</u>

6. Stocks

	2021 £	2020 £
Raw materials and finished goods	<u><u>605,162</u></u>	<u><u>457,045</u></u>

PHOSPHONICS LIMITED

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

7. Debtors: Amounts falling due within one year

	2021 £	2020 £
Trade debtors	328,144	376,861
Amounts owed by group undertakings	-	154,135
Other debtors	71,969	62,887
Prepayments and accrued income	214,603	48,896
Tax recoverable	21,294	-
	<u>636,010</u>	<u>642,779</u>

8. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>369,403</u>	<u>635,405</u>

9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	333,668	84,807
Other creditors	514,362	50,720
Accruals and deferred income	114,425	27,739
	<u>962,455</u>	<u>163,266</u>

10. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
10,000 (2020 - 760,768) Ordinary shares of £0.01 each	100	7,608
Enter number (2020 - 2,626,952) A Ordinary shares of £1.00 each	-	2,626,952
Enter number (2020 - 477,249) B Ordinary shares of £1.00 each	-	477,249
Enter number (2020 - 1,005,397) C Ordinary shares of £1.00 each	-	1,005,397
Enter number D Ordinary shares of £- each	-	965
	<u>100</u>	<u>4,118,171</u>

During the year, the company processed a capital reduction whereby it has moved all of its share premium into the profit and loss account. The intention of doing this was to ensure the company had a positive reserve position to be able to pay legal dividends to the parent company.

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

11. Capital commitments

At 31 December 2021 the Company had capital commitments as follows:

	2021 £	2020 £
Contracted for but not provided in these financial statements	<u>68,790</u>	<u>-</u>

12. 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 £6,191 (2020: £4,537). Contributions totalling £1,834 (2020: £1,767) were payable to the fund at the balance sheet date.

13. Related party transactions

The Company is exempt under Paragraph 33.1A of FRS 102 from disclosing transactions entered into between two or more members of the Group provided that any party to the transaction is wholly owned.

During the year the Directors lent the Company £250,000 each. Interest does not occur on these loan balances until 1 January 2023. The loans are repayable on demand to the Directors.

14. Controlling party

The ultimate parent company is Phosphonics Holdings Limited.

15. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 9 May 2022 by Robert Holland BSc FCA (Senior statutory auditor) on behalf of James Cowper Kreston.

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.