

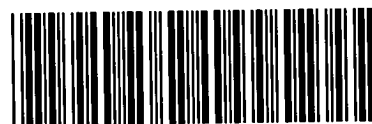
PERACHEM HOLDINGS PLC
(formerly known as Green Chemicals plc)

Registered number 05425236

Annual Report and Consolidated Financial Statements

For the year ended 31 March 2017

FRIDAY



A6FZ6841

A56

29/09/2017

#131

COMPANIES HOUSE

PERACHEM HOLDINGS PLC

Contents	Page
Company Information	1
Chairman's Report	2
Group Strategic Report	3
Group Directors' Report	5
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Company Statement of Financial Position	11
Consolidated Statement of Cash Flows	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Notes to the Financial Statements	15

Company Information

Directors, Registered Office and Advisers

Directors	Dr A M Fielding
	R B Farleigh
	G C Hammer
	Professor D M Lewis
	S M Winston
	N J K Wood
Registration number	05425236 (England and Wales)
Registered office	First Floor, 55 Drury Lane
	London
	England
	WC2B 5RZ
Independent Auditor	RSM UK Audit LLP
	Chartered Accountants
	2 Whitehall Quay
	Leeds
	West Yorkshire
Bankers	LS1 4HG
	HSBC Bank plc
	33 Park Row
	Leeds
	LS1 1LD

Chairman's Report

I am pleased to present Perachem Holdings plc audited results for the financial year ended 31 March 2017, which have been prepared in accordance with the Group's accounting policies and the relevant financial reporting rules and conventions.

Financial results

The loss for the year was £1,121,217 (2016: £456,868) and the deficit on the shareholders' funds at the end of the year stood at £1,475,541 (2016: deficit of £464,780). The pre-tax loss was made up of research and development costs, exhibition and launch costs, pre-launch branding costs of both ReKolor and Triple Impact hair products, general overhead and professional costs in connection with commercial business, and the protection and maintenance of the Group's intellectual property.

Review of progress

Since my last report I am pleased to say that we have launched three new products for the professional salon market. These products Triple Impact™, ReKolor™ and ReFresh™ have been favourably received by a number of key salons and we are now in the process of seeking distributors for both the home market and overseas. There is a continuing pipeline of new products which will enhance the range and add further to the development of the Pera 357 brand.

I remain confident that we will see some significant sales growth over the next 12 months.

I wish to express my appreciation to my colleagues for their commitment to the Group and to the shareholders for their continued support.

Annual General Meeting

The Company's Annual General Meeting will be held on 26 September 2017 and the formal notice for that meeting is attached to these financial statements.

I look forward to keeping shareholders up to date as the commercialisation programmes progress.

Alison M Fielding Ph.D.
Chairman

Group Strategic Report

The directors present their strategic report of the company and the group for the year ended 31 March 2017.

Principal activity

The principal activity of the group during the period continued to be that of the research and development of its range of intellectual property belonging to emergent technology for commercial exploitation.

The principal activity of the company in the period under review continued to be that of a holding company and to provide business consultancy.

Review of business

The group have launched three new products for the professional salon market in the year ended 31 March 2017. These products Triple Impact™, Rekolor™ and ReFresh™ have been favourably received by a number of key salons and the group is now in the process of seeking distributors for both the home market and overseas.

Loss for the year increased to £1,121,127 (2016: £456,868) with an increase in net liabilities of £1,010,761 to £1,475,541 reflecting the continued expenditure on developing, launching and marketing the group's products. Trading for the year has remained in line with management's expectations.

During the year, the Group has incurred a share-based payment charge of £56,056 (2016: £5,277) in relation to share options issued to certain employees and Directors.

The value of stocks at 31 March 2017 was £98,691 (2016: nil) Stocks were purchased throughout the year for sale as finished product to the consumer and professional market, cost of sale expensed in the year was £2,528 (2016: £nil).

Cash and cash equivalents at 31 March 2017 were £63,913 (2016: £130,466). During the year, the cash outflows were partly matched by inflows from the issue of convertible loans of £950,000 (2016: £400,000). The Group also raised gross proceeds of £54,400 by an issue of the Company's Ordinary Shares.

The results for the year and the financial position at the year end are considered to be satisfactory by the Directors given the group's stage of development.

Key performance indicators (KPI's)

The KPI's we use to monitor business performance, which given the nature of our business are primarily financial measures are:

	2017	2016
	£	£
Turnover	10,345	5,218
Cash position	63,913	130,466
Loss on ordinary activities before taxation	(1,136,238)	(497,076)

Employees

Our priority is to attract and retain talented employees and to harness their creativity to drive growth through development and delivery of services that bring value to our customers' business operations.

We continue to focus on ensuring that the performance of staff is measured against clear, business focused objectives and behavioural criteria through continuous appraisals.

Reward

The group benchmark employee salaries against the market and reviews salaries annually to ensure that we are paying at a level to attract and retain high quality employees

Group Strategic Report (continued)

Equal opportunities

We are committed to ensuring equal opportunities for our staff. We have introduced training which covers equal opportunities legislation and best practice. Our policy in respect of employment of disabled persons is the same as that relating to all other employees in matters of training, career development and promotion. Where employees become disabled during the course of their employment, we make every effort to make reasonable adjustments to their working environment to enable their continued employment.

Health, safety and environment

The commitment and participation of all employees is vital to efficient and effective occupational risk control. In order to meet our responsibility to protect the environment, staff and the business, the group continues to focus on maintaining a risk aware culture. We believe the group continues to have a low environmental impact. We continue to work on the potential environmental impacts of energy consumption, waste and travel.

Principal risks and uncertainties

There is an on-going process for identifying, evaluating and managing the significant risks faced by the business. Risk reviews are undertaken regularly throughout the year to identify and assess the key risks associated with the achievement of our business objectives.

Specific business risks and steps taken to mitigate them are summarised below.

Research and development risk

The group develops 'cleaner, greener, safer' solutions for use in industrial processes or in the manufacture of health and beauty and household consumer products. The group intends to continue to develop chemical based technologies which reduce or eliminate the use of substances which are subject to international legislation and regulations. Projects of any nature can experience delays and/or increased costs due to many internal and external factors but it is in the nature of research that, in addition to these factors, the fundamental achievability of the target may not be established until the project is complete. Additionally, there is a risk that projects cannot be completed if the group is unable to raise sufficient working capital funding.

To mitigate this risk the Directors maintain a policy of ensuring that all research projects are constantly reviewed to ensure that those projects no longer deemed to be commercially viable are terminated immediately. In addition, the Directors keep under review the need for the group to raise further funding.

Intellectual property protection and regulatory approval

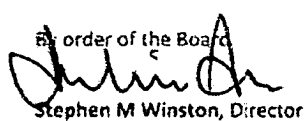
The commercial success of the group depends in part on its ability to protect its intellectual property and to preserve the confidentiality of its own and its collaborators' know-how. The group may not be able to protect and preserve all of its intellectual property rights or to exclude competitors with similar products.

To mitigate this risk the Directors maintain a policy of ensuring that patent and trademark applications and regulatory approval are sought on a timely basis for all projects once they are deemed to have become commercially viable.

Going Concern

The Directors are required to be satisfied that the group has adequate resources to continue in business for the foreseeable future. The Directors have prepared cash flow forecasts for a 12 month period from the date of approval of these financial statements and the ability of the group to generate sufficient cash depends on the group's ability to achieve these forecasts. The cash flow forecasts contain assumptions and estimates regarding the timing and magnitude of predicted revenues which are uncertain. The Directors are confident that they can control the group's cash resources, through careful management of costs whilst the group builds up its revenue streams. Consequently, the Directors have a reasonable expectation that the group has adequate resources to continue to operate for the foreseeable future and that it remains appropriate for the financial statements to be prepared on a going concern basis.

By order of the Board



Stephen M Winston, Director

15 August 2017

PERACHEM HOLDINGS PLC

Group Directors' Report

The directors present their report with the audited financial statements of the company and the group for the year ended 31 March 2017.

On 15 September 2016, the name of the company was changed to Perachem Holdings plc. Before that date, it was known as Green Chemicals plc.

Results and dividends

The loss for the year after taxation amounted to £1,121,217 (2016: £456,868), which has been transferred to reserves.

The directors do not recommend the payment of a dividend for the year under review (2016: £nil).

Directors and their interests

The directors during the year under review were:

Dr A M Fielding

G C Hammer

Professor D M Lewis

R B Farleigh (appointed 28 April 2017)

S M Winston

N K J Wood

The directors beneficial interest in the share capital of the Company were as stated below.

	At 31 March 2017	At 31 March 2016
S M Winston	631,831	611,831
Professor D M Lewis	985,138	985,138
Dr A M Fielding	209,514	209,514
N J K Wood	-	-
G C Hammer	-	-

Charitable and political donations

No charitable or political donations have been made in either the current or the preceding financial year.

Financial instruments

The Group's financial instruments are given in note 18 of the accounts.

Corporate Governance

Although not required to do so, the group seeks, within the practical confines of being a small group, to act in compliance with the principles of good governance and the Quoted Companies Alliance (QCA) Corporate Governance Code where relevant. The group has therefore not fully complied with the QCA Corporate Governance Code.

The Board

The aim of the Board is to function at the head of the group's management structures, leading and controlling its activities and setting a strategy for enhancing shareholder value.

The Board currently consists of three executive directors (S M Winston, D M Lewis and N J K Wood) and three non-executive directors (A M Fielding, G C Hammer and R B Farleigh). The group does not have a Nomination Committee as such; the Board collectively undertakes the functions of such a committee.

Internal control

The Board has overall responsibility for ensuring that the group maintains systems and internal financial controls that provide them with reasonable assurance regarding the financial information both for use within the business and for the external publication and that the assets are safeguarded.

Group Directors' Report (continued)

Audit Committee

There is an Audit Committee consisting of SM Winston and Dr AM Fielding. The terms of reference of the Audit Committee are to assist the Board in the discharge of its responsibilities for corporate governance, financial reporting and internal control. Its duties include maintaining an appropriate relationship with the group's auditor, keeping under review the scope and results of the audit and its effectiveness.

Remuneration Committee

There is a Remuneration Committee consisting of SM Winston and Dr AM Fielding. The terms of reference of the Remuneration Committee are to determine and review terms and conditions of service, including the remuneration of and grant of options to executive Directors and the grant of options or awards of shares to employees of the company under employees' share schemes.

Strategic Report

In accordance with Section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the Group has prepared a Strategic Report which includes information that would have been previously included in the Directors' Report.

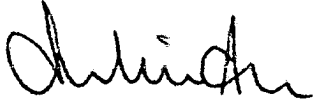
Disclosure of information to auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditor

A resolution proposing the reappointment of RSM UK Audit LLP will be put to the shareholders at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD



S M Winston
Director

15 August 2017

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing those financial statements, the directors are required to:

- 1 select suitable accounting policies and then apply them consistently;
- 2 make judgements and accounting estimates that are reasonable and prudent;
- 3 state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 4 prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PERACHEM HOLDINGS PLC

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 9 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

ANDREW ALLCHIN FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

2 Whitehall Quay

Leeds

LS1 4HG

3 August 2017

PERACHEM HOLDINGS PLC

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2017

	Notes	31 Mar 2017 £	31 Mar 2016 £
Revenue	4	10,345	5,218
Cost of Sales		(2,528)	-
Gross Profit		7,817	5,218
Administrative expenses		(1,069,076)	(486,249)
		(1,061,259)	(481,031)
Other operating income		-	2,005
Operating loss		(1,061,259)	(479,026)
Interest payable and similar expenses		(74,979)	(18,050)
LOSS BEFORE TAXATION		(1,136,238)	(497,076)
Tax on loss	8	15,021	40,208
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		(1,121,217)	(456,868)

The accompanying accounting policies and notes form part of these financial statements.

PERACHEM HOLDINGS PLC

Consolidated Statement of Financial Position
as at 31 March 2017

	Notes	2017 £	2016 £
ASSETS			
Non-current assets			
Intangible assets	10	-	-
Property, plant and equipment	11	9,994	11,178
Current assets			
Stocks	13	98,691	-
Trade and other receivables	14	84,041	36,524
Cash and cash equivalents	15	63,913	130,466
		<u>246,645</u>	<u>166,990</u>
Total assets		<u>256,639</u>	<u>178,168</u>
LIABILITIES			
Current liabilities			
Creditors: amounts falling due within one year	16	(1,732,180)	(642,948)
Total liabilities		<u>(1,732,180)</u>	<u>(642,948)</u>
Net current liabilities		<u>(1,485,535)</u>	<u>(475,958)</u>
Net liabilities		<u>(1,475,541)</u>	<u>(464,780)</u>
EQUITY			
Called up share capital	19	692,386	676,386
Share premium		6,111,246	6,072,846
Other reserves		56,056	-
Equity reserves		22,500	22,500
Retained earnings		(8,357,729)	(7,236,512)
Total equity		<u>(1,475,541)</u>	<u>(464,780)</u>

Registered number: 05425236

Approved for issue by the Board of Directors on 15 August 2017 and signed on its behalf by:



S M Winston
Director



N J K Wood
Director

The accompanying accounting policies and notes form part of these financial statements.

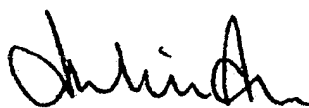
PERACHEM HOLDINGS PLC

Company Statement of Financial Position
as at 31 March 2017

	Notes	2017 £	2016 £
ASSETS			
Non-current assets			
Investments	12	-	-
Current assets			
Trade and other receivables	14	47,745	4,346
Cash and cash equivalents		55,904	81,125
		<u>103,649</u>	<u>85,471</u>
Total assets		<u>103,649</u>	<u>85,471</u>
LIABILITIES			
Current liabilities			
Creditors: amounts falling due within one year	16	(1,659,232)	(611,143)
		<u>(1,659,232)</u>	<u>(611,143)</u>
Total liabilities		<u>(1,659,232)</u>	<u>(611,143)</u>
Net current liabilities		<u>(1,555,583)</u>	<u>(611,143)</u>
Net liabilities		<u>(1,555,583)</u>	<u>(525,672)</u>
EQUITY			
Called up share capital	19	692,386	676,386
Share premium		6,111,246	6,072,846
Other reserves		56,056	-
Equity reserves		22,500	22,500
Retained earnings		(8,437,771)	(7,297,404)
		<u>(1,555,583)</u>	<u>(525,672)</u>
Total equity		<u>(1,555,583)</u>	<u>(525,672)</u>

Registered number: 05425236

Approved for issue by the Board of Directors on 15 August 2017 and signed on its behalf by:



S M Winston
Director



N J K Wood
Director

The accompanying accounting policies and notes form part of these financial statements.

PERACHEM HOLDINGS PLC

Consolidated Statement of Cash Flows
for the year ended 31 March 2017

	Notes	31 Mar 2017 £	31 Mar 2016 £
Operating activities			
Loss after tax		(1,121,217)	(456,868)
Adjustments for:			
Tax credit		(15,021)	(40,208)
Depreciation charges		3,456	3,071
Share based payment charge		56,056	5,277
Finance costs		74,979	18,050
(Increase)/decrease in stocks		(98,691)	472
Increase in trade and other receivables		(47,517)	(12,352)
Increase in trade and other payables		64,252	10,758
Cash from operations		(1,083,703)	(471,800)
Taxation refund		15,021	40,208
Net cash flow used in operating activities		(1,068,682)	(431,592)
Investing activities			
Purchase of tangible fixed assets		(2,271)	(7,433)
Net cash flow used in investing activities		(2,271)	(7,433)
Financing activities			
New loans in the year		950,000	400,000
Issue of equity shares		54,400	-
Net cash flow from financing activities		1,004,400	400,000
 Net movement in cash and cash equivalents		 (66,553)	 (39,025)
Cash and cash equivalents at the beginning of the year		130,466	169,491
Cash and cash equivalents at the end of the year	15	63,913	130,466

The accompanying accounting policies and notes form part of these financial statements.

PERACHEM HOLDINGS PLC

Consolidated Statement of Changes in Equity
for the year ended 31 March 2017

	Share Capital	Retained Earnings	Share Premium
	£	£	£
At 1 April 2015	676,386	(6,826,778)	6,072,846
Total comprehensive loss	-	(456,868)	-
Share options forfeited	-	47,134	-
At 31 March 2016	676,386	(7,236,512)	6,072,846
Total comprehensive loss	-	(1,121,217)	-
Issue of shares	16,000	-	38,400
At 31 March 2017	692,386	(8,357,729)	6,111,246

	Other Reserves	Equity Reserve	Total
	£	£	£
At 1 April 2015	41,857	22,500	(13,189)
Total comprehensive loss	-	-	(456,868)
Share based payment charge	5,277	-	5,277
Share options forfeited	(47,134)	-	-
At 31 March 2016	-	22,500	(464,780)
Total comprehensive loss	-	-	(1,121,217)
Share based payment charge	56,056	-	56,056
Issue of shares	-	-	54,400
At 31 March 2017	56,056	22,500	(1,475,541)

The accompanying accounting policies and notes form part of these financial statements.

PERACHEM HOLDINGS PLC

Company Statement of Changes in Equity
for the year ended 31 March 2017

	Share Capital	Retained Earnings	Share Premium
	£	£	£
At 1 April 2015	676,386	(6,851,794)	6,072,846
Total comprehensive loss	-	(492,744)	-
Share options forfeited	-	47,134	-
At 31 March 2016	676,386	(7,297,404)	6,072,846
Total comprehensive loss	-	(1,140,367)	-
Issue of shares	16,000	-	38,400
At 31 March 2017	692,386	(8,437,771)	6,111,246

	Other Reserves	Equity Reserve	Total
	£	£	£
At 1 April 2015	41,857	22,500	(38,205)
Total comprehensive loss	-	-	(492,744)
Share based payment charge	5,277	-	5,277
Share options forfeited	(47,134)	-	-
At 31 March 2016	-	22,500	(525,672)
Total comprehensive loss	-	-	(1,140,367)
Share based payment charge	56,056	-	56,056
Issue of shares	-	-	54,400
At 31 March 2017	56,056	22,500	(1,555,583)

The accompanying accounting policies and notes form part of these financial statements.

PERACHEM HOLDINGS PLC

Notes to the Financial Statements For the year ended 31 March 2017

1 Corporate information

Perachem Holdings plc is a public limited company, registered in England and Wales. The address of the registered office is given on page 1. The nature of its operations is set out in the Strategic Report.

2 Accounting policies

(a) Basis of preparation

The Group's financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') as they apply to financial statements for the year ended 31 March 2017 and as applied in accordance with the Companies Act 2006. The principal accounting policies adopted by the Group are set out in the following notes. These policies have been consistently applied to all periods presented unless otherwise stated.

The company has taken advantage of the exemption under Section 408 of the Companies Act 2006 from presenting its own profit and loss account. The company has also taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company cash flows.

The financial statements have been prepared on a historical cost basis, except where otherwise indicated. The financial statements are presented in sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

(b) Going Concern

The group's business activities, together with factors likely to affect its future development, performance and position are set out in the Chairman's Report on page 2 and the Strategic Report on pages 3 to 4. In addition, note 18 to the financial statements includes the group's financial risk management objectives, details of its financial instruments and exposures to risks. As described in the Directors' policies for managing principal risks section of the Strategic Report on page 3, the group is engaged in the development and sale of new technologies and is dependent on having sufficient working capital funding.

The group incurred losses in the year of £1,121,217 (2016: £456,868), had net current liabilities of £1,485,535 (2016: £475,958) and net liabilities of £1,475,541 (2016: £464,780) at the year end. The Board anticipated that losses would be incurred during the development of its new technologies and maintained regular dialogue with the shareholders and funders to assess the funding needs of the Group. As part of this exercise, as set out in note 18 to the financial statements, the Company has had a successful equity fund raise following the year end which has provided significant additional cash resources whilst additionally improving the financial position of the business with the conversion of debt to equity. The Board have prepared detailed cash flow forecasts taking into account the additional post year end funding and a range of sensitivities to take into account the unpredictability in the timing of significant revenues being generated and are able to conclude that the Group will have sufficient working capital to meet its cash flow requirements for a period of at least 12 months from the date of approval of these financial statements. Accordingly, they have been able to conclude that it remains appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Basic of consolidation

The Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position include the financial statements of the company and its subsidiary undertaking made up to 31 March 2017. Intra-group sales and profits are eliminated fully on consolidation.

(d) Revenue recognition and segmental reporting

Revenue represents the value of goods and services provided, excluding value added tax. Certain revenues are generated from licensing and exclusivity agreements under which the group grants third parties rights to certain products or technologies.

Revenue is recognised at the fair value of the consideration received or receivable. Upfront payments and other similar non-refundable payments received under these agreements are recorded as deferred revenue and are recognised in the consolidated profit and loss account over the performance period stipulated in the agreement.

Non-refundable royalty or exclusivity payments of fixed amounts received under these agreements are recorded as deferred revenue and are recognised in the consolidated statement of comprehensive income as they fall due for payment.

The business is regarded as two segments; being the licensing and exclusivity of royalty agreements and that of sale of hair care products.

PERACHEM HOLDINGS PLC

Notes to the Financial Statements
For the year ended 31 March 2017

2 Accounting policies (continued)

(e) Goodwill

Goodwill arising on the purchase of subsidiaries is classified within fixed assets on the face of the statement of financial position. Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

(f) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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

Plant and machinery - 20% on cost
Fixtures and fittings - 20% on cost
Computer equipment - 33% on cost

(g) Stocks

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

(h) Taxation

Current tax is recognised for the amount of income tax payable or tax credit receivable in respect to the taxable profit or loss for the current or past reporting periods using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits (temporary differences) and is accounted for using the liability method.

A deferred tax asset or liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax asset or liability arises from (a) the initial recognition of goodwill or (b) the initial recognition of an asset or liability in a transaction which (i) is not a business combination and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised using tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis.

(i) Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are only capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- technical feasibility of the completed intangible assets;
- the probability of future economic benefits;
- the reliable measure of costs;
- the ability and intention of the company to use or sell the intangible asset.

Such intangible assets are amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit, and are reviewed for an indication of impairment at each reporting date. Other development costs are charged against profit or loss as incurred since the criteria for their recognition as an asset are not met.

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee costs incurred on technical development, testing and certification, materials consumed and any relevant third party cost. The costs of internally generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

No development costs to date have been capitalised as intangible assets.

PERACHEM HOLDINGS PLC

**Notes to the Financial Statements
For the year ended 31 March 2017**

2 Accounting policies (continued)

(i) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Consolidated Statement of Comprehensive Income.

(j) Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

(k) Investments

Fixed asset investments are stated at cost. Provision is made for any impairment in the value of fixed asset investments.

(l) Share-based payments

Equity-settled and cash-settled share-based payments are issued to certain employees. Equity-settled share-based payments are measured at fair value at the date of the 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 estimate of shares that will eventually vest.

(m) Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and comprise trade and other receivables, other financial assets, cash and cash equivalents.

- Trade receivables

Trade receivables are initially recognised at fair value which is normally the invoice value in short term receivables. Thereafter the receivables are carried at amortised cost. Provision is made where there is objective evidence that a balance will not be recovered in full in accordance with the instruments original terms. An impairment calculation is based on a comparison between the carrying amount and the net present value of expected future cash flows, discounted by the original effective rate.

- Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term bank deposits.

- Financial liabilities

Financial liabilities, which comprise trade and other payables, are initially recognised at fair value and are carried at amortised cost.

(n) Capital

The Company considers its capital to comprise its share capital and retained earnings.

3 Critical accounting judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Share-based payments

The Group has issued share-based payments to certain employees and Directors. The cost of such awards is measured at fair-value at the date of grant and this expense is recognised on a straight-line basis over the vesting period. The determined fair value is a source of management estimation based on cost of services and the cost of recent share issues.

PERACHEM HOLDINGS PLC

**Notes to the Financial Statements
For the year ended 31 March 2017**

4 Revenue

Revenue is attributable to the two principal activities of the group, which are the sale of hair care products and revenue generated from licensing and exclusivity agreements. Non-refundable royalty or exclusivity payments of fixed amounts received under such agreements are recognised in the consolidated statement of comprehensive income as they fall due for payment.

Revenue represents the value of goods and services provided net of VAT.

	31 Mar 2017	31 Mar 2016
	£	£
Sale of hair care products	8,941	-
Royalty/licencing agreements	1,404	5,218
	<u>10,345</u>	<u>5,218</u>

An analysis of the revenue by geographical market is given below:

	31 Mar 2017	31 Mar 2016
	£	£
United Kingdom	10,151	1,725
Europe	194	3,493
	<u>10,345</u>	<u>5,218</u>

5 Employees and Directors

	31 Mar 2017	31 Mar 2016
	£	£
Wages and salaries	534,380	193,467
Social security costs	59,381	20,245
Pension costs	339	-
Share-based payments (Note 23)	56,056	-
	<u>650,156</u>	<u>213,712</u>

	31 Mar 2017	31 Mar 2016
	£	£
Directors remuneration	<u>304,000</u>	<u>138,166</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	31 Mar 2017	31 Mar 2016
	£	£
Wages and salaries	<u>150,000</u>	<u>55,833</u>

The average number of employees, including directors, during the year was as follows:

	Number	Number
Management, research and administration	<u>8</u>	<u>5</u>

6 Loss for the period

Loss for the period has been arrived at after charging/(crediting):

	31 Mar 2017	31 Mar 2016
	£	£
Operating lease rent	36,187	18,100
Depreciation	3,456	3,071
Foreign exchange differences	-	(5)
Research and development costs	60,000	45,389
Stock – amounts expensed as cost of sales	2,528	-
Auditor fees	<u>15,000</u>	<u>12,000</u>

PERACHEM HOLDINGS PLC

Notes to the Financial Statements
For the year ended 31 March 2017

7 Interest payable and similar expenses

	31 Mar 2017	31 Mar 2016
	£	£
Loan interest	74,979	18,050

8 Tax on loss on ordinary activities

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	31 Mar 2017	31 Mar 2016
	£	£
Current tax:		
UK corporation tax	(15,021)	(40,208)
Tax on loss	(15,021)	(40,208)

UK corporation tax has been charged at 20% (2016: 20%)

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31 Mar 2017	31 Mar 2016
	£	£
Loss before tax	(1,136,238)	(497,076)
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)	(227,248)	(99,415)
Effects of:		
Expenses not deductible for tax purposes	961	4,051
Capital allowances in excess of depreciation	-	(873)
Depreciation in excess of capital allowance	237	-
R&D tax credits received in respect of earlier years	(15,021)	(40,208)
Effect of share based payments	11,211	-
Tax losses carried forward	214,839	96,237
Total tax credit	(15,021)	(40,208)

Deferred tax assets are not recognised due to the uncertainty over timing of future profit generation to utilise the tax losses.

9 Individual Statement of Comprehensive Income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements. The company loss for the year was £1,140,368 (2016: £409,734).

10 Intangible Fixed Assets

Group and company

	Goodwill
	£
COST	
At 1 April 2016 and at 31 March 2017	3,082,413
AMORTISATION	
At 1 April 2016 and at 31 March 2017	3,082,413
NET BOOK VALUE	
At 31 March 2017	-
At 31 March 2016	-

PERACHEM HOLDINGS PLC

**Notes to the Financial Statements
For the year ended 31 March 2017**

10 Intangible fixed assets (continued)

Due to the continued losses made by Perachem Limited, the directors performed a review of the carrying value of the goodwill as at 31 March 2017. Despite good progress in initial launch and sales, developing the technologies owned and in negotiating licences to advance the commercial viability of the company's projects, there remains a high level of uncertainty over the timing of future revenue streams. The directors therefore considered it appropriate to fully impair the goodwill at that date. There have been no changes to this determination in the current financial year.

11 Property, plant and equipment

Group

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 April 2016	33,817	1,900	10,248	45,965
Additions	-	-	2,271	2,271
At 31 March 2017	33,817	1,900	12,519	48,236
DEPRECIATION				
At 1 April 2016	29,599	995	4,193	34,786
Charge of the year	847	179	2,429	3,456
AT 31 March 2017	30,446	1,174	6,622	38,242
NET BOOK VALUE				
At 31 March 2017	3,371	726	5,897	9,994
At 31 March 2016	4,218	905	6,055	11,178

There is no property, plant and equipment held in the company financial statements for Perachem Holdings plc.

12 Fixed Asset Investments

Company

	Investment in group undertakings £
COST	
At 1 April 2016 and at 31 March 2017	<u>3,085,166</u>
PROVISIONS FOR IMPAIRMENT	
At 1 April 2016 and at 31 March 2017	<u>3,085,166</u>
NET BOOK VALUE	
At 31 March 2017	<u>-</u>
At 31 March 2016	<u>-</u>

PERACHEM HOLDINGS PLC

Notes to the Financial Statements
For the year ended 31 March 2017

12 Fixed Asset Investments (continued)

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiary
Perachem Limited
Nature of business: Development of speciality chemicals

Class of shares: % Holding
Ordinary 100

	31 Mar 2017	31 Mar 2016
	£	£
Aggregate capital and reserves	(3,008,957)	(2,368,108)
Loss for the year	(640,849)	(227,624)

As detailed further in note 10 the directors have considered the carrying value of the investments in, and also the debtor due from, Perachem Limited and have determined that it is appropriate to provide against the majority of these balances as at 31 March 2017.

13 Stocks

Group	31 Mar 2017	31 Mar 2016
	£	£
Finished goods	98,691	-
	<u>98,691</u>	<u>-</u>

14 Trade and other receivables

	Group 31 Mar 2017	Group 31 Mar 2016	Company 31 Mar 2017	Company 31 Mar 2016
	£	£	£	£
Trade debtors	4,701	-	-	-
Amounts owed by group undertakings	-	-	-	3,378
Other debtors	-	5,391	-	-
VAT receivable	14,717	14,026	5,245	968
Prepayments	64,623	17,107	42,500	-
	<u>84,041</u>	<u>36,524</u>	<u>47,745</u>	<u>4,346</u>

The directors consider the trade receivables carrying amounts to approximate their fair value.

15 Cash and cash equivalents

	31 Mar 2017	31 Mar 2016
Group	£	£
Cash at bank and on hand	<u>63,913</u>	<u>130,466</u>
Company	£	£
Cash at bank and on hand	<u>55,904</u>	<u>81,125</u>

Cash balances are held with the HSBC Bank plc.

PERACHEM HOLDINGS PLC

**Notes to the Financial Statements
For the year ended 31 March 2017**

16 Creditors: Amounts falling due within one year

	Group	Group	Company	Company
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	£	£	£	£
Other loans	1,594,266	569,287	1,599,615	569,287
Trade creditors	85,416	35,621	30,918	12,754
Tax and social security	23,418	15,770	12,427	12,302
Pension	305	-	121	-
Accruals and deferred income	28,775	22,270	16,151	16,800
	1,732,180	642,948	1,659,232	611,143

Included in creditors are convertible shareholder loans comprising principal amounts of £1,500,000 (2016: £550,000) along with accrued interest of £94,266 (2016: £19,287). The loans bear interest at 7% per annum and are unsecured. The loan agreements contain various events which would trigger either conversion of the loans into ordinary shares or repayment of the aggregate amounts outstanding to lender in the event that the lender chooses not to convert the shares. The company has the right but not the obligation to repay in full the aggregate amounts to the lender at any time.

An analysis of the maturity of the loans is given below:

	Group	Group	Company	Company
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	£	£	£	£
Amounts falling due within one year or on demand:				
Other loans	1,594,266	569,287	1,594,266	569,287

17 Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

Group	31 Mar 2017	31 Mar 2016
	£	£
Within one year	20,316	16,465
Between one and five years	4,050	4,929
	24,366	21,394

On 21 June 2012, the company's subsidiary, Perachem Limited, entered into a 5 year lease for new premises with annual rent of £16,465.

On 1 January 2016, the company's subsidiary, Perachem Limited, entered into a 5 year lease for additional premises with an annual rent of £5,100. The lease contains a break clause provision whereby it can be terminated on 30 June 2017 by the company giving 6 months' notice. Perachem Limited exercised the break clause in December 2016 in order to enter into another lease with the same landlord for larger premises.

On 8 December 2016, the company's subsidiary Perachem Limited, entered into a 10 year lease for larger premises, with an annual rent of £16,200. The lease contains a break clause provision whereby it can be terminated on 7 June 2018 or 7 December 2019 by the company giving 6 months' notice.

18 Financial risk management objectives and policies

The Group's financial instruments comprise cash and various items such as trade and other receivables, and trade and other payables, all of which arise directly from its normal operations.

The carrying values of all of the Group's financial instruments approximate their fair values at 31 March 2017 and 31 March 2016. The Accounting Policies described in note 2 outlines how the financial instruments are measured.

PERACHEM HOLDINGS PLC

Notes to the Financial Statements
For the year ended 31 March 2017

18 Financial risk management objectives and policies (continued)

An analysis of the statement of financial position, relevant to an analysis of risk management, is as follows:

	Debt instruments measured at amortised cost £	Total £
2017		
Investments	-	-
Trade and other receivables	84,041	84,041
	<u>84,041</u>	<u>84,041</u>
2016		
Investments	-	-
Trade and other receivables	36,524	36,524
	<u>36,524</u>	<u>36,524</u>
	Financial liabilities measured at amortised cost £	Total £
2017		
Convertible loan	1,599,615	1,599,615
Trade creditors	85,416	85,416
Other creditors	23,723	23,723
Accruals	23,426	23,426
	<u>1,732,180</u>	<u>1,732,180</u>
2016		
Convertible loan	569,287	569,287
Trade creditors	35,621	35,621
Other creditors	15,770	15,770
Accruals	22,270	22,270
	<u>642,948</u>	<u>642,948</u>

During the current year, the principal financial risk to which the company was exposed is interest rate risk. The Board reviews and agrees policies for managing risk and they are summarised below.

Interest rate risk

In order to optimise the income received on money market deposits, the company reviews the terms of these deposits to take advantage of the best market rates.

Interest rate profile

Floating rate financial assets comprise sterling cash deposits in bank accounts at short term or immediate maturity. Interest accrues at market rates. The company did not receive any bank interest during the year (2016: nil) and none is accrued at 31 March 2017.

Liquidity risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Directors monitor funding requirements on a monthly basis during the periods when revenue streams are low and the board keeps various funding options under review.

PERACHEM HOLDINGS PLC

**Notes to the Financial Statements
For the year ended 31 March 2017**

19 Share capital

Group and Company

Authorised, issued and fully paid

	31 Mar 2017	31 Mar 2017	31 Mar 2016	31 Mar 2016
	Number	£	Number	£
Ordinary shares of £0.05	12,539,519	626,976	12,219,519	610,976
Convertible preference	1,308,209	65,410	1,308,209	65,410
	13,847,728	692,386	13,527,728	676,386

Each ordinary share has a voting right, a right to receive a dividend, the right to participate in a distribution (including on a winding up) and is not redeemable. Each convertible preference share is non-voting, has the right to receive a dividend (pari-passu with the ordinary shares), has the preferred right to receive an amount equal to the aggregate of the capital paid up (or credited as paid up) and any premium paid on each share on a distribution of winding up (or other return of capital) and is not redeemable.

A holder of convertible preference shares shall be entitled at any time to serve a notice in writing ('conversion notice') on the company not less than one month prior to the conversion date specified therein to convert all or any of the convertible preference shares held by such holder into fully paid ordinary shares at the conversion ratio of one ordinary share for each convertible preference share. Any conversion notice shall be irrevocable. All outstanding convertible preference shares shall convert automatically upon a change of control of the company.

Ordinary Shares

	Number	£
At 1 April 2016	12,219,519	610,976
Share issue	320,000	16,000
At 31 March 2017	12,539,519	626,976

On 31 March 2017 320,000 Ordinary shares of £0.05 were issued, consideration received for the allotment of these ordinary shares was £54,400.

20 Reserves

Reserves of the Group represent the following:

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Other reserves

The Other reserves related to the cumulative amount outstanding in respect of share based payment charges for share options which have been granted but not exercised at the period end.

Equity reserve

The Equity reserve relates to monies received in advance of the future issue of share capital.

Retained earnings

Cumulative profit and loss net of distributions to owners.

21 Related party disclosure

The company has taken advantage of the exemption to not disclose related party transactions with wholly owned subsidiaries within the group. Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

The company has convertible loan agreements for £1,500,000 (2016: £550,000) with one of its significant shareholders, IP2IPO Limited. The loans were undertaken on an open market value basis on the terms set out in note 16. At 31 March 2017, the balances outstanding on the loan, including accrued interest, was £1,599,615 (2016: £569,287).

PERACHEM HOLDINGS PLC

**Notes to the Financial Statements
For the year ended 31 March 2017**

21 Related party disclosure (continued)

In addition, the company has an EIS Capital Facility agreement for a total amount of £22,500 (2016: £22,500). This is advance subscription monies in anticipation of the issue of shares as part of a future investment round. Dr Allison Fielding, one of the company's Directors, provided £20,500 (2016: £20,500) of this facility.

In May 2016 some of the Directors were issued with share options over the company's shares:

Name	Total number of options granted
NJK Wood	676,387
SM Winston	338,193
D Lewis	67,639
G Hammer	33,819
A Fielding	135,276

These options were outstanding and carried forward at 31 March 2017.

The total remuneration of the directors who are considered to be key management personnel of the Group was £395,312 (2016: £151,964).

22 Controlling party

There is no overall controlling party.

23 Share-Based payment transactions

The company operates both EMI and unapproved share option schemes for certain directors and employees. Under the schemes, options have been granted with an exercise price of £0.05, the nominal share price. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options lapse if the employee leaves the Group before the options vest.

	2017 Options number	2017 Weighted average exercise price £	2016 Options number	2016 Weighted average exercise price £
Outstanding at 1 April	-	-	387,400	0.73
Cancelled during the year	-	-	(250,000)	(0.76)
Forfeited during the year	-	-	(137,400)	(0.68)
Granted during the year	1,318,953	0.05	-	-
Outstanding at 31 March	1,318,953	0.05	-	-
Exercisable at 31 March	329,738	0.05	-	-

There were 1,318,953 outstanding options in issue at 31 March 2017, with a further 304,374 unallocated.

In the year ended 31 March 2017 the company recognised total share-based payment expenses of £56,056 (2016: £5,277) which related to equity-settled share-based payment transactions.

These share options are equity-settled arrangements, which FR5102 requires an expense based on 'grant date fair value'. Perachem Holdings plc have elected not to use a pricing model to value these options, given that obtaining the inputs for a pricing model would be difficult to obtain. The company is not listed and there is no readily available market for the shares. The valuation was prepared using the Directors' best estimate of fair value based on judgements and estimations.

24 Post balance sheet events

During April 2017, the Company completed a successful fund raise of £2.275m before costs, through a placing of 13,382,353 new ordinary shares of £0.05 at a price of £0.17 each. At the same time as the placing the existing convertible loan and the preference shares were also converted into ordinary shares in the company.