

# Keronite Group Limited

Financial Statements

For the year ended 31 December 2021

For Filing with Registrar

Company Registration No. 05564452 (England and Wales)

# Keronite Group Limited

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# Keronite Group Limited

## Balance Sheet

As at 31 December 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Investments	4		481,062		400,000
<b>Current assets</b>					
Debtors	6	301,847		312,350	
<b>Creditors: amounts falling due within one year</b>	7	(697,997)		(708,500)	
<b>Net current liabilities</b>			(396,150)		(396,150)
<b>Net assets</b>			84,912		3,850
<b>Capital and reserves</b>					
Called up share capital	8		1,485,751		1,485,751
Share premium account			9,703,612		9,703,612
Capital redemption reserve			5,935,728		5,935,728
Profit and loss reserves			(17,040,179)		(17,121,241)
<b>Total equity</b>			84,912		3,850

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 18 May 2022 and are signed on its behalf by:

M Hamblin  
Director

Company Registration No. 05564452

# Keronite Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2021

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### **1 Accounting policies**

#### **Company information**

Keronite Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Tudor Rose Court, 53 Hollands Road, Haverhill, Suffolk, CB9 8PJ.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") Section 1A and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

# Keronite Group Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

The group's strategic direction remains to provide material science-based service solutions to customers directly from its own facilities in both the UK and the US. Strong customer interest continues to provide evidence that Keronite's leading technology, its breadth of applications and its appeal in an environment demanding lightweight materials is applicable to a variety of business sectors, markets and geographies.

Growth in 2021 and beyond has come from continuing to applying material science solutions to develop robust and scalable manufacturing solutions to solve customer surface treatment problems.

The business has an established opportunity pipeline in key market sectors such as aerospace, automotive and semi-conductor and has available installed manufacturing capacity due to the major capital investment program previously completed. The business maintains a significant technical function based at its dedicated Technical Centre at the UK site and intends to continue to claim appropriate R&D tax credit support as it furthers its material science capabilities to develop advanced surface treatment solutions.

The majority shareholder loan facility drawdown is due for repayment on 31 December 2022 at a redemption premium of 125%. The group's cashflow forecast indicates that there would be sufficient funds to meet this repayment and the directors are confident from discussions with the majority shareholder that they will not elect for repayment without agreement and that any unredeemed loan will be rolled over and bear interest as specified in the loan note instrument.

The board has considered the level of forecast sales growth for 2022 and beyond as part of the cash flow forecast and based on current plans is satisfied that the group can meet its liabilities as they fall due for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. All operating activity and capital investment is expected to be funded without requiring any further shareholder financial support.

The forecast growth in revenue, the ongoing successful conversion of the order book for the twelve months from the date of signing these accounts and the support of the majority shareholder are the basis of the board's adoption of the going concern basis of preparation.

#### 1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# Keronite Group Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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### 1 Accounting policies

(Continued)

#### 1.5 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.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

#### 1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.7 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

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

#### 1.8 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

The company determines whether there are indicators of impairment of the investment in subsidiaries on an annual basis. Factors taken into consideration in reaching such a decision include review of the performance in the current year and net present value using discounted cash flow forecasts.

# Keronite Group Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	5	4

### 4 Fixed asset investments

	2021 £	2020 £
Shares in group undertakings and participating interests	481,062	400,000

#### Movements in fixed asset investments

	Shares in subsidiaries £
<b>Cost or valuation</b>	
At 1 January 2021 & 31 December 2021	481,062
<b>Impairment</b>	
At 1 January 2021	81,062
Impairment losses reversed	(81,062)
At 31 December 2021	-
<b>Carrying amount</b>	
At 31 December 2021	481,062
At 31 December 2020	400,000

The impairment loss from 2019 has been reversed as the subsidiary the impairment related to is now profit making, with net assets higher than the investment value.

# Keronite Group Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 5 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of	% Held
			shares held	Direct
Keronite International Limited	United Kingdom	Commercialisation of keronite process	Ordinary	100.00
Keronite Inc	United States of America	Sales of services of the keronite process through its production facility in the US	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Keronite International Limited	676,857	226,255
Keronite Inc	586,547	426,399

### 6 Debtors

	2021	2020
Amounts falling due within one year:	£	£
Amounts owed by group undertakings	300,000	311,407
Other debtors	1,847	943
	<u>301,847</u>	<u>312,350</u>



# Keronite Group Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

### 7 Creditors: amounts falling due within one year

	2021 £	2020 £
Other borrowings	675,000	675,000
Amounts owed to group undertakings	10,497	-
Accruals and deferred income	12,500	33,500
	<u>697,997</u>	<u>708,500</u>

Amounts owed to group undertakings are repayable on demand.

Amounts owed to the shareholder include an unsecured loan of £300,000 (2020 - £300,000) which is an interest free loan and originally repayable on 31 December 2021, but extended to 31 December 2022. The total amount also includes loan redemption premium of £375,000.

### 8 Called up share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £10 each	21,167	21,167	211,670	211,670
E Ordinary shares of 1p each	110	110	1	1
	<u>21,277</u>	<u>21,277</u>	<u>211,671</u>	<u>211,671</u>
<b>Preference share capital</b>				
<b>Issued and fully paid</b>				
B preferred shares of £10 each	84,667	84,667	846,670	846,670
C preferred shares of £10 each	42,741	42,741	427,410	427,410
	<u>127,408</u>	<u>127,408</u>	<u>1,274,080</u>	<u>1,274,080</u>
Preference shares classified as equity			<u>1,274,080</u>	<u>1,274,080</u>
<b>Total equity share capital</b>			<u>1,485,751</u>	<u>1,485,751</u>

All preferred shares rank pari passu with the ordinary shares except on distribution of capital.

# Keronite Group Limited

## Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

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### 9 Equity reserve

#### Reserves

The company's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issues.

#### Share premium account

This includes any premiums received on issue of share capital. Any transactions associated with the issuing of shares are deducted from share premium.

#### Capital redemption reserve

This represents the nominal value of shares that have been cancelled.

#### Profit and loss account

### 10 This includes all current and prior periods retained profits and losses. Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Matthew Meadows and the auditor was Moore Kingston Smith LLP.

### 11 Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the group.

During the year, the company paid directors' and consulting fees of £57,222 (2020 - £40,000) to its shareholder, Azini Capital Partners LLP. Included in accruals, an amount of £Nil (2020 - £25,000) was due to its shareholder at 31 December 2021.

### 12 Parent company

The significant shareholder in Keronite Group Limited is Azini1LP, a Scottish Limited Partnership. The General Partner of Azini1LP is Azini 1 GP Limited, a Scottish Limited Company and the Fund Manager of Azini1LP is Azini Capital Partners LLP, an English Limited Liability Partnership.

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.