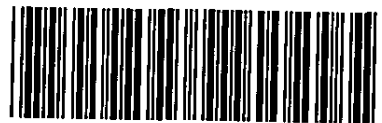


**Greenbottle Limited**

**Unaudited Financial Statements  
for the year ended 31 March 2013**

**Registered number: 05756226**

FRIDAY



\*A2FCXL2Y\*

A03

23/08/2013

#344

COMPANIES HOUSE

Greenbottle Limited

## Company Information

Directors	P Bateman Y Buyukcetin I W Furniss C Krajewski O Hoare M Eaves
Secretary	Birketts Secretaries Limited
Company Number	05756226
Registered office	3b Delph Court Sullivan's way St Helens Merseyside WA9 5GL
Accountants	Grant Thornton UK LLP Crown House Crown Street Ipswich IP1 3HS
Solicitors	Birketts LLP 24-26 Museum Street, Ipswich, Suffolk, IP1 1HZ
Bankers	Barclays Bank Plc Princes Street Ipswich Suffolk

## Contents

	Pages
DIRECTORS' REPORT	2
STATEMENT OF DIRECTORS' RESPONSIBILITIES	2 - 3
ACCOUNTANTS REPORT	4
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME	5
UNAUDITED BALANCE SHEET	6
UNAUDITED STATEMENT OF CHANGES IN EQUITY	7
UNAUDITED CASH FLOW STATEMENT	8
ACCOUNTING POLICIES	9 - 12
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS	13 - 25

## Directors' report

The Directors present their annual report for the year ended 31 March 2013

### Principal activities

The Company's principal activity during the year continued to be the development and production of recyclable liquid containers

### Business Review and Future Developments

The Company has continued to develop the market for GreenBottle, focusing on the production and marketing of a wine bottle. The Company has signed its first customer contract and has Heads of Terms in place with a second customer, covering a number of international markets.

The Directors reported last year that completion of the production pulp moulding machine, such that it delivers an economic product for the market, was the key risk for the business. The first production pulp moulding machine has been completed but requires further work to be fully operational. The Company has, therefore, established an additional third party source of pulp moulded bottle shells at an economic price. The bottle assembly machinery which was designed for milk bottles and supplied to our milk market partner has been purchased back and adapted for assembly of wine bottles.

The Directors believe that the business is now poised for successful development of a number of customers within the wine market. The key risks remain around the implementation of volume machinery and the effective production of bottles to satisfy demand. Reaching breakeven and the establishment of a robust production process will be the objectives for the forthcoming year.

### Directors

The following directors served during the year and up to the date of this report

P Bateman  
Y Buyukcetin  
I W Furniss  
C Krajewski  
O Hoare (appointed 15<sup>th</sup> January 2013)  
M Eaves (appointed 10<sup>th</sup> July 2013)

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS's). 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 company and of the profit or loss of the company for that year. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable IFRS's have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Greenbottle Limited

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. They 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.

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

On behalf of the board

A handwritten signature in black ink, appearing to be 'I W Furniss', written over a horizontal line.

I W Furniss  
Director

8 Aug 2013



**Report to the directors on the preparation of the unaudited statutory accounts of Greenbottle Limited for the year ended 31 March 2013**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Greenbottle Limited for the year ended 31 March 2013 which comprise the unaudited Statement of Comprehensive Income, the unaudited Balance Sheet, the unaudited Statement of Changes in Equity, the unaudited Cash Flow Statement and the related notes from the company's accounting records and from information and explanations you have given to us

As a practising member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at [www.icaew.com](http://www.icaew.com)

This report is made solely to the Board of Directors of Greenbottle Limited, as a body, in accordance with the terms of our engagement letter dated 13 January 2010. Our work has been undertaken solely to prepare for your approval the accounts of Greenbottle Limited and state those matters that we have agreed to state to the Board of Directors of Greenbottle Limited, as a body, in this report in accordance with the requirements of the Institute of Chartered Accountants in England and Wales, as detailed at [www.icaew.com](http://www.icaew.com). To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Greenbottle Limited and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that Greenbottle Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Greenbottle Limited. You consider that Greenbottle Limited is exempt from the statutory audit requirement for the year ended 31 March 2013.

We have not been instructed to carry out an audit or a review of the accounts of Greenbottle Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

*Grant Thornton UK LLP*

GRANT THORNTON UK LLP  
CHARTERED ACCOUNTANTS  
Ipswich

*9 August 2013.*

**Unaudited Statement of Comprehensive Income for the year ended 31 March 2013**

	Note	2013 £	2012 £
<b>Continuing operations</b>			
Other income	4	30,254	64,678
Administrative expenses		(2,503,831)	(2,555,807)
<b>Operating loss</b>	2	<u>(2,473,577)</u>	<u>(2,491,129)</u>
Finance costs		(13,750)	(9,554)
<b>Loss before tax</b>		<b>(2,487,327)</b>	<b>(2,500,683)</b>
Tax on loss on ordinary activities	5	<u>337,508</u>	<u>204,465</u>
<b>Loss for the year from continuing operations</b>		<u><b>(2,149,819)</b></u>	<u><b>(2,296,218)</b></u>
<b>Total comprehensive income for the year</b>		<u><b>(2,149,819)</b></u>	<u><b>(2,296,218)</b></u>
Attributable to Equity holders		<u><b>(2,149,819)</b></u>	<u><b>(2,296,218)</b></u>
<b>Earnings per share</b>		<b>£</b>	<b>£</b>
From continuing operations – basic and diluted	6	<u>(0.08)</u>	<u>(0.11)</u>

The accompanying accounting policies and notes form part of the financial statements

**Unaudited balance sheet at 31 March 2013**  
**Registered number - 05756226**

	Note	2013 £	2012 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	19,266	31,135
Intangible assets	8	<u>1,238,962</u>	<u>449,310</u>
		<u>1,258,228</u>	<u>480,445</u>
<b>Current assets</b>			
Inventories		-	1,972
Trade and other receivables	10	47,059	302,260
Cash and cash equivalents	11	<u>312,994</u>	<u>116,022</u>
		<u>360,053</u>	<u>420,254</u>
<b>Total assets</b>		<u><u>1,618,281</u></u>	<u><u>900,699</u></u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the company</b>			
Ordinary shares	12,13	2,836	2,382
Share premium	13	10,069,308	7,430,999
Retained earnings	13	<u>(9,145,269)</u>	<u>(7,243,800)</u>
<b>Total equity</b>		<u>926,875</u>	<u>189,581</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings		-	-
<b>Current liabilities</b>			
Trade and other payables	14	522,236	547,779
Borrowings	14	<u>169,170</u>	<u>163,339</u>
<b>Total liabilities</b>		<u>691,406</u>	<u>711,118</u>
<b>Total equity and liabilities</b>		<u><u>1,618,281</u></u>	<u><u>900,699</u></u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act

The directors acknowledge their responsibilities for

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the 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

The financial statements were authorised for issue and approved by the Board of Directors on 8/8/13 and were signed on its behalf by

I W Furniss  
Director

The accompanying accounting policies and notes form part of the financial statements



**Unaudited Statement of Changes in equity for the year ended 31 March 2013**

	<b>Share capital £</b>	<b>Share premium £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 31 March 2011	1,851	4,639,683	(5,109,468)	<b>(467,934)</b>
Comprehensive income for the period	-	-	(2,296,218)	<b>(2,296,218)</b>
Transactions with owners				
Shares issued	531	2,791,316	-	<b>2,791,847</b>
Employee share based charge			161,886	<b>161,886</b>
At 31 March 2012	<b>2,382</b>	<b>7,430,999</b>	<b>(7,243,800)</b>	<b>189,581</b>
Comprehensive income for the period	-	-	(2,149,819)	<b>(2,149,819)</b>
Transactions with owners				
Shares issued	454	2,638,309	-	<b>2,638,763</b>
Employee share based charge			248,350	<b>248,350</b>
At 31 March 2013	<b>2,836</b>	<b>10,069,308</b>	<b>(9,145,269)</b>	<b>926,875</b>

The accompanying accounting policies and notes form part of the financial statements

**Unaudited cash flow statement for the year ended 31 March 2013**

	Note	2013	2012
		£	£
<b>Loss before tax</b>		<b>(2,487,327)</b>	<b>(2,500,683)</b>
Interest received		(1,024)	(381)
Depreciation		13,538	13,402
Amortisation		25,580	36,507
Profit on sale of fixed asset		-	(2,725)
Loss on disposal of intangible asset		363,283	788,051
Change in inventories		1,972	8,330
Change in trade and other receivables		255,201	(217,651)
Change in trade and other payables		(25,543)	(562,967)
Employee share based charge		248,350	161,886
<i>Net cash used in operating activities</i>		<b>(1,605,970)</b>	<b>(2,276,231)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	8	(1,178,515)	(601,668)
Proceeds from disposal of intangible assets	8	-	300,000
Purchase of property, plant and equipment	7	(1,669)	(26,634)
Proceeds from disposal of fixed assets		-	2,725
Taxation		337,508	266,541
Net interest received		1,024	381
<i>Net cash used in investing activities</i>		<b>(841,652)</b>	<b>(58,655)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital	13,14	2,638,763	2,521,847
Convertible Loan notes repaid		-	(305,000)
Net Unsecured loans received		5,831	53,339
<i>Net cash from financing activities</i>		<b>2,644,594</b>	<b>2,270,186</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>196,972</b>	<b>(64,700)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>116,022</b>	<b>180,722</b>
<b>Cash and cash equivalents at end of year</b>	11	<b>312,994</b>	<b>116,022</b>

## Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

### (a) Basis of preparation

These financial statements have been prepared in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The company is incorporated and domiciled in the United Kingdom.

These accounts are prepared in accordance with the historical cost convention.

### (b) Going concern

During the year the company has made a loss of £2,149,819. The company has continued to develop its relationships with customers and has agreements in place for the generation of future income streams. The company so far has successfully raised sufficient finance to fund its development predominantly by the issue of share capital. The directors are confident of future successful income generation and fundraising. Consequently the directors are confident that there will be adequate funding to meet the company's working capital requirements for at least the forthcoming twelve months from the date of approval of the financial statements for the year ended 31 March 2013 and that it is appropriate that the financial statements are prepared on a going concern basis.

### (c) Adoption of IFRS

At 31 March 2013, the following relevant standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)

The directors are of the opinion that the implementation of the above standards is unlikely to have a material financial impact on the results of the Company.

### (d) Intangible assets

Under IAS 38, prototype machines are classified as intangible assets. Intangible assets are shown at historical cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. When prototype machinery has been developed which has subsequently been superseded, the original expenditure has been written off as an impairment. Intangible assets are amortised from the date they are available for use.

Amortisation rates and methods are reviewed annually and adjusted if appropriate.

Amortisation rates are charged at between 10 and 20% per annum.

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

## **Accounting policies (continued)**

### **(d) Intangible assets (continued)**

Development costs incurred are capitalised when all of the following conditions are satisfied

- completion of the intangible asset is technically feasible so that it will be available for use or sale
- the Company intends to complete the intangible asset
- the Company is able to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the expenditure attributable to the intangible asset during the development can be measured reliably

### **(e) Property, plant and equipment**

All property, plant and equipment assets are stated at cost less accumulated depreciation

Depreciation of property, plant and equipment is provided to write off the cost, less residual value over the estimated useful life on the following basis

- Computer equipment – 3 years straight line
- Motor cars – 4 years straight line
- Fixtures and fittings – 3 years straight line

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate

Gains or losses on disposal are included in the income statement

### **(f) Impairment of assets**

The company assesses at each balance sheet date whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value.

For intangible assets that have an indefinite life and intangible assets not yet available for use, the recoverable amount is estimated at each balance sheet date and whenever there is an indication of impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement.

### **(g) Inventories**

Inventories are stated at the lower of cost or net realisable value.

## Accounting policies (continued)

### (h) Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement

Financial instruments are recognised on trade date when the company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the company is no longer a party to the contractual provisions of the instrument.

### (i) Trade payables

Trade payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

### (j) Provisions

Provisions are recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### (k) Deferred taxation

Deferred tax is provided in full using the balance sheet liability method. Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the balance sheet. Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill, or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

### (l) Revenue

Revenue comprises sales and services to external customers (excluding VAT and other sales taxes). Consideration received from customers is only recorded as revenue to the extent that the company has performed its contractual obligations in respect of that consideration.

### (m) Share based payments

The company has applied the exemption under IFRS 1 and elects to apply IFRS 2 only to awards of equity instruments made after 7 November 2002 that had not vested by 1 January 2006.

Options are measured at fair value at grant date using an appropriate model. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest.

Cash settled share based payment transactions results in the recognition of a liability at its current fair value.

## **Accounting policies (continued)**

### **(n) Borrowings**

Borrowings are initially recognised at fair value plus any transaction costs associated with the issue of the relevant financial liability. Subsequent to initial recognition borrowings are measured at amortised cost with interest accounted for on an accruals basis using the effective interest method.

### **(o) Significant management judgements in applying accounting policies**

**Development expenditure** significant judgement is required in identifying the development expenditure and assessing whether it meets the criteria for capitalisation. Therefore the directors have also considered whether these assets are subject to impairment.

**Share options** significant judgement is required in calculating the inputs into the Black-Scholes option pricing model as described in note 21.

### **(p) Government Grants**

Government grants in respect of capital expenditure are credited to a deferred income account once conditions for receiving the grant have been met. Grants are recognised in profit or loss on a systematic basis over the useful life of the asset.

## Notes to financial statements

### 1 Segment reporting

The company operates in one geographical segment, the United Kingdom, and has one business segment which concentrates on the development and production of recyclable liquid containers

### 2 Operating loss

	Year ended 31 March 2013	Year ended 31 March 2012
	£	£
<b>Company operating loss for the year is stated after the following:</b>		
Staff costs	1,059,129	1,051,007
Depreciation	13,538	13,402
Amortisation of intangible assets	25,580	36,507
Employee share based charge	248,350	161,886
Lease costs	35,077	21,900

During the year, development expenditure of £206,382 (2012 £629,782) was recognised as an expense and a loss was recognised of £363,283 (2012 £788,501) in relation to the disposal of intangible fixed assets TSB grant income amounting to £112,962 was received during the year

### 3 Staff costs

	Year ended 31 March 2013	Year ended 31 March 2012
	£	£
<b>Staff costs comprised:</b>		
Wages and salaries	920,809	932,904
Social security costs	107,456	90,645
Other pension costs	30,864	27,458
	<u>1,059,129</u>	<u>1,051,007</u>

**The number of employees can be categorised as follows:**

Administration employees	7	11
Engineering & Production	11	4
	<u>18</u>	<u>15</u>

### 4 Other income

	Year ended 31 March 2013	Year ended 31 March 2012
	£	£
Services rendered	29,230	64,297
Interest on short-term deposits	1,024	381
	<u>30,254</u>	<u>64,678</u>

**Notes to financial statements (continued)****5 Income tax**

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Current tax		
UK corporation tax		
Adjustment in respect of prior year	<u>(337,508)</u>	<u>(204,465)</u>
Deferred tax	<u>-</u>	<u>-</u>
	<u>(337,508)</u>	<u>(204,465)</u>

Corporation tax is calculated at 24% (2012 26%) of the estimated assessable loss for the year

The tax charge for the period can be reconciled to the loss for the year as follows

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
Loss before tax at 24% (2012 26%)	(596,958)	(650,178)
Capital allowances in excess of depreciation	(167,709)	(22,505)
Non-deductible expenses	60,589	46,642
Other short term timing differences	5,952	7,139
Losses carried forward	698,126	618,902
Adjustment in respect of prior year	<u>(337,508)</u>	<u>(204,465)</u>
Current tax charge	<u>(337,508)</u>	<u>(204,465)</u>

The adjustment in respect of the prior year relates to receipt of a Research & Development tax credit



**Notes to financial statements (continued)****6 Earnings per share**

	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Reconciliation of net loss to basic earnings		
Net loss attributable to equity holders	<u>(2,149,819)</u>	<u>(2,296,218)</u>
Basic earnings	<u>(2,149,819)</u>	<u>(2,296,218)</u>
Basic earnings on continued operations	<u>(2,149,819)</u>	<u>(2,296,218)</u>
Reconciliation of basic earnings to diluted earnings		
Basic earnings	<u>(2,149,819)</u>	<u>(2,296,218)</u>
Diluted earnings	<u>(2,149,819)</u>	<u>(2,296,218)</u>
Diluted earnings from continued operations	<u>(2,149,819)</u>	<u>(2,296,218)</u>
Reconciliation of basic weighted average number of ordinary shares to diluted weighted average number of ordinary shares	<b>No. of shares in year ended 31 March 2013</b>	<b>No. of shares in year ended 31 March 2012</b>
Basic weighted average number of ordinary shares	<u>25,438,319</u>	<u>21,717,992</u>
Diluted weighted average number of ordinary shares	<u>25,438,319</u>	<u>21,717,992</u>

The weighted number of shares used in the calculation of basic and diluted earnings per share is the same for continuing and total earnings per share calculations

**Notes to financial statements (continued)****7 Property, plant and equipment**

	<b>Motor vehicles</b>	<b>Furniture and fittings</b>	<b>Total</b>
	£	£	£
<b>Cost</b>			
At 31 March 2011	12,910	43,668	56,578
Additions	-	26,634	26,634
Disposals	(12,910)		(12,910)
At 31 March 2012	-	70,302	70,302
Additions	-	1,669	1,669
Disposals	-		
<b>At 31 March 2013</b>	<b>-</b>	<b>71,971</b>	<b>71,971</b>
<b>Accumulated depreciation</b>			
At 31 March 2011	11,027	27,648	38,675
Depreciation	1,883	11,519	13,402
Disposals	(12,910)	-	(12,910)
At 31 March 2012	-	39,167	39,167
Depreciation	-	13,538	13,538
Disposals	-	-	-
<b>At 31 March 2013</b>	<b>-</b>	<b>52,705</b>	<b>52,705</b>
Carrying value at 31 March 2012	-	31,135	31,135
<b>Carrying value at 31 March 2013</b>	<b>-</b>	<b>19,266</b>	<b>19,266</b>

**Notes to financial statements (continued)****8 Intangible assets**

	<b>Prototype assembly and pulp machines</b>
	<b>£</b>
<b>Cost</b>	
At 31 March 2011	1,344,286
Additions	601,668
Disposals	(1,088,051)
At 31 March 2012	857,903
Additions	1,178,515
Disposals	(456,853)
<b>At 31 March 2013</b>	<b>1,579,565</b>
<b>Accumulated amortisation</b>	
At 31 March 2011	372,086
Amortisation and impairment	36,507
Disposals	
At 31 March 2012	408,593
Amortisation and impairment	25,580
Disposals	(93,570)
<b>At 31 March 2013</b>	<b>340,603</b>
Carrying value at 31 March 2012	449,310
<b>Carrying value at 31 March 2013</b>	<b>1,238,962</b>

**Notes to financial statements (continued)****9 Deferred tax**

No deferred tax asset has been recognised on unused tax losses amounting to approximately £7,100,000 (2012 £5,830,000) as it is not considered prudent to recognise an asset at this current time. During the prior year tax losses of £2,700,000 (2012 £1,460,000) were utilised in a Research and Development tax credit claim. A claim for Research and Development tax credit in relation to the current year is yet to be submitted.

No provision has been made for a deferred tax liability of £227,408 (2012 £93,995) in relation to accelerated capital allowances in the year.

**10 Trade and other receivables**

	2013 £	2012 £
Analysed as follows		
Trade receivables	99	28,851
Corporation tax repayable	-	-
Prepayments	14,650	15,671
Other debtors	32,310	257,738
	<u>47,059</u>	<u>302,260</u>

**11 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2013 £	2012 £
Cash on hand and balances with banks	312,994	116,022
Cash and cash equivalents	<u>312,994</u>	<u>116,022</u>

## Notes to financial statements (continued)

## 12 Ordinary shares

	<u>2013</u>	<u>2012</u>
<b>Issued and fully paid for</b>		
23,815,463 ordinary shares brought forward	2,382	1,851
Issue of 4,546,356 ordinary shares	454	531
<b>Issued but not fully paid for</b>		
Issue of 0 ordinary shares	-	-
28,361,819 ordinary shares of £0.0001 each	<u>2,836</u>	<u>2,382</u>

In the year 4,546,356 (2012: 5,312,610) new shares were issued for cash during the year at a share price of 60 pence per share. At 31<sup>st</sup> March 2013 there were 177,135 (2012: 177,135) unpaid shares in issue.

## 13 Capital and reserves

	Ordinary shares	Share premium	Retained earnings	Total
	£	£	£	£
<b>Balance at 31 March 2011</b>	1,851	4,639,683	(5,109,468)	(467,934)
Issue of share capital	531	2,791,316	-	2,791,847
Loss for the year	-	-	(2,296,218)	(2,296,218)
Employee share based charge	-	-	161,886	161,886
<b>Balance at 31 March 2012</b>	<u>2,382</u>	<u>7,430,999</u>	<u>(7,243,800)</u>	<u>189,581</u>
 Issue of share capital	 454	 2,638,309	 -	 2,638,763
Loss for the year	-	-	(2,149,819)	(2,149,819)
Employee share based charge	-	-	248,350	248,350
<b>Balance at 31 March 2013</b>	<u>2,836</u>	<u>10,069,308</u>	<u>(9,145,269)</u>	<u>926,875</u>

**Notes to financial statements (continued)****14 Current liabilities**

<b>Trade and other payables</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Accrued expenses	<b>18,393</b>	15,828
Social security and other taxes	<b>24,326</b>	102,706
Trade payables	<b>390,433</b>	343,975
Other creditors	<b>89,084</b>	85,270
	<b>522,236</b>	<b>547,779</b>
<b>Borrowings</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Convertible unsecured loan notes	-	-
Unsecured loan notes	<b>169,170</b>	163,339
Loan Notes	<b>169,170</b>	<b>163,339</b>

During the year the company received a total of £422,500 of loans and repaid loans totalling £416,669. Of the total loans received £175,000 were received from shareholders and £247,500 from Directors.

At 31<sup>st</sup> March 2013 loans of £169,170 (2012 £163,339) in aggregate had been provided by two Directors.

Included within other creditors is £89,084 (2012 £64,296) in respect of outstanding pension contributions.

**15 Events after the balance sheet date**

There were no post balance sheet events.

**Notes to financial statements (continued)****16 Related parties**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Directors		
Aggregate emoluments	<b>184,850</b>	289,494
Pension contributions	<b>14,687</b>	18,125
	<b><u>199,537</u></b>	<b><u>307,619</u></b>
The highest paid directors emoluments were as follows		
Aggregate emoluments	<b>75,000</b>	107,708
Pension contributions	<b>7,500</b>	-
	<b><u>82,500</u></b>	<b><u>107,708</u></b>

During the year, the company made no purchases (2012 £nil) from the directors. At 31<sup>st</sup> March 2013, loans of £169,170 (2012 £163,339) in aggregate had been provided by two Directors.

**17 Financial risk management**

The company's operations expose it to some financial risks: credit risk, market risk and liquidity risk. A risk management programme has been established to protect the company against the potential adverse effects of these financial risks. These are detailed in each subsection below. There has been no significant change in these financial risks since the prior year.

**Financial instruments by category:**

	<b>As at 31 March 2013</b>		<b>As at 31 March 2012</b>	
	<b>Carrying value</b>	<b>Fair value</b>	<b>Carrying value</b>	<b>Fair value</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Financial assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	<b>312,994</b>	<b>312,994</b>	116,022	116,022
Loans and other receivables	<b>47,059</b>	<b>47,059</b>	302,260	302,260
	<b><u>360,053</u></b>	<b><u>360,053</u></b>	<b><u>418,282</u></b>	<b><u>418,282</u></b>
<b>Financial liabilities</b>				
Trade payables, accruals and borrowings	<b>691,406</b>	<b>691,046</b>	711,118	711,118
	<b><u>691,406</u></b>	<b><u>691,046</u></b>	<b><u>711,118</u></b>	<b><u>711,118</u></b>
<b>Non current liabilities</b>				
Borrowings	<b>-</b>	<b>-</b>	-	-
	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

The company's policy over its financial assets is that it puts its cash and cash equivalents into high interest bearing bank accounts. Accruals are recognised when they occur and are monitored to ensure conversion into trade payables. Trade payables are paid on the suppliers' credit terms.

The fair values of loans and other receivables are considered to be approximately equal to the carrying value. All debtors are current and have not fallen past their due date, therefore no impairment has been considered necessary.

**Notes to financial statements (continued)****17.1 Credit risk**

The company deposits its surplus funds in approved high quality banks

The company's maximum exposure to credit risk, without taking into account any collateral held or other credit enhancements

	2013 £	2012 £
Cash and cash equivalents	<u>312,994</u>	<u>116,022</u>

**17.2 Market risk**

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The company is exposed to the following market risks: interest rate risk

**17.2.1 Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. It is the company's policy to settle trade payables within the credit terms allowed and the company therefore does not incur interest on overdue balances.

**Interest rate exposure and sensitivity analysis****As at 31 March 2013**

	Carrying amount	Average interest rate	If interest rates were 1 % higher		If interest rates were 0.5 % lower	
	£	%	Net profit £	Equity £	Net profit £	Equity £
<b>Financial assets</b>						
Cash & cash equivalents	<u>312,994</u>	<u>0.50</u>	<u>3,130</u>	<u>3,130</u>	<u>(1,565)</u>	<u>(1,565)</u>

**As at 31 March 2012**

	Carrying amount	Average interest rate	If interest rates were 1% higher		If interest rates were 0.5% lower	
	£	%	Net profit £	Equity £	Net profit £	Equity £
<b>Financial assets</b>						
Cash & cash equivalents	<u>116,022</u>	<u>0.50</u>	<u>1,160</u>	<u>1,160</u>	<u>(580)</u>	<u>(580)</u>

The average rate is calculated as the weighted average effective interest rate. The rate on cash at bank balances represents the average rate earned on cash balances after taking into account bank set-off arrangements.



## Notes to financial statements (continued)

The tables above show the effect on profit and equity after tax if interest rates at that date had been 1% higher or 0.5% lower with all other variables held constant, taking into account all underlying exposures. Concurrent movements in interest rates and parallel shifts in the yield curves are assumed. A sensitivity of 1% has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates – although for lower the reduction is set at 0.5% as this will be an effective interest rate of zero. When applied to short-term interest rates this would represent two to three rate increases, which is reasonably possible in the current environment with the bias coming from the reserve bank. The company's sensitivity to interest rates has not changed significantly from the prior year.

### 17.3 Liquidity risk

The company maintains sufficient cash for continuing the development of the production pulp moulding and assembly machines and establishing the business. Management review cashflow forecasts on a regular basis to determine whether the company has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

#### Contractual maturity analysis for financial assets and liabilities:

As at 31 March 2013	Due or due in less than 1 month £	Due between 1 to 3 months £	Due between 3 months to 1 year £	Due between 1 to 5 years £	Due after 5 years £	Total £
<b>Financial assets and liabilities</b>						
Trade and other payables	522,236	-	-	-	-	522,236
Deferred income	-	-	-	-	-	-
Borrowings	169,170	-	-	-	-	169,170
<b>As at 31 March 2012</b>						
	Due or due in less than 1 month £	Due between 1 to 3 months £	Due between 3 months to 1 year £	Due between 1 to 5 years £	Due after 5 years £	Total £
<b>Financial assets and liabilities</b>						
Trade and other payables	547,779	-	-	-	-	547,779
Deferred income	-	-	-	-	-	-
Borrowings	163,339	-	-	-	-	163,339

## 18 Capital management

The company's objectives when managing capital are

- to safeguard the company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

The company sets the amount of capital in proportion to risk. The company manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The company so far has raised capital via equity funding. The company intends to continue to raise finance in this way for the foreseeable future.

**Notes to financial statements (continued)****19 Capital commitments and operating lease commitments**

At 31 March 2013, the company had capital commitments of £nil (year ended 31 March 2012 £nil)  
 At 31 March 2013 the company had commitments under non-cancelled operating leases as set out below

	2013 £	2012 £
Operating leases which expire		
Within 1 year	29,962	44,785
Within 2 - 5 years	88,078	134,829
	<u>118,040</u>	<u>179,614</u>

**20 Ultimate controlling party**

There is no ultimate controlling party in the company

**21 Share based payments**

The Company has granted share options to employees in both an EMI scheme and an unapproved scheme. The terms for both schemes are the same. Options may be exercised between one and three years from the date of grant and must be exercised within ten years. The employee must be an employee of the company when the options are exercised. The options shall be settled in equity.

	Options	Weighted average exercise price
	Number	£
Outstanding at 31 March 2012	2,104,016	0.38
Issued	750,000	0.35
Lapsed due to staff leaving	286,000	0.38
Outstanding at 31 March 2013	<u>2,568,016</u>	<u>0.36</u>
Exercisable at 31 March 2013	845,230	34p

To determine the fair value of options granted during the year, the company has used a Black-Scholes option pricing model. The inputs to the model were risk free interest rate of 1.64% and 0.9%, nil yield and 50% volatility.

The fair value calculated is being charged to the accounts over a period of three years.

**Notes to financial statements (continued)****22 Related party transactions**

At 31 March 2013, the directors held the following

	<b>Share options</b>		<b>Loans</b>		<b>Warrants</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
P Bateman	884,444	884,444	-	-	-	-
I Furniss	550,000	550,000	-	-	-	-
C Krajewski	-	-	137,500	100,000	-	-

A fee of £5,000 was paid to P Bateman in relation to the arrangement of a loan to the company. There were no other payments made to any directors during the year other than in respect of remuneration as shown in Note 16.

No interest was paid to directors in respect of any loans held.