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CompactGTL Limited

Annual report and financial statements

Registered number 05808040

31 December 2018

Contents

1. Strategic Report	1 - 2
2. Directors' Report	3 - 4
3. Statement of Directors' responsibilities in respect of the Directors' report and the financial statements	5
4. Independent auditor's report to the members of CompactGTL Limited	6 - 8
5. Statement of Comprehensive Income	9
6. Statement of Financial Position	10
7. Statement of Cash Flows	11
8. Statement of Changes in Equity	12
9. Notes	13 - 28

1. Strategic Report

The directors present their Strategic Report and financial statements of CompactGTL Limited (the 'Company') for the year ended 31 December 2018.

Principal activities: The CompactGTL Solution

CompactGTL provides a solution to oil and gas field development for the challenges of associated and stranded gas. CompactGTL provides proprietary modular reactor technology along with the engineering and operations expertise, to build and operate Gas to Liquids (GTL) plants for clients. The CompactGTL plants unlock value from new and existing oil and gas fields, by taking otherwise valueless gas and turning it into synthetic crude oil at the point of production. The Compact GTL technology can also be used with the syngas produced from waste, allowing the waste disposal operators to reduce the amount of landfill and incineration. A wider suite of products can also be derived from the patented process, including Diesel, Naptha and Kerosene.

Strategic Review

The Directors are implementing a long-term strategy to commercialise CompactGTL's modular reactor technology. This strategy is aimed at the two main market elements: small scale Waste to Liquids (WTL) solutions for Western Europe and USA and Gas to Liquid for the rest of the world. The associated supply chain, engineering and further technology development activities support the strategy.

The Directors are pleased to report progress in this most difficult of Oil and Gas markets.

Business Review

IP remains key to CompactGTL's offering and the Company continues to place the emphasis on freedom to operate throughout its IP strategy.

The Company remains free to operate worldwide including all the major markets of the former Soviet Union, North and South America, Asia, Europe, The Middle East and Africa.

At the close of 2018, the Company continued to pursue new project opportunities, relying on performance of its newest catalyst technology, new gas clean up and polishing technology and has confidence in the progress made towards the world's first modular small scale GTL plant and also a small scale WTL plant.

During 2018 has continued the commercial negotiations with the clients in Russia and Kazakhstan for the implementation of a mid and large scale standalone GTL projects.

In Q4 of 2018 the Company started a work on the development of a gas clean up and polishing technology for treatment of syngas produced from waste. When completed this additional IP would allow Compact GTL to offer a turn key solution to a much wider market.

In anticipation of the development of projects worldwide, the Directors have decided to continue to maintain a small, flexible cost base in the UK with limited fixed overheads. However there are plans to increase the technical team as soon as Company enters into the first project.

The reported loss for the year before exceptional items was £746k (2017: £1,077k).

Strategic Report (continued)

Key performance indicators

The directors do not believe that operational key performance indicators are relevant whilst the company is in its pre-commercialisation stage. They do monitor cash and operating expenditure on a regular basis.

Key risks and uncertainties

As in the previous years Compact GTL faces uncertainties with sanctioning of the new projects in the developing markets mainly due to the oil price fluctuations and political difficulties associated with financing large-scale projects in countries with the highest level of associated gas flaring.

Directors have sought to minimise these risks by applying a staged approach to technology development and by a creating strategic partnerships on the engineering and execution of new project opportunities.

The delivery of major projects remains a principle risk for the Company, as is the case for many organisations operating in the Oil and Gas sector.

The small-scale WTL projects will also be a risk to the Company, as their success is almost solely dependent on the state subsidies for biofuel producers.

The Directors are actively engaged in identifying partners and customers in regions where the technology would be most beneficial. Funding risk in this turbulent has been addressed by the Directors being committed to the long-term success of the business.

The Directors regularly assess the strength of their strategies to address risk and refocus business activity accordingly to ensure the Company is best placed to deliver its objectives.

Future Developments and trading outlook

Although no new trading deals have been announced at the time of this report, the directors remain confident that their pipeline of prospective customers is strong and will deliver results.

By order of the Board



Anar Asgarov
CCO
3rd Floor
Lansdowne House
57 Berkeley Square
London
W1J 6ER

Date: 23rd October 2019

2. Directors' Report

The Directors present their report and financial statements of CompactGTL Limited (the 'Company') for the year ended 31 December 2018.

Financial Review

In anticipation of the development of projects worldwide the Directors are maintaining a small, flexible cost base in the UK with limited fixed overheads. The UK team will provide specialist expertise as needed to projects with additional resources provided directly to projects as necessary by third parties in the most cost-effective way.

The reported loss for the year before exceptional items £746k (2017: £1,077k).

Funding

The 2018 financial statements have been prepared on the going concern basis, notwithstanding the Company making a loss before tax of £865k (2017: £1,237k) and having net current liabilities of £236k (2017: Assets £29k). The Directors believe the going concern basis to be appropriate for the following reasons:

Post year-end, one of the company's subsidiaries has secured an investment to pursue waste to liquid opportunities and build a small-scale plant in the UK. Some of these funds are allocated to meeting the working capital needs of the company. The Directors consider that the additional funding will enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Whilst the Company places reliance on other entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Policy and payment of dividends

The Directors do not recommend the payment of a dividend (2017: £nil).

Directors

The Directors who held office during the year and to the date of this report are as follows:

A.B. Hayward	(Chairman)
A. Asgarov	
R. Racin	Resigned 31/01/2018

Directors' Report (continued)

Directors' remuneration

These are disclosed in note 5 of the financial statements.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2017: £nil).

Post balance sheet events

These are disclosed in note 20 of the financial statements.

Overseas branches

The Company has two subsidiaries all of which were fully dormant during the year.

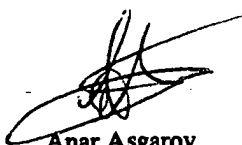
Auditor

In accordance with the company's articles, a resolution proposing that Jeffreys Henry LLP be re-appointed as auditor of the Company will be put at a General Meeting.

Statement of disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

By order of the Board



Anar Asgarov
3rd Floor
Lansdowne House
57 Berkeley Square
London
W1J 6ER

Date: 23rd October 2019

3. Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

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 and applicable law.

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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS Accounting standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the 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. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination for financial statements may differ from legislation in other jurisdictions.

4. Independent Auditor's report to the members of CompactGTL Limited

Opinion

We have audited the financial statements of CompactGTL Limited which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's report to the members of CompactGTL Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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
- 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Director's Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's report to the members of CompactGTL Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities . This description forms part of our auditor's report.

Use of this report

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.


Sachin Ramaiya
(SENIOR STATUTORY AUDITOR)

For and on behalf of Jeffreys Henry LLP
Chartered Accountants, Statutory Auditor

Finsgate
5-7 Cranwood Street
London
EC1V 9EE

23rd October 2019

5. Statement of Comprehensive Income

for the year ended 31 December 2018

	<i>Note</i>	<i>Year ended 31 December 2018 £'000</i>	<i>Year ended 31 December 2017 £'000</i>
Revenue		-	55
Cost of sales		-	-
Gross profit		-	55
Other operating expenses		(865)	(1,292)
Operating loss		(865)	(1,237)
Other Income		-	-
Loss before tax		(865)	(1,237)
Taxation	7	119	160
Total Comprehensive Loss for the year		(746)	(1,077)

There were no "other comprehensive income" amounts recognised by the Company during the year ended 31 December 2018 or prior year.

The Company has elected to prepare a single statement of comprehensive income rather than an income statement and a separate statement of other comprehensive income.

All activities relate to continuing operations.

The notes on pages 13 to 28 form an integral part of these financial statements.

6. Statement of Financial Position

At 31 December 2018

	Note	As at 31 December 2018 £'000	As at 31 December 2017 £'000
Non-current assets			
Property, plant and equipment	8	-	-
Intangible assets	9	-	-
Investments	10	-	-
Total non-current assets		-	-
Current assets			
Tax receivable		9	1
Trade and other receivables	11	306	453
Cash and cash equivalents		4	4
Total current assets		319	458
Total assets		319	458
Current liabilities			
Trade and other payables	12	555	362
Provisions	12	-	67
Total current liabilities		555	429
Total assets less current liabilities		(236)	29
Non-current liabilities			
Provisions	12	100	100
Total liabilities		655	529
Net assets / liabilities		(336)	(71)
Equity			
Share capital	15	34,915	34,915
Share premium		73,212	72,731
Share-based payments reserve	16	119	119
Retained earnings		(147,835)	(147,089)
Capital contribution	15	39,253	39,253
Total equity		(336)	(71)

These financial statements were approved and authorised for issue by the Board of Directors on 23rd October 2019 and were signed on its behalf by order of the Board:



Anar Asgarov
CCO

Date: 23rd October 2019

The notes on pages 13 to 28 form an integral part of these financial statements.

7. Statement of Cash Flows

For the year ended 31 December 2018

	<i>Note</i>	2018 £'000	2017 £'000
Cash flows from operating activities			
Loss for the year		(746)	(1,077)
<i>Adjustments for:</i>			
Corporation tax charge		(119)	(160)
Depreciation, amortisation and impairment	<i>8, 9, 10</i>	-	10
Foreign exchange losses / (gains)	<i>6</i>	-	-
Operating loss before changes in working capital		(865)	(1,227)
Decrease / (increase) in trade and other receivables		22	35
Decrease / (increase) in non-current receivables		-	-
(Decrease) / increase in trade and other payables		192	176
(Decrease) / increase in provisions		(67)	-
Cash used in operations		(718)	(1,016)
Taxes received		237	124
Net cash used in operating activities		(481)	(892)
Cash flows from financing activities			
Proceeds from the issue of share capital	<i>15</i>	481	766
Net cash from financing activities		481	766
Net (decrease)/increase in cash and cash equivalents		-	(126)
Cash and cash equivalents at 1 January		4	130
Cash and cash equivalents at 31 December		4	4

The notes on pages 13 to 28 form an integral part of these financial statements.

8. Statement of Changes in Equity

For the year ended 31 December 2018

	Share Capital	Share Premium	Capital Contribution	Share-based Payments Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2017	34,915	71,965	39,253	119	(146,012)	240
Loss for the year	-	-	-	-	(1,077)	(1,077)
Deferred shares issued	-	766	-	-	-	766
Balance at 31 December 2017	34,915	72,731	39,253	119	(147,089)	(71)
Balance at 1 January 2018	34,915	72,731	39,253	119	(147,089)	(71)
Loss for the year	-	-	-	-	(746)	(746)
Deferred shares issued	-	481	-	-	-	481
Balance at 31 December 2018	34,915	73,212	39,253	119	(147,835)	(336)

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses.

Capital contribution represents the total funds provided to the Company by a cancelled bond instrument.

Share-based payments reserve represents the balance of share options vested. Further details of this reserve can be seen in note 16.

Retained earnings represent the cumulative loss of the Company attributable to equity shareholders.

The notes on pages 13 to 28 form an integral part of these financial statements.

9. Notes

(Forming part of the financial statements)

General Information

Compact GTL Limited (the "Company") is a private limited company, limited by shares, incorporated and domiciled in the England and Wales. The address of the registered office is 85 Great Portland Street, London, W1W 7LT.

The Company's principal activity is stated in the Strategic Report.

The financial statements were authorised for issue by the Board of Directors on 23rd October 2019.

1. Summary of significant accounting policies

Basis of preparation

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise stated.

These financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards, International Accounting Standards and IFRIC interpretations (collectively IFRSs) as adopted by the European Union ("Adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company qualifies as small under s382 of the Companies Act 2006 and have taken the exemption under s398 of the Companies Act 2006 to not prepare group accounts.

Going concern

The 2018 financial statements have been prepared on the going concern basis, notwithstanding the Company making a loss before tax of £865k (2017: £1,237k) and having net current liabilities of £236k (2017: current assets of £29k). The Directors believe the going concern basis to be appropriate for the following reasons:

Post year-end, the company secured a significant loan from a subsidiary that has enabled it to meet its liabilities and continue trading, whilst seeking opportunities for the company's technology. The Directors consider that this loan will enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The subsidiary has provided an undertaking that it will not seek recovery of the loan for at least 12 months from the date of the approval of these financial statements. Furthermore, the company's key shareholder remains committed to funding the business if the need arises.

Measurement convention

The financial statements are prepared on the historical cost basis except for share based payment liabilities (refer to the individual accounting policy for details).

Amounts are rounded to the nearest thousand unless otherwise stated.

Functional and presentation currency

The financial statements are presented in sterling, which is the Company's functional currency.

Notes (continued)

1. Summary of significant accounting policies (continued)

Standards, interpretations and amendments to published standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning that would be expected to have a material impact on the Company. The new IFRSs adopted during the year are as follows:

- IFRS 9 – Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers including amendments and clarifications

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 January 2018 and have not been early adopted. The Directors anticipate that the adoption of these standard and the interpretations in future periods will have no material impact on the financial statements of the Company.

The new standards include:

- IFRS 3 Business Combinations²
- IFRS 16 Leases¹
- IFRS 17 Insurance Contracts³
- IAS 1 Presentation of Financial Statements²
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors²
- IAS 19 Employee Benefits (amendment) ¹
- IAS 28 Investment in associates and joint ventures (amendment) ¹
- IFRIC 23 Uncertainty over Income Tax Treatments¹

Improvements to IFRSs Annual Improvements 2015-2017 Cycle¹: Amendments to 2 IFRSs and 2 IASs

1. Effective for annual periods beginning on or after 1 January 2019
2. Effective for annual periods beginning on or after 1 January 2020
3. Effective for annual periods beginning on or after 1 January 2021

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material effect on the financial statements of the Company.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS's requires management to make judgements estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

Notes (continued)

1. Summary of significant accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the comprehensive income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined

Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item includes expenditure that is directly attributable to the acquisition of the item.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Plant and equipment, fixtures and fittings and computer equipment	-	3 - 5 years
Motor vehicles	-	3 years
Leasehold improvements	-	10 years
Buildings	-	20 years

The residual value, useful lives and depreciation method are reviewed at each reporting date, and adjusted prospectively, if appropriate, to ensure that the amount, method and period of depreciation are consistent with the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses) or gains in the income statement.

Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Development costs	-	3 years
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Notes (continued)

1. Summary of significant accounting policies (continued)

Impairment of non-financial assets

The carrying amounts of assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is recognised to profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

Financial instruments

Financial assets and financial liabilities are initially classified as measured at amortised cost, fair value through other comprehensive income, or fair value through profit and loss when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows expire, or the Company no longer retains the significant risks or rewards of ownership of the financial asset. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Financial assets are classified dependent on the Company's business model for managing the financial and the cash flow characteristics of the asset. Financial liabilities are classified and measured at amortised cost except for trading liabilities, or where designated at original recognition to achieve more relevant presentation. The Company classifies its financial assets and liabilities into the following categories:

Financial assets at amortised cost

The Company's financial assets at amortised cost comprise trade and other receivables. These represent debt instruments with fixed or determinable payments that represent principal or interest and where the intention is to hold to collect these contractual cash flows. They are initially recognised at fair value, included in current and non-current assets, depending on the nature of the transaction, and are subsequently measured at amortised cost using the effective interest method less any provision for impairment.

Impairment of trade and other receivables

In accordance with IFRS 9 an expected loss provisioning model is used to calculate an impairment provision. We have implemented the IFRS 9 simplified approach to measuring expected credit losses arising from trade and other receivables, being a lifetime expected credit loss. This is calculated based on an evaluation of our historic experience plus an adjustment based on our judgement of whether this historic experience is likely reflective of our view of the future at the balance sheet date. In the previous year the incurred loss model is used to calculate the impairment provision.

Notes (continued)

1. Summary of significant accounting policies (continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise loan liabilities, including convertible loan note liability elements, and trade and other payables. They are classified as current and non-current liabilities depending on the nature of the transaction, are subsequently measured at amortised cost using the effective interest method. All convertible loan notes are held at amortised cost and no election has been made to hold them as fair value through profit and loss.

Financial assets at fair value through profit and loss

Financial assets at fair value are recognized and measured at fair value using the most recent available market price with gains and losses recognized immediately in the profit and loss.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy').

- Level 1 – Quoted prices in active markets
- Level 2 – Observable direct or indirect inputs other than Level 1 inputs
- Level 3 – Inputs that are not based on observable market data

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts. Contract values are allocated over performance obligations of the contract. Revenue is recognised in line with when the performance obligation is satisfied.

Taxation

Tax on the loss for the year comprises current and deferred tax. Tax is recognised in the comprehensive income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the amount expected to be paid to the taxation authorities on the taxable income for the year, using tax rates enacted or substantively enacted by the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the statement of financial position date.

Notes (continued)

1. Summary of significant accounting policies (continued)

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

Research and development expenditure

Expenditure on research activities is recognised in the comprehensive income statement as incurred.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure is recognised in the comprehensive income statement when incurred.

Employee benefits

Obligations for contributions to defined contribution pension plan are recognised as an expense in the comprehensive income statement as incurred.

Share based payments

The fair value of the employee and suppliers' services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of share-based payments recognised in the statement of comprehensive income is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarks against peer companies in the industry.

Operating lease payments

Payments made under operating leases are recognised in the comprehensive income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the comprehensive income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing expenses comprise interest payable, and net foreign exchange losses that are recognised in the Comprehensive income statement. Financing income comprises interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in the Comprehensive income statement as it accrues, using the effective interest method.

Notes (continued)

2. Risk management

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, no financial assets were deemed to be impaired at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company financed its operations through loans from or through share issues to its ultimate parent company. The Company currently has no external debt and, as described in note 1, it is dependent on its parent undertaking for support for central overheads. It remains the intention of the Directors to raise new equity from the market as necessary from new or existing shareholders. The Company has a policy of ensuring that there are sufficient funds to meet the expected requirements of its operations and continues to monitor its liquidity position through budgetary procedures and cash flow analysis.

All trade payables are due within less than one year and have no interest payable.

Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

Foreign currency risk

The Company manages foreign exchange risks by monitoring exposures. The Company's exposure to foreign currency risk is as set out in the table below. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts.

31 December 2018

	Sterling £'000	Euro £'000	US Dollar £'000	Total £'000
Cash and cash equivalents	4	-	-	4
Trade and other receivables	315	-	-	315
Trade and other payables	(555)	-	-	(555)
Balance sheet exposure	(236)	-	-	(236)

31 December 2017

	Sterling £'000	Euro £'000	US Dollar £'000	Total £'000
Cash and cash equivalents	3	1	-	4
Trade and other receivables	454	-	-	454
Trade and other payables	(362)	-	-	(362)
Balance sheet exposure	95	1	-	96

Notes (continued)

2. Risk management (continued)

Interest rate risk

Interest expense reflects the cost of the Company's borrowings. Interest income arises from cash deposits held by the Company. Interest rate risk is managed by monitoring market rates and negotiation of terms in borrowings arranged with related parties.

At the balance sheet date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2018 £'000	2017 £'000
Variable rate instruments		
Financial assets	-	-

Capital management

The Company's objectives when managing capital, equity and borrowings are to safeguard the Company as a going concern and provide returns for the shareholders and other stakeholders by maintaining an optimal capital structure.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

3. Expenses and auditor's remuneration

<i>Loss on ordinary activities before taxation is stated after charging/(crediting)</i>	2018 £'000	2017 £'000
Depreciation of non-current assets	-	-
Amortisation of intangible assets	-	10
Research and development expensed as incurred	379	483
Operating lease rentals:		
Land and buildings	81	117
Other leases	3	6
Foreign exchange (gain)/ loss	5	-
Auditor's remuneration		
Audit of financial statements	8	8
Amounts receivable by the auditors and their associates in respect of:		
Other services relating to taxation	2	2
All other services	2	2

Notes (continued)

4. Employee numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

<i>Average Number of employees</i>	2018	2017
Administration	1	2
Technical	4	4
Total average number of employees	5	6

The aggregate payroll costs of these persons were as follows:

	2018 £'000	2017 £'000
Wages and salaries	458	606
Social security costs	58	74
Contributions to defined contribution pension plan	24	29
Total aggregate payroll costs	540	709

5. Directors' emoluments

	2018 £'000	2017 £'000
Directors' emoluments	164	157
Company contributions to money purchase pension plan	-	-

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid Director was £119,000 (2017: £119,000).

6. Finance income and expense

	2018 £'000	2017 £'000
Net foreign exchange gain	-	-
Total Finance Income	-	-

Notes (continued)

7. Taxation

Recognised in the Statement of Comprehensive Income

	2018 £'000	2017 £'000
<i>Current tax expense</i>		
<i>Total tax expense / (credit) in Statement of Comprehensive Income</i>	(119)	(160)

<i>Current tax reconciliation</i>	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
<i>Loss before tax</i>	(865)	(1,237)
<i>Tax using the UK corporation tax rate of 19% (2017:20%)</i>	(164)	(238)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	31	72
Depreciation in excess of capital allowances	(46)	(55)
R&D expenditure credit	(94)	(112)
Non-trading loan relationship	-	-
Unutilised tax losses	138	173
Over provision in prior periods	16	-
<i>Total tax in Statement of Comprehensive Income (see above)</i>	(119)	(160)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 December 2018 has been calculated based on these rates.

At the year-end, there were deferred tax assets at 17% of £17,129,249 (2017: £16,978,315) which were not recognised because there is no certainty over their recoverability. These were based on estimated tax losses together with tax written down values totalling £100,760,289 (2017: £99,872,444).

Notes (continued)

8. Property, plant and equipment

	Computer Equipment £'000	Fixtures and Fittings £'000	Total £'000
Cost			
Balance at 1 January 2017	60	28	88
<i>Additions</i>	-	-	-
Balance at 31 December 2017	60	28	88
<i>Additions</i>	-	-	-
Balance at 31 December 2018	60	28	88
Depreciation			
Balance at 1 January 2017	60	28	88
<i>Charge for year</i>	-	-	-
Balance at 31 December 2017	60	28	88
<i>Charge for year</i>	-	-	-
Balance at 31 December 2018	60	28	88
Net book value			
At 31 December 2018	-	-	-
At 31 December 2017	-	-	-

Notes (continued)

9. Intangible assets

	Development Costs £'000	Intellectual Property Rights £'000	Total £'000
Cost			
Balance at 1 January 2017	1,561	6,064	7,625
<i>Additions</i>	-	-	-
Balance at 31 December 2017	1,561	6,064	7,625
<i>Additions</i>	-	-	-
Balance at 31 December 2018	1,561	6,064	7,625
Amortisation			
Balance at 1 January 2017	1,551	6,064	7,615
<i>Charge for the year</i>	10	-	10
Balance at 31 December 2017	1,561	6,064	7,625
<i>Charge for the year</i>	-	-	-
Balance at 31 December 2018	1,561	6,064	7,625
Net book value			
At 31 December 2018	-	-	-
At 31 December 2017	-	-	-

Amortisation charge

The following amortisation charge is recognised within the Comprehensive Income Statement:

	2018 £'000	2017 £'000
Other operating expenses	-	10

10. Investments in subsidiaries

	Country of Incorporation	Status	Class of shares held	Ownership	
				2018	2017
Compact WTL Ltd, formerly CompactGTL Kazakhstan Ltd	UK	Dormant	Ordinary	100%	100%
CompactGTL Kazakhstan LLP	Kazakhstan	Dormant	Ordinary	100%	100%

Compact WTL Ltd, formerly CompactGTL Kazakhstan Ltd was incorporated on 5 August 2014. Net Assets at the balance sheet date were £50 (2017: £50). The company was dormant in the period.

CompactGTL Kazakhstan LLP was incorporated on 24 November 2014 and Net Assets at the balance sheet date were \$1 (2017: \$1). The company was dormant in the period.

Notes (continued)

11. Trade and other receivables

	2018 £'000	2017 £'000
Prepayments and Accrued Income	15	34
Other receivables	300	420
Trade and other receivables	315	454

The carrying amount of Trade and other receivables approximates to its fair value.

12. Trade and other payables and provisions

	2018 £'000	2017 £'000
<i>Current</i>		
Trade payables	312	175
Non-trade payables and accrued expenses	243	187
Provisions	-	67
Current trade and other payables	555	429
 <i>Non-current provisions</i>	 100	 100

Provisions of £100,000 (2017: £167,000) relate to decommissioning and restoration costs for the UK pilot plant facilities at Wilton. The provision has not been discounted for the time value of money as the effect is immaterial. The remaining provision is expected to be applied over a period of up to 5 years.

13. Employee benefits

Defined contribution plan

The Company operates a defined contribution pension plan with Standard Life.

The total expense relating to this plan in the current year was £24,334 (2017: £29,731). At the year end, £37,799 (2017: £4,242) was outstanding.

14. Contingent liabilities

There are no contingent liabilities included in these accounts nor are the Directors aware of any reason for the inclusion of such a charge on the accounts.

Notes (continued)

15. Share capital

Share Capital

Ordinary shares

In thousands of shares

	2018 000's	2017 000's
Issued for cash	15,542	15,542
Issued as consideration (share for share exchange)	6,672	6,672
Issued as consideration (other)	15,711	15,711
Deferred shares	-	-
<i>On issue at 31 December – fully paid</i>	37,925	37,925

	2018 £'000	2017 £'000
<i>Allotted, called up and fully paid</i>		
Ordinary "A" shares of £1 / \$1.67 each	30,921	30,921
Ordinary "B" shares of 1p each	8	8
Ordinary "A1" shares of \$1 each	3,986	3,986
Deferred shares	-	-
<i>Share Capital</i>	34,915	34,915

Ordinary "B" shares of 1p each have no voting rights attached but in all other respects rank pari passu with the Ordinary "A" shares of \$1.67 each and Ordinary "A1" shares of \$1.00 each.

One deferred share of £1 was issued in the year for the consideration of £481,000. The deferred share has no voting, dividend or capital distribution (including on winding up) rights attached and nor does it confer any rights of redemption.

Capital Contribution

	2018 £'000	2017 £'000
<i>Capital Contribution</i>	39,253	39,253

In February 2014 as a result of a financial restructure a shareholder bond was cancelled and the outstanding capital amount of £33,550k and associated fees and interest to date of £5,703k was written off by the bond holder. The total funds provided to the Company by this bond instrument are now recorded as a Capital Contribution of £39,253k (2017: £39,253k) on the Statement of Financial Position.

Notes (continued)

16. Share-based payments

During 2014, the Company introduced a new share option plan to replace the existing CompactGTL Limited Share Option Plan adopted on 10 March 2008. Options over the Company's shares are awarded from time to time by the duly appointed committee of the Board of Directors.

Options awarded during 2014 have a life of ten (10) years and vested in full on 1 July 2014. Vested options may be exercised at any time from 1 July 2014 until 30 December 2024.

Share options are granted on a discretionary basis.

The total charge / (credit) recognised for the year arising from share-based payments was *£nil* (2017: *£nil*).

The details of the options are as follows:

						Exercise date	
					Exercise Price (£)		
Date of grant	At 31.12.17	Exercised	Forfeited	At 31.12.18		From	To
Options							
01/07/2014	72,500	-	-	72,500	0.01	01/07/2014	30/12/2024

The weighted average of the remaining contractual life of outstanding options as at the year-end is 6 years.

The Directors have applied the inputs shown in the table below to a Black-Scholes model to calculate the fair value of the options at the grant date. They have assessed the volatility by considering historic price information for transactions in the Company's shares adjusted for any expected changes to future volatility due to publicly available information. Measurement inputs and assumptions are as follows:

	1 July 2014
Weighted average share price	£2.06
Exercise price	£0.01
Expected volatility (expressed as the percentage used in the modelling under the Black-Scholes model)	40%
Option life (expressed as weighted average life used in the modelling under the Black-Scholes model)	7 years
Expected dividends	£0
Risk-free interest rate (based on national government bonds)	0.5%

17. Commitments

Operating Lease arrangements

Annual commitments under non-cancellable operating leases are set out below:

	2018 £'000	2017 £'000
Less than one year	24	37
Between one and five years	-	-
More than five years	-	-
Total commitments	24	37

Operating lease commitments in relation to land and buildings for the year ended 31 December 2018 were £22,750 (2017: £31,770).

Notes (continued)

18. Significant accounting estimates and judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting date are discussed below:

a) Capitalisation of Development costs

Since 31 December 2010 the Directors have considered it appropriate to capitalise certain development costs which are directly attributable to building and enhancing the design and operation of the commercially viable product.

b) Impairment of loans and receivables

The Company assess at each reporting date whether there is objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant reduction in collection rates.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Company's loans and receivables at the reporting date are disclosed in Note 1.

c) Share-based payments

Note 1 sets out the Company's accounting policy on share-based payments, specifically in relation to the share options and warrants that the Company has granted. The key assumptions underlying the fair value of such share-based payments are discussed in note 17. The fair value amounts used by the Company have been derived by the Directors using standard recognition techniques.

19. Related Part Transactions

As at the year-end the company owed £39,498 (2017: £nil) to Anar Asgarov, a director. The amount was repayable on demand.

The company does not consider that it has an ultimate controlling party at the year-end.

20. Events after the reporting date

Loan from subsidiary

As referenced in Note 1, the company received a material loan from a subsidiary company after the year-end.