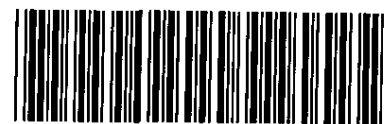


Registered Number 6185471

## NanoGaN Limited

Report and financial statements  
for the year ended 31 December 2021

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## NanoGaN Limited

### Report and financial statements for the year ended 31 December 2021

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**Directors and advisers for the year ended 31 December 2021**

**Directors**

Mr T Pullen

Mr A Lemos – appointed 10 January 2022

Dr A W Nelson – resigned 10 January 2022

Professor W N Wang – resigned 31 March 2022

**Secretary**

Mr T Dale

**Registered Office**

Pascal Close

St Mellons

Cardiff

CF3 0LW

**Bankers**

HSBC Bank Plc

## **Strategic report for the year ended 31 December 2021**

The directors present their strategic report on the Company for the year ended 31 December 2021.

### **Review of the Business**

The company did not trade during the current year following the transfer of its advanced compound semiconductor material research and development activities to a fellow group company, IQE (Europe) Limited, in a prior period.

### **Financial Review**

The Company owns certain patented Photonic Quasi Crystal technology.

The company did not trade during the year and reported neither a profit or loss for the financial year (2020: £nil).

The directors are satisfied with the performance and financial position of the Company at the year end.

### **Key performance indicators**

Given the nature of the business, the Company's directors are of the opinion that analysis using key performance indicators beyond the key financial metrics given above is not necessary for an understanding of the development, performance or position of the business.

### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group. Accordingly, the principal risks and uncertainties of the IQE plc Group, which include those of the Company, are discussed in the Strategic Report of the Group's annual report, which does not form part of this report.

### **By order of the Board**



**Mr T Pullen**  
**Director**  
**9 September 2022**

## **Directors' report for the year ended 31 December 2021**

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

### **Principal activities**

The company did not trade during the current year following the transfer of its advanced compound semiconductor material research and development activities to a fellow group company, IQE (Europe) Limited, in a prior period.

### **Business review and future developments**

The business review and future developments are set out in the strategic report on page 2.

### **Results and dividends**

The company reported neither a profit or loss for the financial year (2020: £nil).

The directors do not recommend the payment of a dividend (2020: £nil).

### **Directors**

The directors of the company, who were in office during the year and up to the date of signing the financial statements, are set out on page 1.

### **Going concern**

The directors, after making enquiries, have considered the future prospects of the company and have a reasonable expectation that it will have adequate resources to continue operating for the foreseeable future due to the continued support of the ultimate parent company, IQE plc. The directors have received confirmation that IQE plc intends to support the company for at least 12 months after these financial statements are approved and therefore the going concern basis has been adopted in preparing these financial statements.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the strategic report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (FRS 102), 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards 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.

**Directors' report for the year ended 31 December 2021 (continued)**

**Qualifying third party indemnity provisions**

The company has granted to the Directors of the company a deed of indemnity which constitutes a third party indemnity provision for the purposes of the Companies Act 2006. In addition, the company has in place appropriate Directors and Officers liability insurance cover which has been in place for the entire year and at the date of approval of the financial statements.

**Audit exemption**

NanoGaN Limited is exempt from the requirements to file audited accounts by virtue of section 479a of the Companies Act 2006. A statutory guarantee has been provided to NanoGaN Limited by IQE plc the ultimate controlling party.

**Small company provisions**

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

**By order of the Board**



**Mr T Pullen**  
**Director**  
**9 September 2022**

**Profit and loss account for the year ended 31 December 2021**

	Note	2021 £'000	2020 £'000
<b>Turnover</b>		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Administrative expenses		-	-
Other income		-	-
<b>Operating profit</b>	3	-	-
Interest payable and similar charges		-	-
<b>Profit on ordinary activities before taxation</b>		-	-
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>	11	-	-
<b>Total comprehensive income for the year</b>		-	-

All the results above arise from continuing activities.

**Balance sheet as at 31 December 2021**

	Note	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	6	354	354
		<b>354</b>	<b>354</b>
<b>Current assets</b>			
Debtors	7	11	11
Cash at Bank		-	-
		<b>11</b>	<b>11</b>
<b>Creditors - amounts falling due within one year</b>	8	-	-
<b>Net current assets</b>		<b>11</b>	<b>11</b>
<b>Total assets less current liabilities</b>		<b>365</b>	<b>365</b>
<b>Net assets</b>		<b>365</b>	<b>365</b>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Share premium account		<b>1,260</b>	1,260
Profit and loss account	11	<b>(895)</b>	(895)
<b>Total shareholder funds</b>		<b>365</b>	<b>365</b>

**Subsidiary audit exemption**

For the financial year in question the company was entitled to exemption under section 479a of the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and for the preparation of financial statements.

The financial statements on pages 5 to 18 were approved by the board on 9 September 2022 and were signed on its behalf by:



**Mr T Pullen**  
Director  
9 September 2022



## Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £'000	Share Premium £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2021	-	1,260	(895)	365
Profit for the year	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>-</b>	<b>1,260</b>	<b>(895)</b>	<b>365</b>

	Called up share capital £'000	Share Premium £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2020	-	1,260	(895)	365
Profit for the year	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>-</b>	<b>1,260</b>	<b>(895)</b>	<b>365</b>

## **Notes to the financial statements for the year ended 31 December 2021**

### **1 Accounting policies**

#### **General Information**

NanoGaN Limited did not trade during the current year but owns certain patented Photonic Quasi Crystal technology.

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of the registered office is Pascal Close, St Mellons, Cardiff, CF3 0LW.

#### **Statement of Compliance**

The individual financial statements of NanoGaN Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS102) and the Companies Act 2006.

#### **Summary of Significant Accounting Policies**

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

#### **Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit and loss and in accordance with FRS 102 and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

#### **Going Concern**

The company meets its working capital requirements via funding from its parent company, IQE plc.

IQE plc meets its day-to-day working capital and other cash requirements through its bank facilities and available cash. The Group's severe but plausible downside cash flow forecasts and projections show that the Group has adequate cash resources to continue operating for the foreseeable future.

The directors have assessed the Group's funding requirements and after making enquiries, including consideration of the future prospects of the Company have a reasonable expectation that the Company will have adequate resources to continue operating for the foreseeable future with the continued support of IQE plc. The directors have received confirmation that IQE plc intends to support the Company for at least 12 months after these financial statements are approved and therefore the going concern basis has been adopted in preparing these financial statements.

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

### **1 Accounting policies (continued)**

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows certain disclosure exemptions for qualifying entities. The company has taken advantage of available exemptions stated below as the information is contained in the consolidated financial statements of IQE plc as at 31 December 2021 which can be obtained from the Company Secretary at Pascal Close, Cardiff, CF3 0LW.

#### Cash Flows

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows on the basis that it is a qualifying entity and its ultimate parent company, IQE plc includes the company's cash flows in its own consolidated financial statements.

#### Shares & Share Based Payments

The Company has taken advantage of the exemption, under paragraph 1.12(d), from certain share-based payment disclosures on the basis that it is a subsidiary of IQE plc and the share-based payments concern equity instruments of the group entity.

#### Financial Instruments

The Company has taken advantage of the exemption, under paragraph 1.12(c), from certain financial instrument disclosures on the basis that it is a qualifying entity and its ultimate parent company, IQE plc includes the financial instrument disclosures in its own consolidated financial statements.

#### Key Management Compensation

The Company has taken advantage of the exemption, under paragraph 1.12(e), from certain key management compensation disclosures on the basis that it is a subsidiary of IQE plc and IQE plc includes this information in its own consolidated financial statements.

#### Related Party Transactions

The Company has taken advantage of the exemption, under FRS 102 paragraph 33.2, from disclosing transactions with members of the same group that are wholly owned.

**Notes to the financial statements for the year ended  
31 December 2021 (continued)****1 Accounting policies (continued)****Taxation**

Income tax on the profit or loss for the year comprises current tax and deferred tax.

Current tax is the expected tax payable on the taxable income for the year using rates substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

Amounts receivable from tax authorities in relation to R&D tax relief claims under the RDEC scheme are recognised within operating profit. Where amounts are outstanding at the year end and have not been formally agreed, an appropriate estimate of the amount is included within other receivables.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Intangible fixed assets**

Purchased intangible fixed assets are initially recognised at cost. After initial recognition, under the cost model, patent costs are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation has been calculated so as to write down the cost of assets to their residual values over their estimated useful economic lives. The useful economic lives used are:

Patents	-	15 years
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Amortisation is charged to administrative expenses in the profit and loss account.

Intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. The directors also review the useful economic life of the assets on an annual basis.

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

### **1 Accounting policies (continued)**

#### **Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

#### **Cash and cash equivalents**

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

**Notes to the financial statements for the year ended  
31 December 2021 (continued)****1 Accounting policies (continued)****Financial instruments****Financial assets**

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**Financial liabilities**

Basic financial liabilities, including trade and other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **Notes to the financial statements for the year ended 31 December 2021 (continued)**

### **2 Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Critical judgements in applying the entity's accounting policies**

The company has not made any critical judgements in applying its accounting policies.

#### **Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### Deferred tax asset recognition

The company has carried forward trading losses arising from prior period research and development activities. The company did not trade during the current year and insufficient certainty exists at this stage that the business will have the ability to utilise the accumulated trading losses in future periods. As a result, the directors have concluded that it is not appropriate to recognise a deferred tax asset in respect of carried forward trading losses.

**Notes to the financial statements for the year ended  
31 December 2021 (continued)****3 Operating profit**

Operating profit is stated after charging:

	2021	2020
	£'000	£'000
Wages and salaries	-	-
Social security costs	-	-
Other pension costs	-	-
Share options costs	-	-
<b>Staff Costs</b>	-	-
Amortisation of intangible fixed assets	-	-
Impairment of intangible fixed assets	-	-

**4 Employee information**

The directors are the only company employees (2020: 3).

Professor W N Wang has received no emoluments as a director of the Company following the transfer of the Company's research and development activities to a fellow group company, IQE (Europe) Limited.

The emoluments of A Nelson and T Pullen are disclosed in the financial statements of IQE plc. No recharge is made for director emoluments as it is not possible to apportion emoluments across the various group companies.



## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 5 Tax on profit on ordinary activities

	2021 £'000	2020 £'000
Current tax charge	-	-
Deferred tax charge	-	-
<b>Total tax expense</b>	<b>-</b>	<b>-</b>

The tax assessed for the year 2021 is the same (2020: lower) as the standard rate of corporation tax in the UK 19.00% (2020: 19.00%) are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before taxation	-	-
Tax charge at 19.00% thereon (2020: 19.00%)	-	-
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	-
Tax losses for which no deferred tax asset was recognised	-	-
Group relief surrendered not paid	-	-
<b>Total tax credit for the year</b>	<b>-</b>	<b>-</b>

#### Factors that may affect the future tax charge

A deferred tax asset has not been recognised in respect of timing differences relating to trading losses and accelerated depreciation as there is insufficient evidence that the asset will be recovered in the foreseeable future. The amount of the asset not recognised is £659,000 (2020: £501,000). The asset would be recovered if sufficient trading profits were to arise in future periods.

Finance Act 2021, which was substantively enacted on 24 May 2021, included legislation to increase the rate of corporation tax at 25% from 1 April 2023. Accordingly, the unrecognised deferred tax asset disclosed in the financial statements has been recognised in accordance with the rate enacted as part of the Finance Act 2021 at a corporation tax rate of 25%.

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 6 Intangible assets

	Patents	Intellectual Property	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2021	1,002	381	1,383
<b>At 31 December 2021</b>	<b>1,002</b>	<b>381</b>	<b>1,383</b>
<b>Accumulated Amortisation</b>			
At 1 January 2021	(648)	(381)	(1,029)
Charge for the year	-	-	-
<b>At 31 December 2021</b>	<b>(648)</b>	<b>(381)</b>	<b>(1,029)</b>
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>354</b>	<b>-</b>	<b>354</b>
At 31 December 2020	354	-	354

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 7 Debtors

	2021 £'000	2020 £'000
Other debtors	11	11
	11	11

### 8 Creditors – Amounts falling due within one year

	2021 £'000	2020 £'000
Trade Creditors	-	-
	-	-

### 9 Financial instruments

	2021 £'000	2020 £'000
<b>Financial assets:</b>		
Financial assets that are debt instruments measured at amortised cost	11	11
<b>Financial liabilities:</b>		
Financial liabilities measured at amortised cost	-	-

Financial assets measured at amortised cost comprise cash and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors.

### 10 Called up share capital

	2021 £	2020 £
<b>Authorised</b>		
200,000 (2020: 200,000,000) ordinary shares of £0.001 each	200	200
<b>Allotted, called-up and fully paid</b>		
151,422 (2020: 151,422) ordinary shares of £0.001 each	151	151

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 11 Profit and loss account

	2021	2020
	£'000	£'000
At 1 January	(895)	(895)
Profit for the financial year	-	-
Credit relating to equity settled share-based payments	-	-
<b>At 31 December</b>	<b>(895)</b>	<b>(895)</b>

### 12 Contingencies

The company is a party to a cross guarantee with other group companies to guarantee the group indebtedness to the Group's primary bankers. This guarantee is supported by a fixed and floating charge over the assets and undertakings of the business.

### 13 Parent Company and controlling party

The parent Company and controlling party is IQE plc, a company incorporated in the United Kingdom. IQE plc is the parent undertaking of the largest group of undertakings to consolidate these financial statements. The consolidated financial statements of IQE plc are available from the Company Secretary, Pascal Close, St Mellons, Cardiff, CF3 0LW.