

Registered number: 07082726

LOOWATT LTD

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	4	53,248	35,021
Tangible assets	5	5,280	24,005
Investments	6	109	109
		<u>58,637</u>	<u>59,135</u>
Current assets			
Stocks		75,947	287,408
Debtors: amounts falling due within one year	7	691,967	597,929
Cash at bank and in hand	8	363,066	124,665
		<u>1,130,980</u>	<u>1,010,002</u>
Creditors: amounts falling due within one year	9	(219,641)	(350,440)
Net current assets		<u>911,339</u>	<u>659,562</u>
Total assets less current liabilities		<u>969,976</u>	<u>718,697</u>
Creditors: amounts falling due after more than one year	10	(558,301)	(558,301)
Net assets		<u><u>411,675</u></u>	<u><u>160,396</u></u>
Capital and reserves			
Called up share capital	12	442	375
Share premium account	13	5,823,900	4,766,784
Other reserves	13	533,082	465,344
Profit and loss account	13	(5,945,749)	(5,072,107)
		<u><u>411,675</u></u>	<u><u>160,396</u></u>

LOOWATT LTD
REGISTERED NUMBER: 07082726

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

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

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 September 2023.



V Summerfield Gardiner
Director

The notes on pages 3 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

Loowatt Limited is a private limited company, incorporated in England and Wales, registered number 07082726.

The companies registered and trading address is Unit 20, Newington Industrial Estate, 87 Crampton Street, Elephant and Castle, London, United Kingdom, SE17 3AZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have reviewed the company liabilities over the next 12 months and consider the business to be a going concern on the assumption that financial support will be available from the shareholders for the foreseeable future, and at least for 12 months from the date of the approval of these financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

2.12 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Patents	-	5	years straight line
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.14 Development costs

Development costs relate to research and development and are written off to the Profit and Loss Account when incurred.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets, less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	33% Straight line
Office equipment	-	33% Straight line
Computer equipment	-	33% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

2.18 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.20 Creditors

Short term creditors are measured at the transaction price.

2.21 Financial instruments

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.21 Financial instruments (continued)**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the year was 8 (2021 - 12).

4. Intangible assets

	Patents £
Cost	
At 1 January 2022	48,400
Additions	32,135
At 31 December 2022	<u>80,535</u>
Amortisation	
At 1 January 2022	13,379
Charge for the year on owned assets	13,908
At 31 December 2022	<u>27,287</u>
Net book value	
At 31 December 2022	<u>53,248</u>
At 31 December 2021	<u>35,021</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. Tangible fixed assets

	Plant and machinery £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2022	146,898	6,907	32,820	186,625
At 31 December 2022	146,898	6,907	32,820	186,625
Depreciation				
At 1 January 2022	131,121	6,102	25,397	162,620
Charge for the year on owned assets	13,942	433	4,350	18,725
At 31 December 2022	145,063	6,535	29,747	181,345
Net book value				
At 31 December 2022	1,835	372	3,073	5,280
At 31 December 2021	15,776	805	7,424	24,005

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	109
At 31 December 2022	109

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Debtors

	2022 £	2021 £
Trade debtors	249,488	84,083
Amounts owed by group undertakings	260,928	272,816
Other debtors	11,913	10,231
Prepayments and accrued income	53,814	59,081
Tax recoverable	115,824	171,718
	<u>691,967</u>	<u>597,929</u>

8. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	363,066	124,665
	<u>363,066</u>	<u>124,665</u>

9. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	22,347	47,827
Other taxation and social security	10,881	40,027
Other creditors	36,527	44,240
Accruals and deferred income	149,886	218,346
	<u>219,641</u>	<u>350,440</u>

10. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Other loans	558,301	558,301
	<u>558,301</u>	<u>558,301</u>

Loans are secured against a floating charge over the assets of the company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due 1-2 years		
Other loans	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Amounts falling due 2-5 years		
Other loans	458,301	458,301
	<u>458,301</u>	<u>458,301</u>
	<u>558,301</u>	<u>558,301</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
883,116 (2021 - 750,524) Ordinary shares of £0.0005 each	442	375

During the year 132,592 Ordinary shares of £0.0005 were issued for a total consideration of £1,060,670. The total premium received over the nominal value of the shares issued less issue costs have been transferred to the share premium account.

13. Reserves**Other reserves**

As at 31 December 2021 other reserves represents the cumulative balances recognised as charges under the Company's share option scheme of £5,754 and advanced funds of £459,590 received in relation to 57,449 Ordinary shares that were issued post year end.

As at 31 December 2022 other reserves represents the cumulative balances recognised as charges under the Company's share option scheme of £5,532 and advanced funds of £527,550 received in relation to 52,755 Ordinary shares that were issued post year end.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Share-based payments

Share options are fair valued using Black-Scholes option pricing model. The risk free rate was 1%. The expected volatility is estimated by reference to historical volatility over the last two years and estimated as noted below. The average share price is based on the value of share issues in the year.

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at the beginning of the year		15,847		11,062
Granted during the year		-	1200	8,607
Forfeited during the year	1974	(8,035)	1974	(3,822)
Outstanding at the end of the year		7,812		15,847
			2022	2021
Option pricing model used			Black Scholes	Black Scholes
Exercise price (pence)			19.74/12.00	19.74/12.00
Weighted average contractual life (days)			450	1440
Expected volatility			50	50
Expected dividend growth rate			0	0
Risk-free interest rate			1	1

15. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund amounted to £8,095 (2021 - £9,837). Contributions totalling £2,069 (2021 - £4,350) were payable to the fund at the reporting date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	25,000	30,000
Later than 1 year and not later than 5 years	-	25,000
	<u>25,000</u>	<u>55,000</u>

17. Related party transactions

The Company has an outstanding debt to the Founder of £5,068 (2021: £5,065) pursuant to a demand note.

As at the balance sheet date, the Company owed £50,000 (2021:£50,000) to Joan Gardiner, a shareholder of the Company. The loan attracts interest of 4.0% per annum.

As at the balance sheet date, the Company owed £50,000 (2021:50,000) to the Cabot Art 2B Trust, a shareholder of the Company. The loan attracts interest of 4.0% per annum.