

Financial Statements for the Year Ended 31 December 2022

for

Ionix Advanced Technologies Ltd

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for the year ended 31 December 2022

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Ionix Advanced Technologies Ltd

Company Information

for the year ended 31 December 2022

DIRECTORS:

Professor A J Bell
I Williamson
Dr G S Philp
Parkwalk Advisors Limited
H Yin

REGISTERED OFFICE:

Windsor House
Cornwall Road
Harrogate
West Yorkshire
HG1 2PW

REGISTERED NUMBER:

07729411 (England and Wales)

ACCOUNTANTS:

Atraxa Consulting Limited
Brooke's Mill
Armitage Bridge
Huddersfield
West Yorkshire
HD4 7NR

Ionix Advanced Technologies Ltd (Registered number: 07729411)**Balance Sheet****31 December 2022**

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	5		36,578		38,705
CURRENT ASSETS					
Stocks		233,352		189,182	
Debtors	6	281,351		306,664	
Cash at bank		610,563		<u>1,269,842</u>	
		1,125,266		<u>1,765,688</u>	
CREDITORS					
Amounts falling due within one year	7	185,361		<u>115,901</u>	
NET CURRENT ASSETS			939,905		<u>1,649,787</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			976,483		1,688,492
CREDITORS					
Amounts falling due after more than one year	8		31,923		<u>41,905</u>
NET ASSETS			944,560		<u>1,646,587</u>
CAPITAL AND RESERVES					
Called up share capital	10		5,797		5,703
Share premium			1,340,628		1,312,522
Retained earnings			(401,865)		<u>328,362</u>
SHAREHOLDERS' FUNDS			944,560		<u>1,646,587</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

Ionix Advanced Technologies Ltd (Registered number: 07729411)

Balance Sheet - continued

31 December 2022

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 17 July 2023 and were signed on its behalf by:

I Williamson - Director

Notes to the Financial Statements

for the year ended 31 December 2022

1. STATUTORY INFORMATION

Ionix Advanced Technologies Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis which assumes that the company will have sufficient funding available to enable it to continue to operate for the foreseeable future.

To date, the company has been financed by the issue of equity, grants received and revenue generated.

The company anticipates further grant receipts and the continued increase of revenue streams during the next financial year. In addition, subsequent to the year end the company has raised £360,000 following the issue of equity. As a result the directors are confident that they can control future costs and existing cash balances in such a manner that will allow the company to continue as a going concern.

The directors therefore believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Significant judgements and estimates

There are no material judgements made by the directors, in the application of these accounting policies that are expected to have a significant effect on the financial statements or any estimates with a significant risk of material adjustment in the next year.

Turnover

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Where products are sold outright, product sales revenues are recognised once the goods have been despatched. Revenues from the provision of services are recognised upon completion of the contract or as relevant milestones are achieved.

The difference between the amount of income recognised and the amount invoiced on a particular contract is included in the balance sheet as deferred income. Amounts included in deferred income are expected to be recognised within one year and are included within current liabilities.

Notes to the Financial Statements - continued

for the year ended 31 December 2022

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

- Plant and machinery - over 5 years
- Fixtures and fittings - over 5 years
- Computer equipment - over 3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Financial instruments

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the Financial Statements - continued

for the year ended 31 December 2022

3. ACCOUNTING POLICIES - continued

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are only capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- it is probable that the future economic benefits that are attributable to the asset will flow to the Company;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the asset; and
- the cost of the asset can be measured reliably.

Such intangible assets are amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit and are reviewed for an indication of impairment at each reporting date. Other development costs are charged against profit or loss as incurred since the criteria for their recognition as an asset are not met.

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee costs incurred on technical development, testing and certification, materials consumed and any relevant third-party cost. The costs of internally generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

The directors have reviewed the expenditure incurred during the year on research and development activities and have concluded that it is not appropriate to capitalise any of the development costs incurred to date as intangible assets as it is deemed that the probability of future economic benefit is currently uncertain.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Hire purchase and leasing commitments

Leases as lessee:

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. Lease incentives are recognised over the lease term on a straight-line basis.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements - continued

for the year ended 31 December 2022

3. ACCOUNTING POLICIES - continued

Share-based payment transactions

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions) and non-vesting conditions. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the income statement.

Grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 23 (2021 - 20) .

Notes to the Financial Statements - continued
for the year ended 31 December 2022

5. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 January 2022	497,406
Additions	<u>20,418</u>
At 31 December 2022	<u>517,824</u>
DEPRECIATION	
At 1 January 2022	458,701
Charge for year	<u>22,545</u>
At 31 December 2022	<u>481,246</u>
NET BOOK VALUE	
At 31 December 2022	<u>36,578</u>
At 31 December 2021	<u>38,705</u>

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	169,549	66,245
Other debtors	<u>111,802</u>	<u>240,419</u>
	<u>281,351</u>	<u>306,664</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Bank loans and overdrafts	9,982	8,919
Trade creditors	74,930	32,821
Taxation and social security	27,527	23,806
Other creditors	<u>72,922</u>	<u>50,355</u>
	<u>185,361</u>	<u>115,901</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Bank loans	<u>31,923</u>	<u>41,905</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>-</u>	<u>886</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2022

9. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	<u>27,141</u>	<u>22,902</u>

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
5,391	Ordinary	£1	5,391	5,297
1,039	B Ordinary	1p	10	10
400	Deferred (Treasury)	99p	<u>396</u>	<u>396</u>
			<u>5,797</u>	<u>5,703</u>

On 26 August 2022 the company issued 94 Ordinary Shares of £1 each at a price of £300 per share for total cash consideration of £28,200. The shares were issued following the exercise of EMI share options.

Share rights

Any profits which the company determines to distribute in respect of any financial year shall be distributed amongst the Ordinary Shareholders and the B Ordinary Shareholders pro rata according to the number of Ordinary Shares and/or B Ordinary Shares held by each of them.

The shareholders shall or procure the doing of all necessary acts to ensure that (i) in the event of a Disposal, the Proceeds, and (ii) upon a return of assets on a liquidation, reduction of capital or otherwise, the surplus assets of the company remaining after payment of its liabilities shall be distributed amongst the shareholders pro rata according to the number of Ordinary Shares and/or B Ordinary Shares held by each of them, before any distribution is made to the holders of the Deferred Shares. In the event of a share sale, the proceeds shall be distributed as between the shareholders on the same basis as if they were Surplus Assets in accordance with the provisions of article 3.8 of the Articles of Association.

The holders of the Ordinary Shares shall have the right to receive notice of and attend and vote at any general meeting of the company and receive and vote on proposed written resolutions. The holders of the B Ordinary Shares shall have the right to receive notice of and attend any general meeting of the company but not have the right to vote at the meeting, or to vote on any written resolutions.

The Deferred (Treasury) Shares

These shares were purchased back by the company and are currently held as treasury shares.

11. POST BALANCE SHEET EVENTS

Subsequent to the year end the company has issued 360 E Ordinary shares for cash consideration of £360,000.

Notes to the Financial Statements - continued
for the year ended 31 December 2022

12. SHARE-BASED PAYMENT TRANSACTIONS

Share options

The company has share option plans under which it grants options over ordinary shares to certain directors and employees of the company. Options under these plans are exercisable at a range of exercise prices based on the market price of the company's shares on the date of the grant. The options are settled in equity once exercised. If the options remain unexercised for a period after 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

The number and weighted average exercise prices of share options are as follows:

	EMI options	Unapproved options	Total	Weighted average exercise price per share (£)
At 31 December 2021	575	163	738	608.69
Granted during the period	-	-	-	-
Exercised during the period	(94)	-	(94)	(612.00)
Transferred during the period	(168)	168	-	-
Forfeited during the period	(123)	-	(123)	(667.05)
At 31 December 2022	<u>190</u>	<u>331</u>	<u>521</u>	<u>650.60</u>

Options vest based upon employment conditions and the achievement of performance milestones. Options have a range of exercise prices from £612 per share to £740 per share.

Option values were calculated using a Black-Scholes pricing model with the following assumptions:

	Options granted in the year
Dividend yield	0%
Expected volatility	40%
Option maturity period	10 years
Risk free interest rate	1.50%
Weighted average market price of a share	£673

Any share options which are not exercised within 10 years from the date of grant will expire. The company has recognised a share-based payment credit of £6,302 in respect of share options in the year (2021: £15,789 charge). The company has taken advantage of the exemptions under FRS 102 Section 1A to not include a share-based payment charge in respect of options which had been granted prior to the date of transition.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.