

Company Registration Number: 08082567 (England and Wales)

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2-DTECH LIMITED

ANNUAL REPORT

31 MARCH 2017

2-DTECH LIMITED

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2-DTECH LIMITED

Company Information

DIRECTORS:	Mr N Ricketts Mr C M Leigh
COMPANY SECRETARY:	Mr C M Leigh
REGISTERED OFFICE:	Unit 2, Chosen View Road Cheltenham Gloucestershire GL51 9LT
REGISTERED NUMBER:	08082567 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR United Kingdom
BANKERS:	Santander UK PLC Bristol Corporate Business Centre One Glass Wharf Avon Street Bristol BS2 0ZX

2-DTECH LIMITED

Report of the Directors for the Year to 31 March 2017

The directors present their report with the audited financial statements of the company for the year ended 31 March 2017

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review was that of the development, manufacture and supply of 2 dimensional materials and the provision of consultancy services in connection with such materials.

REVIEW OF BUSINESS

The results for the year are on page 7 of the financial statements. The position at the year ended 31 March 2017 was satisfactory.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £445,555 (2016 - £300,535)

The directors do not recommend the payment of a dividend leaving a loss of £445,555 (2016-£300,535) to be transferred from reserves.

FUTURE DEVELOPMENTS

The Company will continue its efforts to develop graphene using a process founded upon an agreement with the Universities of Manchester and Ulster and will also be able to scale up production of graphene using an exfoliation process. Patents have been granted in the USA and the Company will pursue its market there.

RESEARCH AND DEVELOPMENT

Investing in research and development programmes delivers product innovation and manufacturing improvements. £2,051 (2016: £216,680) of expenditure on research and development in the period has been capitalised.

GOING CONCERN

After making enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Versarien PLC own 85% of the company's shares and the University of Manchester owns 15%. Versarien PLC has confirmed in writing its intention to provide ongoing support to the company for a period of at least 12 months from the date of signature of these financial statements. Having considered the ability of the Versarien Group to provide that support, and based on the confirmation received, the directors believe that the company is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the annual reports and financial statements.

2-DTECH LIMITED

Report of the Directors for the Year to 31 March 2017 (cont'd)

DIRECTORS

The directors who have held office during the year to the date of this report are as follows:-

Mr N Ricketts

Mr C M Leigh

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS'

The Independent Auditors, PricewaterhouseCoopers LLP, who were appointed by the Board for the year have indicated their willingness to be reappointed for another term.

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 C M Leigh
Company secretary

3 October 2017

2-DTECH LIMITED

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

2-DTECH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 2-DTECH LIMITED

Report on the financial statements

Our opinion

In our opinion, 2-DTech Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Report of the Directors. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Report of the Directors; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

2-DTECH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF 2-DTECH LIMITED (Continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

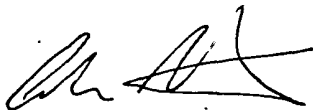
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Report of the Directors, we consider whether this report includes the disclosures required by applicable legal requirements.



Colin Bates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
3 October 2017

2-DTECH LIMITED

Statement of Comprehensive income for the Period to 31 March 2017

	Note	31 March 2017	31 March 2016
		£	£
CONTINUING OPERATIONS			
Revenue	3	128,309	15,620
Cost of Sales		(120,664)	(19,711)
Gross profit/(loss)		7,645	(4,091)
Other operating income		123,357	30,655
Administrative expenses	5	(574,037)	(342,915)
Exceptional items included within administrative expenses	5	-	3,110
OPERATING LOSS	5	(443,035)	(316,351)
Finance costs		(2,520)	(2,052)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(445,555)	(318,403)
Tax on loss	6	-	17,868
LOSS FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR		(445,555)	(300,535)

The notes on pages 10 to 20 form part of these financial statements

2-DTECH LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2017

	Note	31 March 2017 £	31 March 2016 £
ASSETS			
FIXED ASSETS			
Intangible assets	8	245,840	399,183
Property, plant and equipment	7	196,640	154,909
		<u>442,480</u>	<u>554,092</u>
CURRENT ASSETS			
Inventories	9	63,883	24,136
Trade and other receivables	10	42,533	58,092
Cash and cash equivalents	11	2,475	1,015
		<u>108,891</u>	<u>83,243</u>
TOTAL ASSETS		<u>551,371</u>	<u>637,335</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	15	660,000	660,000
Accumulated losses		<u>(1,552,989)</u>	<u>(1,107,434)</u>
TOTAL EQUITY		<u>(892,989)</u>	<u>(447,434)</u>
CURRENT LIABILITIES			
Trade and other payables	12	1,308,582	891,759
NON-CURRENT LIABILITIES			
Trade and other payables	13	135,778	193,010
TOTAL LIABILITIES		<u>1,444,360</u>	<u>1,084,769</u>
TOTAL EQUITY AND LIABILITIES		<u>551,371</u>	<u>637,335</u>

The financial statements on pages 7 to 20 were approved by the Board of Directors on 3 October 2017 and signed on its behalf by:



Mr N Ricketts
Chief Executive Officer



Mr C M Leigh
Chief Financial Officer

The notes on pages 10 to 20 form part of these financial statements

2-DTECH LIMITED**STATEMENT OF CHANGES IN EQUITY for the Year Ended 31 March 2017**

	Called up Share Capital	Accumulated losses	Total equity
Balance as at 31 March 2015	660,000	(806,899)	(146,899)
Loss for the financial year and total comprehensive expense for the financial year	-	(300,535)	(300,535)
	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2016	660,000	(1,107,434)	(447,434)
Loss for the financial year and total comprehensive expense for the financial year	-	(445,555)	(445,555)
	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2017	<u>660,000</u>	<u>1,552,989</u>	<u>892,989</u>

The notes on pages 10 to 20 form part of these financial statements

2-DTECH LIMITED

Notes to the Financial Statements for the Year to 31 March 2017

1 ACCOUNTING POLICIES

General information

2-DTECH Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Unit 2 Chosen View Road, Cheltenham, Gloucestershire, GL51 9LT.

These financial statements are presented in pounds sterling as the currency of the primary economic environment in which the company operates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' consistently. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 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 later in note 1.

The following exemptions from the requirements of IFRS have been applied in the preparation of the financial statements in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurements of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - i. paragraph 79(a)(iv) of IAS 1
 - ii. paragraph 73(e) of IAS 16 Property, plant and equipment
 - iii. paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)

2-DTECH LIMITED

Notes to the Financial Statements for the Year to 31 March 2017 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

- 10(f) (a statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements)
- 16 (statement of compliance with all IFRS)
- 38A (requirement for minimum of two primary statements, including cash flow statements)
- 38B-D (additional comparative information)
- 40A-D (requirements for a third statement of financial position)
- 111 (cash flow statement information), and
- 134-136 capital management disclosures
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or members of a group.

The Company is in its development stage and relies upon its parent company for financial support. On the basis of this support the Directors consider it appropriate to prepare the financial statements on a going concern basis. The validity of this assumption depends upon the parent company continuing its support in the forthcoming financial year. The parent company, Versarien plc, has agreed to support the Company for at least 12 months from the date the financial statements are signed.

If the Company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long-term liabilities and current assets and liabilities.

Revenue recognition

Revenue represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. Revenue is recognised at the point the company has performed its obligations, based on the fair value of the right to consideration. The sale of manufactured goods are recognised on the date of shipping of the goods.

The company is engaged in Proof of Principle (POP) contracts with the University of Manchester. This is for the completion of defined pieces of research at a fixed price which covers costs, labour and certain overheads. The contract payments are front-loaded and are treated as deferred income until released to other operating income as costs are incurred. The quantum of the release of deferred income is calculated so that the ratio of released to total income is the same as the ratio of costs incurred to total expected costs.

2-DTECH LIMITED

Notes to the Financial Statements for the Year to 31 March 2017 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grant income recognition

Grant income relating to projects have been deferred and will be released in line with the amortisation of the corresponding asset capitalised.

Property, plant and equipment

In accordance with IAS 16, property, plant and equipment costs are recognised as a capital item in the Statement of Financial Position when it is considered the item will help generate a future economic benefit to the company.

The capitalisation of such items are based on the cost to purchase and bring the item to working condition. The depreciation rates for the relevant capital classifications are as follows

Laboratory and office equipment	3 - 20 years
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Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale.

Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets

The company assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Current and deferred tax

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be recognised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

2-DTECH LIMITED

Notes to the Financial Statements for the Year to 31 March 2017 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Trade and other receivables

Trade and other receivables are stated at cost less impairment, which approximates fair value given the short term nature of these assets and liabilities. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other payables

These amounts represent liabilities for services provided to the company prior to the end of the financial year which are unpaid.

Research and development

In accordance with IAS 38, it is the Company's policy to recognise an intangible asset for development of its product once the development criteria has been met. Otherwise all costs in the research phase will be recognised in the Income Statement for the period in which they are incurred.

Costs that are directly attributable to the development phase of a product are recognised as intangible assets provided they meet the following recognition requirements:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Company intends to complete the intangible asset and use or sell it;
- the Company has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future benefits.
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Capitalised development costs are written off over a period of four years from the point at which commercial production of Graphene commences.

2-DTECH LIMITED

Notes to the Financial Statements for the Year to 31 March 2017 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

In line with IAS 38 it is the company's policy to recognise an intangible asset when:

- a) a financial instrument is deemed separable from the entity, can be sold, transferred, licenced, rented or exchanged;
- b) a financial instrument arises from a contractual or other legal rights;
- c) future economic benefits are expected from the financial instrument; and
- d) the cost of the asset can be measured reliably

The directors are of the opinion that patent and development costs meet the criteria above. The patent is recorded at amortised cost. Amortisation is applied to an intangible asset where the directors' believe the useful life of the asset is finite and, in accordance with IAS 38, the useful life shall not exceed the period of contractual or other legal rights. The licence cost is amortised over 20 years on a straight-line basis.

Share capital

Ordinary shares are classified as equity. Any excess above the par value of shares received upon issuance of is credited to share premium.

Going concern

After making enquires, the directors have a reasonable expectation that the company has adequate resources to continue on operational existence for the foreseeable future. The company is part of the Versarien Group which has confirmed in writing its intention to provide ongoing support to the company for a period of at least 12 months from the date of signature of these financial statements. Having considered the ability of the Versarien Group to provide that support, and based on the confirmation received, the directors believe that the company is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statement.

Operating leases

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Inventories

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

Pensions

The company contributes to the personal pension scheme of one (2016: one) employee. Costs are charged to the profit and loss account as they become payable.

2-DTECH LIMITED**Notes to the Financial Statements for the Year to 31 March 2017 (continued)****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Key sources of estimation and uncertainty**

Below are key assumptions concerning the future and sources of uncertainty in estimation which may cause material adjustments to the carrying value of assets and liabilities in the next financial year as at the reporting period end;

Useful life of property, plant, equipment

As described in the accounting policy, the company considers the useful life of each asset capitalised. During the year the directors determined that plant and equipment had an economic useful life of 3-20 years.

3 REVENUE

Turnover and profit on ordinary activities before taxation is wholly attributable to the principal activity of the company. An analysis of turnover by geographical location is given below:

	2017 £	2016 £
United Kingdom	20,687	12,650
Rest of Europe	106,221	2,775
Other	1,401	195
	<u>128,309</u>	<u>15,620</u>

4 EMPLOYEES AND DIRECTORS

The aggregate payroll costs were as follows:

	2017 £	2016 £
Wages and salaries	170,833	194,895
Social security costs	17,721	19,441
Other pension costs	-	2,000
	<u>188,554</u>	<u>216,336</u>

Of the aggregate amount, £nil (2016: £109,175) has been capitalised and shown in intangible assets.

The monthly average number of persons employed by the company (excluding directors) during the year was as follows:

	2017 No	2016 No
Research and production	5	3
	<u>5</u>	<u>3</u>

2-DTECH LIMITED**Notes to the Financial Statements for the Year to 31 March 2017 (continued)****4 EMPLOYEES AND DIRECTORS (continued)****Directors**

	2017	2016
	£	£
Emoluments	-	30,091
Pension contributions	-	-
	<u>-</u>	<u>30,091</u>

The total number of directors serving the company during the period amounted to 2 (2016:4). The above emoluments relate to two (2016: four) of the directors. Two directors are employed and remunerated by the Versarien Group.

5 OPERATING LOSS

	2017	2016
	£	£
Loss before income tax is stated after charging:		
Fees payable to the auditors		
- Audit of these financial statements pursuant to legislation	10,710	3,000
Depreciation of tangible fixed assets- owned	9,674	11,177
Amortisation of intangible assets	165,289	2,028
Exceptional items	-	3,110
Research and development costs	171,000	99,128
Operating lease payments- land and building	<u>36,500</u>	<u>36,500</u>

Exceptional items arise from obtaining a visa for one of the employees of the Company.

6 TAX ON LOSS**Analysis of the charge**

No liability to UK corporation tax arose on ordinary activities for the year.

Factors affecting the tax charge

	2017	2016
	£	£
Loss on ordinary activities before tax	<u>(445,555)</u>	<u>(318,403)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)	(89,111)	(63,681)
Effects of :		
R&D tax credit	-	22,403
Costs of R&D tax credit	-	(4,535)
Depreciation in excess of capital allowances	(3,200)	(11,559)
Other adjustments	200	(4)
Losses carried forward	<u>92,111</u>	<u>75,244</u>
Total tax charge	<u>-</u>	<u>17,868</u>

2-DTECH LIMITED**Notes to the Financial Statements for the Period to 31 March 2017 (continued)****6 TAX ON LOSS - continued****Factors that may affect future tax charges**

No deferred tax asset has been recognised as there is currently insufficient certainty as to the precise timing of when the asset would be recovered. The unrecognised asset amounts to £255,000 (2016: £190,138) being £267,000 (2016: £199,880) of trading losses and capital allowance liability of £12,000 (2016: £9,742).

7 PROPERTY PLANT AND EQUIPMENT

	Lab equipment	Office equipment	Total
	£	£	£
Cost			
At 1 April 2016	205,708	5,875	211,583
Additions	<u>53,778</u>	<u>-</u>	<u>53,778</u>
At 31 March 2017	<u>259,486</u>	<u>5,875</u>	<u>265,361</u>
Accumulated depreciation			
At 1 April 2016	52,529	4,145	56,674
Charge for the year	<u>10,954</u>	<u>1,093</u>	<u>12,047</u>
At 31 March 2017	<u>63,483</u>	<u>5,238</u>	<u>68,721</u>
Net book value			
At 31 March 2016	<u>153,179</u>	<u>1,730</u>	<u>154,909</u>
At 31 March 2017	<u>196,003</u>	<u>637</u>	<u>196,640</u>

2-DTECH LIMITED**Notes to the Financial Statements for the Period to 31 March 2017 (continued)****8 INTANGIBLE FIXED ASSETS**

Cost	Patent	Website	Development costs	IP	TOTAL
	£	£	£	£	£
At 1 April 2016	17,738	4,175	240,293	140,000	402,206
Additions	<u>3,670</u>	<u>6,225</u>	<u>2,051</u>	-	<u>11,946</u>
At 31 March 2017	<u>21,408</u>	<u>10,400</u>	<u>242,344</u>	<u>140,000</u>	<u>414,152</u>
Accumulated Amortisation					
At 1 April 2016	819	2,204	-	-	3,023
Charge for year	<u>936</u>	<u>2,110</u>	<u>134,243</u>	<u>28,000</u>	<u>165,289</u>
At 31 March 2017	<u>1,755</u>	<u>4,314</u>	<u>134,243</u>	<u>28,000</u>	<u>168,312</u>
Net book value					
At 31 March 2016	<u>16,919</u>	<u>1,971</u>	<u>240,293</u>	<u>140,000</u>	<u>399,183</u>
At 31 March 2017	<u>19,653</u>	<u>6,086</u>	<u>108,101</u>	<u>112,000</u>	<u>245,840</u>

The developments costs capitalised are directly attributable to the development phase of a product and recognised as intangible assets in accordance with IAS 38. Capitalised development costs are written off over a period of four years from the point at which commercial production commences.

On 26 June 2015, the Company signed an agreement with the University of Manchester and the University of Ulster to vary the terms of the agreement existing at the time when Versarien PLC acquired it relating to the production of graphene using exfoliation methods. Under the terms of the variation the Company has undertaken to pay £140,000 to the University of Manchester in equal quarterly instalments over a period of 2 years in return for them forgoing patent and income sharing rights arising from graphene production. Under a revised agreement with the University of Ulster the Company is now entitled to 60% of the patent rights and the lesser of 98.4% of sales revenues and 90% of profits arising from graphene production.

9 INVENTORIES

	2017	2016
	£	£
Raw materials and consumables	6,725	6,711
Finished goods	<u>57,158</u>	<u>17,475</u>
	<u>63,883</u>	<u>24,136</u>

Inventories are stated after provision for impairment of £nil (2016: £nil)

2-DTECH LIMITED**Notes to the Financial Statements for the Period to 31 March 2017 (continued)****10 TRADE AND OTHER RECEIVABLES**

	2017	2016
	£	£
Trade debtors	187	398
Amounts owed by group undertakings	48	1,603
Taxation and social security	23,154	7,752
Other debtors	<u>19,144</u>	<u>48,339</u>
	<u>42,533</u>	<u>58,092</u>

Trade debtors are stated after provision for impairment of £nil (2016: £nil)

11 CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Bank accounts	<u>2,475</u>	<u>1,015</u>

12 TRADE AND OTHER PAYABLES CURRENT LIABILITIES

	2017	2016
	£	£
Trade creditors	19,477	11,354
Amounts owed to group undertakings	1,198,757	672,498
Taxation and social security	4,737	4,173
Other creditors	<u>85,611</u>	<u>203,734</u>
	<u>1,308,582</u>	<u>891,759</u>

Included within other creditors are obligations under hire purchase of £19,989 (2016: £11,071)

13 TRADE AND OTHER PAYABLES NON CURRENT LIABILITIES

	2017	2016
	£	£
Other creditors	<u>135,778</u>	<u>193,010</u>
	<u>135,778</u>	<u>193,010</u>

Included within other creditors are obligations under hire purchase of £40,464 (2016: £16,606)

2-DTECH LIMITED**Notes to the Financial Statements for the Period to 31 March 2017 (continued)**¹⁴**OPERATING LEASE COMMITMENTS**

At 31 March 2017, the company was committed to making the following payments under non-cancellable operating leases.

	Land and Buildings	
	2017	2016
	£	£
Expiring within one year	29,000	29,000
Expiring within two to five years	29,750	62,250
Greater than five years	-	-
	<u> </u>	<u> </u>

15 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	2017	2016
			£	£
660,000 (2016: 660,000)	Ordinary	£1	660,000	660,000
			<u> </u>	<u> </u>

16 PENSION COMMITMENTS

The company contributed to the personal pension scheme of nil (2016: one) employee. Costs are charged to the profit and loss account as they become payable.

The pension charge for the year represents contributions payable by the company to the scheme and amounted to £nil (2016 - £2,000). There were outstanding contributions of £nil (2016: £nil) to the scheme at the end of the financial year.

17 ULTIMATE PARENT UNDERTAKING

The Company's immediate and ultimate parent company is Versarien Plc which is incorporated in the United Kingdom and listed on AIM. In the opinion of the directors' there is no ultimate controlling party. Copies of Versarien Plc consolidated financial statements can be obtained from its registered office at Unit 2, Chosen View Road, Cheltenham, Gloucestershire, GL51 9LT.

18 RELATED PARTY TRANSACTIONS

During the year the Company received goods from Rapid Powders Limited of £nil (2016: £26,234) a Company which is 50% owned by a Director of 2-D Tech's parent company, Versarien PLC. There was no amount payable at 31 March 2017. The company takes the exemption under FRS101 to not disclose transactions with other group companies.