

REGISTERED NUMBER: 08189877

ELEMENTAL DIGEST LIMITED

**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**



STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	4	1,807,641	1,744,501
Tangible assets	5	69,506	82,766
Investments	6	4	4
		<u>1,877,151</u>	<u>1,827,271</u>
Current assets			
Debtors: amounts falling due within one year	7	81,856	454,696
Cash at bank and in hand		516,005	831,872
		<u>597,861</u>	<u>1,286,568</u>
Creditors: amounts falling due within one year	8	<u>(835,393)</u>	<u>(828,488)</u>
Net current assets / (liabilities)		<u>(237,532)</u>	<u>458,080</u>
Total assets less current liabilities		<u>1,639,619</u>	<u>2,285,351</u>
Creditors: amounts falling due after more than one year	9	<u>(473,336)</u>	<u>(450,236)</u>
Net assets / (liabilities)		<u>1,166,283</u>	<u>1,835,115</u>
Capital and reserves			
Called up share capital	11	1,405	1,405
Share premium		4,667,321	4,667,321
Retained earnings		<u>(3,502,443)</u>	<u>(2,833,611)</u>
Total shareholders' funds		<u>1,166,283</u>	<u>1,835,115</u>

The directors consider that the company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 September 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 September 2022 in accordance with Section 476 of the Companies Act 2006.

These financial statements have been prepared and 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 income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors on 6 March 2023 and were signed on its behalf by:

D E Hislop

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D E Hislop – Director

The notes form part of these financial statements

ELEMENTAL DIGEST LIMITED

**STATEMENT OF CHANGES IN EQUITY
AS AT 30 SEPTEMBER 2022**

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
At 1 October 2020	1,254	3,136,233	(2,183,344)	954,143
Loss for the year	-	-	(650,267)	(650,267)
Total comprehensive income for the year	-	-	(650,267)	(650,267)
Proceeds from shares issued	151	1,531,088	-	1,531,239
Total transactions with owners	151	1,531,088	-	1,531,239
At 1 October 2021	1,405	4,667,321	(2,833,611)	1,835,115
Loss for the year	-	-	(668,832)	(668,832)
Total comprehensive income for the year	-	-	(668,832)	(668,832)
At 30 September 2022	1,405	4,667,321	(3,502,443)	1,166,283

The notes form part of these financial statements

ELEMENTAL DIGEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. General information

Elemental Digest Limited is a private company limited by shares and is incorporated in England. The company's registered number is 08189877 and the address of its registered office Woodwater House, Pynes Hill, Exeter, Devon, EX2 5WR.

2. 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 otherwise stated.

Basis of preparing the financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

Going concern

The directors have reviewed the Company's financial position and the future cash requirements to meet financial obligations as they fall due. The Company's first licenced plant, the construction of which is not the responsibility of the Company, has been further delayed due to post pandemic building materials availability issues and labour shortages. However, the plant is now in final commissioning phase and expected to be operational by early Q2 2023 which will then start to generate licence fees for the Company as the protein and fat products produced are sold. The directors have considered the impact of the further delay on the business plan and acknowledge that there is uncertainty on the timing and quantum of licence fees from the first plant which could impact the Company's cashflow. To address this uncertainty, the directors have put in place short term funding measures that should provide the Company sufficient cash resources over the next 12 months to continue as a going concern as licence fees grow. The development of new protein, fat and fertiliser plants and new protein products will require the Company to identify new funding sources to deliver this growth and these projects will not be started until the required funding is secured.

Included within the balance sheet is development expenditure of £1,807,641 (2021: £1,744,501) which will be amortised once the commercial benefits start to be derived. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

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.

Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Interest income

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

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.

Borrowing costs

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

ELEMENTAL DIGEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Pensions

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.

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.

Intangible assets

Development costs of projects are capitalised at cost in the year in which they are incurred. This is on the basis that the costs meet the requirements for being capitalised under FRS 102. The costs will be amortised once commercial benefits start to be derived.

Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and 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 and a reducing balance method.

Depreciation is provided on the following basis:

Plant and machinery	- between 10% and 33% straight line
Motor vehicles	- 20% reducing balance

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.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial instruments

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.

ELEMENTAL DIGEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS-(CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Employees

The average monthly number of employees, including directors, during the year was as follows:

	2022 No.	2021 No.
Employees	6	7

4. Intangible assets

	Development expenditure £
Cost	
At 1 October 2021	1,744,501
Additions	63,140
At 30 September 2022	1,807,641
Net book value	
At 30 September 2022	1,807,641
At 30 September 2021	1,744,501

ELEMENTAL DIGEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

5. Tangible assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 October 2021	100,152	13,045	113,197
At 30 September 2022	100,152	13,045	113,197
Accumulated depreciation			
At 1 October 2021	(20,809)	(9,622)	(30,431)
Charge for the year	(12,576)	(684)	(13,260)
At 30 September 2022	(33,385)	(10,306)	(43,691)
Net book value			
At 30 September 2022	66,767	2,739	69,506
At 30 September 2021	79,343	3,423	82,766

6. Investments

	Shares in group undertakings £
Cost	
At 1 October 2021	4
At 30 September 2022	4

Subsidiary undertakings

The following were the subsidiary undertakings of the Company:

Name	Class of share	Holding
Elemental Digest Edibles Limited	Ordinary	100%
Elemental Digest Energy Limited	Ordinary	100%
Elemental Digest Systems Limited	Ordinary	100%
Elemental Digest Thallo Limited	Ordinary	100%

ELEMENTAL DIGEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

7. Debtors: amounts falling due within one year

	2022	2021
	£	£
Other Debtors	81,856	454,696
Prepayments and accrued income	-	-
	81,856	454,696

8. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	9,310	20,741
Amounts owed to group undertakings	4	4
Taxation and social security	13,289	21,804
Other creditors	788,442	679,950
Accruals and deferred income	24,348	105,989
	835,393	828,488

9. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Other loans	473,336	450,236
	473,336	450,236

The following liabilities were secured:	2022	2021
	£	£
Other loans	333,336	310,236
	333,336	310,236

Included within creditors due after more than one year is an amount of £333,336 secured by way of a debenture including a fixed and floating charge over the assets of the company.

10. Loans

Analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due 1-2 years		
Other loans	473,336	450,236
	473,336	450,236

ELEMENTAL DIGEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

11. Share capital

	2022 £	2021 £
<i>Authorised, allotted and fully paid:</i>		
100,000,000 A Ordinary shares of £0.00001 each	1,000	1,000
10,000,000 B Ordinary shares of £0.00001 each	100	100
30,469,588 C Ordinary shares of £0.00001 each	305	305
	<u>1,405</u>	<u>1,405</u>

All share classes rank pari passu in respect of dividends, voting rights and distributions on winding up.

12. 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 and amounted to £16,870 (2021: £13,430). Contributions totalling £2,633 (2021: £2,781) were payable to the fund at the reporting date and are included in creditors.

13. Commitments under operating leases

At 30 September 2022 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	85,000	75,000
Later than 1 year and not later than 5 years	142,500	227,500
	<u>227,500</u>	<u>302,500</u>

14. Related party disclosures

Included within other creditors due within one year are loans from directors totalling £386,470 (2021: £386,470) and are repayable on demand. Of this balance, £86,470 (2021: £86,470) is interest free and £300,000 (2021: £300,000) relates to a convertible loan note held by a director which is accruing interest at a rate of 8% per annum. The amount of accrued interest (but not paid) as at the year-end is £171,090 (2021: £147,090). The intent of the director to convert the loan to shares once the company has received the funding required to develop the future operating activities.

Included within other creditors due within one year is a loan from a shareholder with significant control totalling £39,606 (2021: £39,606) and is interest free, repayable on demand.

Included within other creditors due within one year is an amount owed to a company under the control of one of the shareholders with significant control. As at the year end the amount owed was £72,000 (2021: £72,000). During the year, the company incurred costs from the related party of £nil (2021: £2,203). These transactions have been undertaken on an arms-length basis.

Included within other creditors due after more than one year is a loan from a shareholder with significant control £140,000 (2021: £140,000). The loan is interest free and cannot be called upon by the shareholder until such point as the company has distributable reserves.

14. Related party disclosures (continued)

Included within other creditors due after more than one year is a loan from an executive pension scheme with a Trustee and beneficiary in common with a director totalling £333,336 (2021: £310,236). The loan incurs interest at a rate of 10% per annum and the loan has been undertaken on an arms-length basis.

During the year purchases of £94,715 (2021: £90,320) were made from related companies that had either had a director or a shareholder with significant control in common with the Company. At the year end the amount owed to these companies was £Nil (2020: £Nil).