

Registered No. 08305253

## **Power Roll Limited**

### **Report and Financial Statements**

Year ended 30 September 2022



## Power Roll Limited

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### **Directors**

R C Aylard  
J A Johnson (Chairman)  
I D McLeod  
N Spann  
Dr A J Topping

### **Bankers**

Lloyds Bank plc  
25 Gresham Street  
London  
EC2V 7HN

### **Independent auditor**

Ernst & Young LLP  
Citygate  
St James' Boulevard  
Newcastle upon Tyne  
NE1 4JD

### **Registered Office**

Washington Business Centre  
2 Turbine Way  
Sunderland  
SR5 3NZ

## Power Roll Limited

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Registered No. 08305253

### Directors' report

The directors present their report and financial statements for year ended 30 September 2022.

#### Principal activity and business update

The principal activity of the company is that of the development, manufacture and sale or licence of next generation photovoltaic, energy storage and other products enabled by the company's micro-groove platform technology. The company's activities during the financial year have been focussed on research and development activities relating to an ultra-low cost photovoltaic device and energy storage applications. Significant progress has been made during this financial year with a number of near to medium term opportunities being progressed. This includes the successful commissioning of a solar film pilot plant, a key milestone on the scale up and commercialisation journey as well as generating initial licencing revenues.

The company has reported a loss after tax for the year of £4,720,628 (2021: £2,598,671 restated). A prior year adjustment has been reflected in the accounts in concern with the accounting treatment of share based payments. The adjustment has no impact on prior year net assets and is explained in note 21.

The directors do not recommend the payment of a dividend (2021 - £nil).

#### Future developments

During 2023 the company expects to continue to make further progress in the development of its next generation of energy storage and photovoltaic products. High energy prices and the need to decarbonise continue to provide substantial opportunities for the company.

#### Directors

The directors who served the company during the year and to the date of approval of the financial statements were as follows:

R C Aylard  
J A Johnson (Chairman)  
S G Joicey (Resigned 18 January 2023)  
I D McLcod  
N Spann  
Dr A J Topping

#### Principal risks and uncertainties

The company's principal financial instruments comprise cash and shareholder loans. Other financial assets and liabilities, such as trade creditors and trade debtors, arise directly from the company's operating activities. The main risks associated with the company's financial assets and liabilities are set out below.

##### Interest rate risk

The interest rates on the company's shareholder loans have been fixed at 6%, compounded annually. The interest rate on the convertible loans is fixed at 8%, non-compounded. The convertible loan was converted in year and the interest paid out to lenders. The company has cash balances invested in interest bearing deposits. The company's interest income and expenses are not materially affected by movements in interest rates. During the year, the company has not undertaken any hedging activity in relation to interest rate risk.

##### Liquidity risk

The company aims to mitigate liquidity risk by managing cash flows tightly and forecasting out at least twelve months on a monthly basis.

## Power Roll Limited

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### Directors' report

#### Supply Chain risk

Global supply chains are under significant pressure, resulting in systemic delays. This could cause disruption in the supply of equipment and / or raw materials. The management team are liaising with major partners and suppliers in order to mitigate as much as possible risks posed by supply chain delays. In addition parallel supply chain plans have been put in place where possible.

#### COVID-19 risk

Although significantly reduced, the risk posed by the impact of COVID-19 remains present in terms of the impacts on global supply chain and internal resource. The company has implemented risk mitigation strategies to manage the impacts of COVID-19 as they manifest within the business.

#### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

#### Disabled employees

The policy of the company is to give full consideration to employment applications from disabled persons who have the necessary aptitudes and abilities to perform the duties of the job. The company seeks to develop the skills and talents of disabled persons by providing appropriate training. Where an employee becomes disabled whilst employed, arrangements are made wherever practicable to maintain employment by identifying a suitable job and providing any necessary retraining.

#### Employee involvement

It is the company's policy to involve employees at all levels in the operation of the company and to inform them of its financial position and activities through briefing meetings, which are held at regular intervals.

#### Going concern

At 30 September 2022 the company had net assets of £7,914,080 (2021: £3,822,188) and cash balances of £5,474,078 (2021: £4,779,626).

The directors have considered the company's current and future prospects and its availability of financing and are satisfied that the company can continue to pay its liabilities as they fall due for the period to 31 March 2024. This view is based on an assessment of the company's cash flow forecast for the period, considering risks and contingency plans to mitigate these risks, should they be required. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements.

#### Small company exemptions

The company has taken advantage of the exemption under Section 414A of the Companies Act 2006 in not preparing the Strategic Report. As a small company the directors have also taken advantage of the exemption to provide information in respect of s172 of the Companies Act 2006.

On behalf of the Board



N Spann  
Director

22 March 2023

## Power Roll Limited

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### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditor's report**

**to the members of Power Roll Limited**

### **Opinion**

We have audited the financial statements of Power Roll Limited (the 'company') for the year ended 30 September 2022 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2022 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 31 March 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

## **Independent auditor's report (continued)**

**to the members of Power Roll Limited**

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent auditor's report (continued)

to the members of Power Roll Limited

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are
  - Companies Act 2006 and FRS102
  - Tax legislation (governed by HM Revenue & Customs)
  - Health and Safety legislation
- We understood how Power Roll Limited is complying with those frameworks by reading internal policies and assessing the entity level control environment. We made enquiries of the company's senior management of known instances of non-compliance or suspected non-compliance with laws and regulations, including any matters raised in whistleblowing. We also considered the oversight procedures of the company's Board of Directors.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of senior management, including the Chief Executive Officer and the Chief Financial Officer. We planned our audit to identify risks of management override or bias by agreeing journal entries in the areas involving significant estimation and judgement to supporting documentation.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of Board meeting minutes. Our procedures also involved journal entry testing and data analytics techniques which were deployed to identify manual journals deemed most susceptible to fraud (based on our fraud risk criteria), substantiating these transactions back to underlying, supporting documentation. Our testing also included consideration of compliance of employees with policies and codes of conduct.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Ernst & Young LLP*

Richard Lingwood (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

Newcastle upon Tyne

22 March 2023



## Power Roll Limited

**Income statement**

for the year ended 30 September 2022

		<i>Restated (note 21)</i>
	<i>2022</i>	<i>2021</i>
	<i>£</i>	<i>£</i>
<i>Notes</i>		
<b>Turnover</b>	50,000	149,859
Cost of sales	-	-
<b>Gross profit</b>	50,000	149,859
Administrative expenses	(6,184,917)	(3,787,117)
Other income – release of grants	215,507	518,851
<b>Operating loss</b>	3 (5,919,410)	(3,118,407)
Interest payable	6 (107,008)	(115,603)
Interest receivable	25,204	4,639
<b>Loss before taxation</b>	(6,001,214)	(3,229,371)
Tax credit on loss	7 1,280,586	630,700
<b>Loss for the year</b>	<u>(4,720,628)</u>	<u>(2,598,671)</u>

All amounts relate to continuing activities.

There was no other comprehensive income for 2022 or 2021 other than the losses included in the income statement and therefore no statement of other comprehensive income has been presented.

## Power Roll Limited

**Balance sheet**

At 30 September 2022

		2022	Restated (note 21) 2021
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	8	959,883	992,063
Intangible assets	9	1,473,110	1,129,036
Investment in subsidiary	10	10,532	10,532
		<u>2,443,525</u>	<u>2,131,631</u>
<b>Current assets</b>			
Debtors	11	2,036,070	1,324,476
Cash at bank and in hand		<u>5,474,078</u>	<u>4,779,626</u>
		7,510,148	6,104,102
<b>Creditors: amounts falling due within one year</b>	12	<u>(943,032)</u>	<u>(3,379,061)</u>
<b>Net current assets</b>		<u>6,567,116</u>	<u>2,725,041</u>
<b>Total assets less current liabilities</b>		9,010,641	4,856,672
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(1,096,561)</u>	<u>(1,034,484)</u>
<b>Net assets</b>		<u>7,914,080</u>	<u>3,822,188</u>
<b>Capital and reserves</b>			
Issued share capital	14	8,890	7,974
Share premium	18	22,046,339	13,710,222
Profit and loss account	18	<u>(14,141,149)</u>	<u>(9,896,008)</u>
<b>Shareholders' funds</b>		<u>7,914,080</u>	<u>3,822,188</u>

The financial statements were approved by the Board and signed on their behalf by:


N Spann  
Director

22 March 2023

Registered No. 08305253

## Power Roll Limited

### Statement of changes in equity

for the year ended 30 September 2022

	<i>Issued share capital</i>	<i>Share premium</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£
At 1 October 2020 (as previously stated)	6,150	9,882,410	(7,481,330)	2,407,230
Prior year restatement (note 21)	-	-	(851,504)	(851,504)
Share based payments (note 21)	-	-	851,504	851,504
At October 2020 (restated note 21)	6,150	9,882,410	(7,481,330)	2,407,230
Issue of shares	1,824	3,827,812	-	3,829,636
Loss for the year (restated note 21)	-	-	(2,598,671)	(2,598,671)
Share based payments (note 21)	-	-	183,993	183,993
At 30 September 2021 (as restated note 21)	7,974	13,710,222	(9,896,008)	3,822,188
Issue of shares	916	8,336,117	-	8,337,033
Loss for the year	-	-	(4,720,628)	(4,720,628)
Share based payments	-	-	475,487	475,487
At 30 September 2022	8,890	22,046,339	(14,141,149)	7,914,080

## Power Roll Limited

**Statement of cash flows**

for the year ended 30 September 2022

	Notes	2022 £	2021 £
<b>Cash outflow from operating activities</b>	15(a)	(4,726,210)	(3,184,903)
<b>Returns on investment and servicing of finance</b>			
Interest paid		(51,862)	(27,262)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(247,953)	(770,840)
Payments to acquire intangible fixed assets		(344,074)	(262,062)
Grants received		227,518	631,855
		(364,509)	(401,047)
<b>Financing</b>			
Issue of share capital		5,837,033	2,579,636
Issue of convertible loans		-	2,910,000
		5,837,033	5,489,636
<b>Increase in cash</b>	15(b)	694,452	1,876,424

## Power Roll Limited

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# Notes to the financial statements

At 30 September 2022

### 1. Authorisation of financial statements and statement of compliance with FRS 102

Power Roll Limited is a private limited company, limited by shares, incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with FRS102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' and in accordance with applicable accounting standards. The company's financial statements are presented in GBP £ sterling and all values are rounded to the nearest £, except where otherwise indicated.

The principal accounting policies adopted by the company are set out in note 2.

### 2. Accounting policies

#### *Basis of preparation*

In these financial statements, the Company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 11 Basic Financial Instruments paragraphs 11.40 to 11.48A

#### *Group financial statements*

The company has taken advantage of the exemption from preparing group financial statements on the basis that it is a small company and group. Accordingly, the financial statements represent those of the company and not those of the group.

#### *Going concern*

The directors have considered the company's current and future prospects and its availability of financing and are satisfied that the company can continue to pay its liabilities as they fall due for the period to 31 March 2024. This view is based on an assessment of the company's cash flow forecast for the period, considering risks and contingency plans to mitigate these risks, should they be required. For this reason, the directors continue to adopt the going concern basis of preparation for these financial statements.

At 30 September 2022 the company had net assets of £7,914,080 (2021: £3,822,188) and cash balances of £5,474,078 (2021: £4,779,626).

#### *Judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements.

#### *Taxation*

The company establishes tax entries based on reasonable estimates, for possible consequences of audits by tax authorities. The amount of such entries are based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

## Power Roll Limited

# Notes to the financial statements

At 30 September 2022

## 2. Accounting policies (continued)

### *Significant accounting policies*

#### *Turnover and other income*

Turnover represents the value of work performed during the year by reference to the total sales value and stage of completion of contracts. Licence revenue is recognised over the period of the licence, or when conditions have been fully met. Turnover is stated net of VAT and trade discounts. Grants towards capital expenditure are released to the income statement over the term of the conditions of the grant.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant, machinery and tools	–	3-5 years straight line
Fixtures, fittings and equipment	–	3 years straight line

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.

#### *Intangible assets*

Intangible assets represent the direct costs associated with the filing of various patents and trademarks in relation to the company's research and development activities. The cost of patents and trademarks will be amortised over the period that the company will receive related economic benefits and will commence when the sales of related developed products commence. The directors review the carrying value of intangible assets for impairment at each year end.

#### *Investments*

Investments in subsidiary undertakings are stated at cost less impairment.

#### *Share based payments*

The company operates share option incentives schemes for its employees, Board of Directors and certain third parties. The fair value of options granted, if material, is recognised as an employee expense in the income statement with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised in the income statement, if material, is adjusted at each balance sheet date to reflect the number of share options that vest revised for estimated achievement of non-market based vesting conditions.

#### *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.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the 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 income statement.

#### *Operating leases*

Rentals under operating leases are charged on a straight-line basis over the lease term to the income statement.

## Power Roll Limited

## Notes to the financial statements

At 30 September 2022

**2. Accounting policies (continued)****Current tax**

Tax is recognised in the income statement, 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 balance sheet date in the countries where the company operates and generates income.

**Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted;

Deferred taxation 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.

**3. Operating loss**

This is stated after charging:	2022 £	2021 £
Depreciation of owned tangible fixed assets	280,133	235,296
Research and development expenditure	3,829,671	1,901,799
Auditor's remuneration – audit services	25,000	18,000
Auditor's remuneration – tax compliance services	4,000	2,500
Operating leases – land and buildings	39,459	54,418
Operating leases – plant and machinery	-	2,625

**4. Directors' remuneration**

Two directors, who are also considered to be key management personnel, received emoluments for services as directors to the company. The total directors' emoluments for the year are set out below. This includes a total of £40,815 (2021: £38,908) paid to two non-executive directors, not considered to be key management personnel.

	2022 £	2021 £
Emoluments	311,710	292,963
Pension and benefits	25,079	24,063
	<u>336,789</u>	<u>317,026</u>

The emoluments of the highest paid director were £146,299 (2021: £149,637). Employer pension contributions were £nil (2021: £nil). No directors exercised any share options during the year (2021: none).

## Power Roll Limited

## Notes to the financial statements

At 30 September 2022

## 5. Staff costs

	2022	Restated (Note 21) 2021
	£	£
Wages and salaries	1,608,958	1,125,003
Social security costs	176,142	121,470
Pension costs	133,255	86,758
Share based payments	359,668	163,193
	<u>2,278,023</u>	<u>1,496,424</u>

The average monthly number of employees during the year was made up as follows:

	No.	No.
Management and technical	<u>34</u>	<u>26</u>

## 6. Interest payable and similar charges

	2022	2021
	£	£
Shareholder loans	62,077	58,563
Convertible loans	44,931	57,040
	<u>107,008</u>	<u>115,603</u>

## 7. Tax credit on loss

(a) The tax credit is made up as follows:

	2022	2021
	£	£
<i>Current tax:</i>		
UK corporation tax credit on the loss for the year	1,291,200	630,700
Withholding tax written off	(10,614)	-
Total current tax	<u>1,280,586</u>	<u>630,700</u>
Tax credit on loss	<u>1,280,586</u>	<u>630,700</u>



## Power Roll Limited

## Notes to the financial statements

At 30 September 2022

## 7. Tax credit on loss (continued)

(b) Factors affecting current tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of % (2021 – 19%). The differences are explained below:

	2022	Restated 2021
	£	£
Loss before taxation	(6,001,214)	(3,229,371)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%)	(1,140,231)	(613,582)
Effects of:		
Non-qualifying depreciation/non-deductible expenses	66,011	53,175
Research and development tax uplift	(945,929)	(440,373)
Research and development repayable credit	(1,291,200)	(630,700)
Tax losses carried forward	256,240	186,697
Losses surrendered for R&D repayable credit	1,673,566	779,123
Movement in deferred tax asset not recognised	118,872	45,998
Change in tax rates	(28,529)	(11,038)
Withholding tax written off	10,614	-
Total tax credit (note 7(a))	(1,280,586)	(630,700)

(c) Factors affecting future tax charges

A standard rate of 19% applies to current tax liabilities arising during the year ended 30 September 2022.

During the prior period, a rate change to 25% was substantively enacted, effective from 1 April 2023. This rate would therefore be taken into account and applied to deferred tax balances at the balance sheet date, however the company does not currently recognise deferred tax on its trading losses.

The company has tax trading losses to carry forward amounting to approximately £7,575,470 (2021: £3,918,298).

(d) Deferred tax

The company has an unrecognised deferred tax asset as follows:

	2022	Restated 2021
	£	£
Tax trading losses	1,893,868	1,556,710
Share based payments	118,872	258,874
Total deferred tax asset	2,012,740	1,815,584

The deferred tax asset has not been recognised owing to there being insufficient certainty over the timing of its future recoverability.

## Power Roll Limited

## Notes to the financial statements

At 30 September 2022

## 8. Tangible fixed assets

	<i>Fixtures, fittings and equipment</i>	<i>Plant, machinery and tools</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 October 2021	19,447	2,059,497	2,078,944
Additions	11,886	236,067	247,953
Disposals	(17,953)	(76,858)	(94,811)
At 30 September 2022	<u>13,380</u>	<u>2,218,706</u>	<u>2,232,086</u>
Depreciation:			
At 1 October 2021	18,070	1,068,811	1,086,881
Charge for the year	2,360	277,773	280,133
On Disposal	(17,953)	(76,858)	(94,811)
At 30 September 2022	<u>2,477</u>	<u>1,269,726</u>	<u>1,272,203</u>
Net book value:			
At 1 October 2021	<u>1,377</u>	<u>990,686</u>	<u>992,063</u>
At 30 September 2022	<u>10,903</u>	<u>948,980</u>	<u>959,883</u>

## 9. Intangible assets

	<i>Patents and trademarks</i>
	£
Cost:	
At 1 October 2021	1,129,036
Additions	344,074
At 30 September 2022	<u>1,473,110</u>
Net book value:	
At 1 October 2021	<u>1,129,036</u>
At 30 September 2022	<u>1,473,110</u>

Intangible assets represent the direct costs associated with the filing of various patents and trademarks in relation to the company's research and development activities. The cost of patents and trademarks will be amortised over the period that the company will receive related economic benefits and will commence when the sales of related developed products begin. The directors have reviewed the carrying value of intangible assets at 30 September 2022 and concluded that no impairment is required (2021: £nil).

## Power Roll Limited

### Notes to the financial statements

At 30 September 2022

#### 10. Investment in Subsidiary

During 2019 the company signed a joint venture agreement with Deki Electronics Limited, a company based in India. This resulted in a new company called Deki Power Roll Limited being formed, based in India, which is owned 51% by Power Roll Limited and 49% by Deki Electronics Limited. At the time of signing these accounts, Power Roll Limited has a liability for its investment in Deki Power Roll Limited of £10,532. This is reflected in the balance sheet at this value.

The subsidiary company made no profit or loss for the period ended 30 September 2022 and had net capital and reserves at 30 September 2022 of £20,651 (2021: £20,651).

#### 11. Debtors

	2022	2021
	£	£
VAT	52,540	43,001
Corporation tax	1,921,900	1,007,095
Other debtors and prepayments	61,630	274,380
	<u>2,036,070</u>	<u>1,324,476</u>

Since the year end £595,225 has been received from HMRC in respect of the year ended September 2021 Research and Development tax credits.

#### 12. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	387,062	323,209
Other taxes and social security costs	60,507	38,374
Other creditors and accruals	495,463	485,343
Convertible loans	-	2,532,135
	<u>943,032</u>	<u>3,379,061</u>

#### 13. Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Shareholder loans	1,096,561	1,034,484
	<u>1,096,561</u>	<u>1,034,484</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	1,096,561	1,034,484
Included in current liabilities (note 12)	-	2,532,135
	<u>1,096,561</u>	<u>3,566,619</u>

Shareholder loans attract interest at 6% per annum, compounded; such interest is not paid but instead accrued and will only become payable upon certain events as further detailed in note 16.

During the year, a conversion event occurred in the form of qualified financing. This triggered the conversion of existing convertible loan notes at that time totalling £2,500,000 to equity. The conversion was a 10% discount on the share price at the point of conversion, equating to £8.46 per share.

## Power Roll Limited

## Notes to the financial statements

At 30 September 2022

## 14. Issued share capital

	2022 No.	2022 £	2021 No.	2021 £
Allotted, called up and fully paid				
Ordinary shares of £0.001 (2021: £0.001) each	8,890,836	8,890	7,974,369	7,974

On 21 December 2021 the company issued 295,506 new £0.001 shares at £8.46 per share

On 21 December 2021 the company issued 589,047 new £0.001 shares at £9.40 per share

On 20 April 2022 the company issued 31,914 new £0.001 shares at £9.40 per share

## 15. Notes to the statement of cash flows

## a) Reconciliation of operating loss to net cash outflow from operating activities

	2022 £	Restated (Note 21) 2021 £
Operating loss	(5,919,410)	(3,118,407)
Share based payments	475,487	183,993
Depreciation of tangible fixed assets	280,133	235,296
Release of grants	(215,507)	(518,852)
Increase in debtors	180,587	(108,103)
Increase in creditors	96,105	141,170
Corporation tax received	376,395	-
	<u>(4,726,210)</u>	<u>(3,184,903)</u>

## b) Analysis of changes in net funds

	At 1 Oct 2021 £	Cash flow £	Loan note redemption £	Interest £	At 30 Sept 2022 £
Cash	4,779,626	694,452	-	-	5,474,078
Shareholder loans	(1,034,484)	-	-	(62,077)	(1,096,561)
Convertible loans	(2,532,135)	-	2,500,000	32,135	-
Net funds	<u>1,213,007</u>	<u>694,452</u>	<u>2,500,000</u>	<u>(29,942)</u>	<u>4,377,517</u>

## Power Roll Limited

### Notes to the financial statements

At 30 September 2022

#### 16. Related party transactions

At 30 September 2022 loans from various shareholders totalled, including interest, £1,096,561 (2021: £1,034,484). Interest is charged at 6% per annum, compounded, on an arm's length basis and is included within shareholder loans. At 30 September 2022 the total interested accrued, included above, was £421,464 (2021: £359,387). Any capital and interest payable by the company to the loan holders is dependent on the value achieved for shareholders in an exit event such as a sale of the company and may be less than the nominal value of the loans.

During the year the company provided living accommodation to a director, Dr A J Topping. This accommodation is owned by Mr J A Johnson, a director, and is let to the Company on an arm's length basis. The total paid during the period to Mr J A Johnson for the accommodation was £6,720 (2021: £6,720).

#### 17. Ultimate parent undertaking and controlling party

There is no ultimate controlling party. The company is controlled by its shareholders.

#### 18. Reserves

##### *Share premium*

This represents the premium over par value subscribed for ordinary share capital in the company.

##### *Profit and loss account*

This represents cumulative profits and losses less any dividends paid.

#### 19. Operating lease commitments

At 30 September the company had total commitments under non-cancellable operating leases as set out below:

	30 September 2022	30 September 2021
	Land and buildings	Land and buildings
	£	£
Amounts payable:		
Within one year	75,630	77,407
In two to five years	195,378	271,008
	<u>271,008</u>	<u>348,415</u>

## Power Roll Limited

### Notes to the financial statements

At 30 September 2022

#### 20. Share based payments

The following table shows the total number of share options granted by the company:

<i>Date of Grant / (Lapse)</i>	<i>Exercise Price</i>	<i>Number of Share Options</i>
<i>Approved Scheme</i>		
21 December 2015	£1.47	100,000
15 December 2016	£1.47	15,000
8 August 2017	£1.47	15,000
1 February 2018	£1.47	15,000
9 September 2018	£2.25	70,500
19 February 2019	£2.25	7,500
31 May 2020	£2.25	17,000
11 August 2021	£2.27	198,149
25 October 2021	£2.27	10,000
11 November 2021	£2.27	2,000
30 June 2022	£9.40	9,000
11 August 2022	£2.27	(138,000)
		<u>321,149</u>
<i>Unapproved Scheme:</i>		
21 December 2015	£1.47	24,200
23 August 2021	£2.27	131,851
18 August 2020	£2.27	9,185
1 October 2021	£2.27	110,000
21 December 2021	£9.40	2,470
23 August 2022	£2.27	(56,000)
		<u>221,706</u>
<i>Warrants:</i>		
30 April 2018	£2.25	70,008
28 February 2021	£2.27	20,000
21 December 2021	£9.40	23,826
		<u>113,834</u>
<i>Phantom Share Scheme:</i>		
20 February 2019	£2.25	15,000

Where a grant of options has been awarded to staff or directors with vesting conditions, if the vesting conditions have not been met within the conditions of the award, then the options have lapsed. None of the options have been exercised. The options are only exercisable upon the occurrence of one of a number of specific events occurring.

In accordance with FRS102, the directors have assessed whether or not the fair value of the goods and services exchanged in relation to the value of the share options should be recognised in the financial statements. Based on this assessment, a provision has been in the financial statements to reflect the amount that can be attributed to the value of the share options.

## Power Roll Limited

### Notes to the financial statements

At 30 September 2022

#### 21. Prior year adjustment

During the year the company issued a substantial number of share options. The company has obtained an appropriate valuation model (Black Scholes) with which to value these options. This resulted in a £475,487 accounting charge to reflect the fair value of the options in the income statement. The charge has been analysed as staff expense of £359,668 (2021 £163,193) and other expense of £115,819 (2021 £20,800).

In previous years, the valuation of issued options was considered to be immaterial. However, the application to prior year awards of the model used to value current year share options, has resulted in a charge higher than previously calculated. Therefore, in accordance with the requirements of FRS102 s20, the company has recognised a charge relating to options issued in prior years which was not previously recognised. The prior year income statement has been restated to reflect a charge of £183,993 for options issued in the prior year. This has resulted in an increase in the prior year loss of £183,993 and a corresponding reduction in the FY22 opening reserves. In addition, there was a charge of £851,504 and a corresponding reduction in opening reserves as at 1 October 2020. These prior year charges have also given rise to an unrecognised deferred tax asset £258,874. There is no impact on net assets as a result of the restatement.

	As previously stated £	Fair Value PYA amount £	As restated £
<b>Income statement</b>			
Administrative expenses	(3,603,124)	(183,993)	(3,787,117)
<b>Statement of changes in equity</b>			
At 1 October 2021 Profit and Loss Account	(7,481,330)	-	(7,481,330)
FY21 Loss for the year	(2,414,678)	(183,993)	2,598,671
FY21 Share based payments	-	183,993	183,993
<b>Note 5 – Staff costs</b>			
Share based payments	-	163,193	163,193
<b>Note 7 – Tax Credit on loss</b>			
<b>(b) Factors affecting current tax credit for the year</b>			
Loss before taxation	(3,045,378)	(183,993)	(3,229,371)
Loss multiplied by standard rate of CT	(578,622)	(34,960)	(613,582)
Movement in deferred tax asset not recognised	-	45,998	45,998
Change in tax rates	-	(11,038)	(11,038)
<b>(d) Deferred tax</b>			
Share based payments	-	258,874	258,874
<b>Note 15 - Notes to the statement of cash flows</b>			
Operating loss	(2,934,414)	(183,993)	(3,118,407)
Share based payments	-	183,993	183,993