

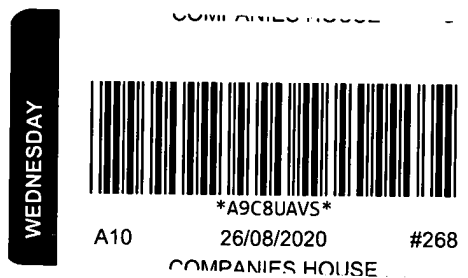
# **Perpetuus Advanced Materials Plc**

Annual Report and Financial Statements

Year Ended

31 March 2020

Company Number 08772185



# Perpetuus Advanced Materials Plc

## Contents

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	Page
<b>Company Information</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2 - 3</b>
<b>Directors' Report</b>	<b>4</b>
<b>Directors' Responsibilities Statement</b>	<b>5</b>
<b>Independent Auditor's Report</b>	<b>6 - 8</b>
<b>Consolidated Statement of Comprehensive Income</b>	<b>9</b>
<b>Consolidated Balance Sheet</b>	<b>10</b>
<b>Company Balance Sheet</b>	<b>11</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>12</b>
<b>Company Statement of Changes in Equity</b>	<b>13</b>
<b>Consolidated Statement of Cash Flows</b>	<b>14 - 15</b>
<b>Notes to the Financial Statements</b>	<b>16 - 30</b>
The following pages do not form part of the statutory financial statements:	
<b>Company Detailed Profit and Loss Account and Summaries</b>	<b>31 - 32</b>

# Perpetuus Advanced Materials Plc

## Company Information

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<b>Directors</b>	J M Buckland I D Walters
<b>Company secretary</b>	J M Buckland
<b>Registered number</b>	08772185
<b>Registered office</b>	5 Fleet Place London EC4M 7RD
<b>Independent auditor</b>	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

# Perpetuus Advanced Materials Plc

## Group Strategic Report For the Year Ended 31 March 2020

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### Introduction

The directors present their Strategic Report together with the audited financial statements for the year ended 31 March 2020.

### Business review

The Group has continued expanding its range of intellectual property and developing material variations and applications throughout the year. Commercial opportunities continue to be explored relating to the manufacture, application, sale and license of surface-engineered advanced materials.

The Group had a further seven patents granted during the year, with nine patents in total now registered within China, USA, Japan, EU, India and the UK, providing IP protection in the world's largest key consumer markets.

The Group has expanded its IP and know-how on:

- thermo electronic devices with the development of plasma processed P-doped graphene now complete. Initial materials produced within a lab environment have been peer reviewed by expert independent scientists within this field. P-doped graphene is a key component utilised in thermo electric generators. These generators capture waste heat, converting that heat to electricity which is then stored in batteries.
- production processing with a 'drop reactor' prototype now complete and built. Current production methods require 60 minutes of plasma processing to produce commercial output of surface-modified graphene. New production methods have been developed using this drop reactor, reducing processing time to less than two minutes. The Company now plans to build a commercial reactor based on this new advanced technology, substantially increasing productivity.

The Group executed a licence option agreement in February 2020 which provides the Licensee an exclusive right to execute a full fixed term license for the manufacture and distribution of Perpetuus patented graphene. The Group expects to grant the licence and commence design and construction of the production plant for delivery to the Licensee during 2020, with production commencing 2021. Subject to the execution of this licence agreement, the Group will see significant revenues during 2020 and ongoing royalty income commence during 2021.

The Group raised £258k during the year from new share equity issued to those outside the Group companies.

During the year, the Company impaired its investments in its subsidiary companies of £800,250 and the Group impaired intercompany debt owing to it from subsidiary companies of £4,228,928 due to the high probability that they may not be recovered.

### Principal risks and uncertainties

As the Group continues to develop its technologies and commercial opportunities, the main potential risk being faced is the uncertainty of maintaining positive cash flows required to support its overheads until it becomes self-funding. Cash and costs are managed carefully, and the Group envisages a license agreement will allow its cash position to stabilise.

There are numerous potential applications for the Group's graphene and hybrid advanced materials, and there continues to be an enthusiastic investment in advanced material applications to realise a large global market need. However, there is no guarantee that these materials will become widely accepted for use on a commercial scale or at an economic price, therefore the adaptation of current interest into wide scale commercial implementation may take longer than anticipated.

# Perpetuus Advanced Materials Plc

## Group Strategic Report (continued) For the Year Ended 31 March 2020

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### Principal risks and uncertainties (continued)

The Company also faces competition from organisations that have greater capital resources and may have competitive product offering. To mitigate this, the Company is currently in negotiations to expand rapidly and strategically within its targeted territories and fields by collaborating with key global blue-chip co-operative partners.

The Covid-19 pandemic has had an overwhelming impact on the global economy with several industries and economies continuing to suffer from the adverse effects. The severity of Covid-19 has triggered in-year adjustments as a result of reduced trading conditions. This has negatively impacted the Company's investment in its subsidiaries and intercompany debt balances within the Group.

The directors have produced a detailed stress test on cash flows to assess the Group's ability to cope throughout these challenging times, in addition to reviewing areas where significant cost savings can be met. This analysis has provided confidence to the directors that the Group is able to trade for a period of at least 12 months from the approval of the financial statements.

### Future developments

For the coming year, the Group will, in collaboration with key market players, continue to focus on the expansion and launch of a diverse range of products, all specifically enhanced for purpose, exploiting the Groups patented IP.

Once established, the Group intends to expand the manufacturing capabilities of its impending licensee fourfold, generating additional construction and royalty revenue.

Discussions with potential collaborative parties are ongoing as the Group explores additional licensee opportunities, focusing on the USA, Thailand, Sri Lanka and Saudi Arabia. Discussions also continue on the development of bespoke surface-modified graphenes with leading tyre producers for inclusion in their mass manufacturing of polymer-elastomeric based tyres.

### Financial key performance indicators

The directors still consider the cash balance to be the key performance indicator with a rolling forecast for several months maintained at all times.

### Other key performance indicators

The Company considers that other key performance indicators are:

- 1) The number and status of patent applications filed and granted;
- 2) The number of sales and long-term sales agreements under negotiation and completed; and
- 3) The number of license agreements under negotiation and completed.

### Post balance sheet events

On 3 July 2020, the Company issued 335 Ordinary shares of £1.00 each at £48.6741 per share.

This report was approved by the board and signed on its behalf.



**J M Buckland**  
Director

Date: 17 August 2020

# Perpetuus Advanced Materials Plc

## Directors' Report For the Year Ended 31 March 2020

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The directors present their report and the financial statements for the year ended 31 March 2020.

A review of the business including principal risks and uncertainties and key performance indicators are not shown in the Directors Report as this information is included in the Strategic Report under S414C(11) of the Companies Act 2006.

### Principal activity

The principal activity of the Company during the year was that of a holding company.

### Directors

The directors who served during the year were:

J M Buckland  
K M Buckland (resigned 23 February 2020)  
R H Stables (resigned 21 February 2020)  
I D Walters

### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**J M Buckland**  
Director

Date: 17 August 2020

# **Perpetuus Advanced Materials Plc**

## **Directors' Responsibilities Statement For the Year Ended 31 March 2020**

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The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Perpetuus Advanced Materials Plc**

## **Independent Auditor's Report to the Members of Perpetuus Advanced Materials Plc**

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### **Opinion**

We have audited the financial statements of Perpetuus Advanced Materials Plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the notes to the financial statements, 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 Financial Reporting Standard 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 state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 Group and the Parent 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 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.

### **Material uncertainty with regard to going concern**

We draw attention to note 1.3 to the financial statements, which indicates that the Group and the Parent Company's going concern status is reliant on the Group raising further funds, through both equity investment and finalisation of a licence agreement.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group and the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



# **Perpetuus Advanced Materials Plc**

## **Independent Auditor's Report to the Members of Perpetuus Advanced Materials Plc (continued)**

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

# Perpetuus Advanced Materials Plc

## Independent Auditor's Report to the Members of Perpetuus Advanced Materials Plc (continued)

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### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 Group's and the Parent 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 Group or the Parent 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.

A further description of our responsibilities for the audit of the financial statements is located at 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Arbinder Chatwal** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Southampton, UK

Date: 17 August 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Perpetuus Advanced Materials Plc

## Consolidated Statement of Comprehensive Income For the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	3	479,001	717,681
Cost of sales		(158,063)	(268,840)
<b>Gross profit</b>		<b>320,938</b>	<b>448,841</b>
Administrative expenses		(1,317,233)	(1,296,181)
Other operating income	4	31,180	-
<b>Operating loss</b>	5	<b>(965,115)</b>	<b>(847,340)</b>
Interest receivable and similar income		59	75
Interest payable and expenses		(24,216)	(5,151)
<b>Loss before taxation</b>		<b>(989,272)</b>	<b>(852,416)</b>
Tax on loss	9	154,237	174,661
<b>Loss for the financial year</b>		<b>(835,035)</b>	<b>(677,755)</b>
<b>Loss for the year attributable to:</b>			
Non-controlling interests		(2,707)	(3,831)
Owners of the Parent Company		(832,328)	(673,924)
		<b>(835,035)</b>	<b>(677,755)</b>

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 16 to 30 form part of these financial statements.

# Perpetuus Advanced Materials Plc

Registered number:08772185

## Consolidated Balance Sheet As at 31 March 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	10	101,386	27,911
Tangible assets	11	415,035	585,475
		<u>516,421</u>	<u>613,386</u>
<b>Current assets</b>			
Stocks	13	319,494	380,449
Debtors: amounts falling due within one year	14	282,396	369,347
Cash and cash equivalents	15	197,349	4,139
		<u>799,239</u>	<u>753,935</u>
Creditors: amounts falling due within one year	16	(2,012,493)	(1,483,825)
<b>Net current liabilities</b>		<u>(1,213,254)</u>	<u>(729,890)</u>
Creditors: amounts falling due after more than one year	17	(1,116,573)	(1,119,937)
<b>Net liabilities</b>		<u>(1,813,406)</u>	<u>(1,236,441)</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,034,802	1,029,500
Share premium account	20	3,288,384	3,035,616
Profit and loss account	20	(6,136,592)	(5,238,825)
<b>Equity attributable to owners of the parent company</b>		<u>(1,813,406)</u>	<u>(1,173,709)</u>
Non-controlling interests		-	(62,732)
		<u>(1,813,406)</u>	<u>(1,236,441)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**J M Buckland**  
Director

Date: 17 August 2020

The notes on pages 16 to 30 form part of these financial statements.

# Perpetuus Advanced Materials Plc

Registered number:08772185

## Company Balance Sheet As at 31 March 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	12	-	800,250
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	116	3,358,483
Cash and cash equivalents	15	16,327	58
		<u>16,443</u>	<u>3,358,541</u>
Creditors: amounts falling due within one year	16	(65,581)	(20,351)
<b>Net current (liabilities)/assets</b>		<u>(49,138)</u>	<u>3,338,190</u>
<b>Net (liabilities)/assets</b>		<u>(49,138)</u>	<u>4,138,440</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,034,802	1,029,500
Share premium account	20	3,288,384	3,035,616
Profit and loss account	20	(4,372,324)	73,324
		<u>(49,138)</u>	<u>4,138,440</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the Parent Company for the year was £4,445,648 (2019: profit after tax £1,216).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**J M Buckland**  
Director

Date: 17 August 2020

The notes on pages 16 to 30 form part of these financial statements.

## Perpetuus Advanced Materials Plc

### Consolidated Statement of Changes in Equity For the Year Ended 31 March 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Equity attributable to owners of parent company £	Non- controlling interests £	Total equity £
<b>At 1 April 2018</b>	1,010,979	2,369,115	(4,564,901)	(1,184,807)	(58,901)	(1,243,708)
<b>Comprehensive loss for the year</b>						
Loss for the year	-	-	(673,924)	(673,924)	(3,831)	(677,755)
Shares issued during the year	18,521	666,501	-	685,022	-	685,022
<b>At 1 April 2019</b>	1,029,500	3,035,616	(5,238,825)	(1,173,709)	(62,732)	(1,236,441)
<b>Comprehensive loss for the year</b>						
Loss for the year	-	-	(832,328)	(832,328)	(2,707)	(835,035)
Shares issued during the year	5,302	252,768	-	258,070	-	258,070
Transfer of non-controlling interest	-	-	(65,439)	(65,439)	65,439	-
<b>At 31 March 2020</b>	1,034,802	3,288,384	(6,136,592)	(1,813,406)	-	(1,813,406)

The notes on 16 - 30 form part of these financial statements.

# Perpetuus Advanced Materials Plc

## Company Statement of Changes in Equity For the Year Ended 31 March 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 April 2018</b>	<b>1,010,979</b>	<b>2,369,115</b>	<b>72,108</b>	<b>3,452,202</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,216	1,216
Shares issued during the year	18,521	666,501	-	685,022
<b>At 1 April 2019</b>	<b>1,029,500</b>	<b>3,035,616</b>	<b>73,324</b>	<b>4,138,440</b>
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(4,445,648)	(4,445,648)
Shares issued during the year	5,302	252,768	-	258,070
<b>At 31 March 2020</b>	<b>1,034,802</b>	<b>3,288,384</b>	<b>(4,372,324)</b>	<b>(49,138)</b>

The notes on 16 - 30 form part of these financial statements.

# Perpetuus Advanced Materials Plc

## Consolidated Statement of Cash Flows For the Year Ended 31 March 2020

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(835,035)	(677,755)
<b>Adjustments for:</b>		
Amortisation of intangible assets	6,244	1,753
Depreciation of tangible assets	72,962	67,602
Loss on disposal of tangible assets	113,917	84
Interest paid	24,216	5,151
Interest received	(59)	(75)
Taxation charge	(157,253)	(174,661)
Decrease/(increase) in stocks	60,955	(7,497)
Decrease/(increase) in debtors	68,573	(49,754)
Increase in creditors	623,108	330,208
Corporation tax received	172,615	157,909
Other income	3,016	-
<b>Net cash generated from operating activities</b>	<b>153,259</b>	<b>(347,035)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(79,719)	(13,364)
Purchase of tangible fixed assets	(16,439)	(334,598)
Interest received	59	75
<b>Net cash from investing activities</b>	<b>(96,099)</b>	<b>(347,887)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	258,070	685,022
New loans from other participating interests	26,266	-
Loans from other participating interests repaid	-	(29,366)
Interest paid	(24,216)	(5,151)
<b>Net cash from financing activities</b>	<b>260,120</b>	<b>650,505</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>317,280</b>	<b>(44,417)</b>
Cash and cash equivalents at beginning of year	(119,931)	(75,514)
<b>Cash and cash equivalents at the end of year</b>	<b>197,349</b>	<b>(119,931)</b>



# Perpetuus Advanced Materials Plc

## Consolidated Statement of Cash Flows (continued) For the Year Ended 31 March 2020

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	2020 £	2019 £
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	197,349	4,139
Bank overdrafts	-	(124,070)
	<u>197,349</u>	<u>(119,931)</u>

The notes on 16 - 30 form part of these financial statements.

# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

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### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

Perpetuus Advanced Materials Plc is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the company information page.

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.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

#### 1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

#### 1.3 Going concern

The Group continues to operate in an evolving market, developing and improving new and existing commercial processes and applications of graphene-based materials. Whilst the Group has experienced losses during the pursuit of commercial opportunities, it expects to generate a profit in the coming year when it realises a new commercial partnership through a licence agreement to manufacture and distribute Perpetuus graphene. The Group currently holds nine patents across six countries relating to its processes and manufacturing.

The directors believe this new opportunity, in addition to new capital investment, which are subject to the execution of legal binding agreements, will support the Group's ability to continue as a going concern and meet its obligations for the period of 12 months from the signing of the financial statements.

It is acknowledged by the directors that COVID-19 has had a profound impact on the global economy. The directors have therefore produced a going concern stress test for the Group to assess its ability to meet its liabilities as they fall due. The results of the test indicate that the Group is dependent on raising further funds, through both equity investment and the imminent licence agreement.

These conditions indicate the existence of a material uncertainty that may cast significant doubt over the Company's and the Group's ability to continue as a going concern.

# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

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### 1. Accounting policies (continued)

#### 1.3 Going concern (continued)

However, the directors are currently pursuing various revenue and investment opportunities and are of the opinion that these opportunities into the Group are forthcoming which will enable it to meet its liabilities as they fall due. The directors therefore consider that the going concern basis for the preparation of the financial statements continues to be appropriate and the financial statements do not include any adjustments that would result if the going concern basis of preparation were no longer applicable.

#### 1.4 Revenue

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

##### **Sale of goods**

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

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

##### **Rendering of service – collaboration services**

Collaboration services are provided in order to formally evaluate a supplier's material, for its suitability to be used as raw material in the Group's proprietary processes, converting it into surface-modified graphenes for inclusion within a range of formulations suitable for specific end products. These services are provided on rolling monthly terms with revenue being recognised at an agreed monthly flat rate in each month that the collaboration continues into.

#### 1.5 Intangible assets

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

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

#### 1.6 Tangible fixed assets

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

# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

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### 1. Accounting policies (continued)

#### 1.6 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Short-term leasehold property	- Over the term of the lease
Plant and machinery	- 10% straight line
Fixtures and fittings	- 20% straight line
Office equipment	- 20% straight line
Computer equipment	- 33% straight line
Assets under construction	- Not depreciated

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.

#### 1.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 1.9 Stocks

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

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

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### 1. Accounting policies (continued)

#### 1.10 Financial instruments

The Group 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 and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

#### 1.11 Foreign currency translation

##### Transactions and balances

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

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

#### 1.12 Pensions

##### Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

#### 1.13 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 balance sheet date in the countries where the Company and the Group operate and generate income.

# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

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### 1. Accounting policies (continued)

#### 1.14 Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria;

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding ten years commencing in the year the Company starts to benefit from the expenditure.

### 2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other sources of estimation uncertainty:

- Intangible and tangible fixed assets (see notes 10 and 11)

Intangible and tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

- Fixed asset investments (see note 12)

The Company calculates the cost of investment in subsidiaries as cost less any impairment. This value requires judgement for determining the extent of its recoverability at each balance sheet date. The Company assesses the recoverability with reference to board approved forecasts of future taxable profits of the subsidiary. These forecasts require the use of assumptions and estimates.

# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 3. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Sale of goods	158,001	467,681
Collaboration agreements	321,000	250,000
	<u>479,001</u>	<u>717,681</u>

Turnover for the Group attributable to the United Kingdom during the year was £114,828 (2019: £113,120) and to the rest of the world was £364,173 (2019: £604,561).

### 4. Other operating income

	2020 £	2019 £
Other operating income	28,164	-
RDEC tax credit	3,016	-
	<u>31,180</u>	<u>-</u>

### 5. Operating loss

The operating loss is stated after charging:

	2020 £	2019 £
Research & development charged as an expense	32,813	53,812
Depreciation of tangible fixed assets	72,962	67,602
Operating lease	114,611	114,556
Amortisation of intangible fixed assets	<u>6,244</u>	<u>1,737</u>

# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<b>14,000</b>	9,500
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
Taxation compliance services	<b>6,905</b>	6,105
Other services relating to taxation	<b>15,000</b>	17,575
All other services	<b>7,075</b>	6,775
	<b>28,980</b>	30,455

### 7. Employees

Staff costs were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	<b>579,316</b>	591,913	-	-
Social security costs	<b>60,757</b>	63,550	-	-
Defined pension contributions costs	<b>12,896</b>	14,318	-	-
	<b>652,969</b>	669,781	-	-

During the year the Group had 14 employees (2019: 14), including directors. There were no staff costs in the Parent Company.

### 8. Directors remuneration

During the year emoluments to the directors of the Group totalled £97,811 (2019: £108,997).

During the year £Nil (2019: £Nil) retirement benefits were accruing to directors in respect of defined pension schemes.



# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 9. Taxation

	2020 £	2019 £
<b>Corporation tax</b>		
R&D tax credits for the year	(154,362)	(175,756)
Adjustments in respect of previous periods	125	1,095
	<u>(154,237)</u>	<u>(174,661)</u>
<b>Total current tax</b>	<u><u>(154,237)</u></u>	<u><u>(174,661)</u></u>

#### Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2019 - 19%).

### 10. Intangible assets

#### Group

	Patents £
<b>Cost</b>	
At 1 April 2019	29,909
Additions	79,719
At 31 March 2020	<u>109,628</u>
<b>Amortisation</b>	
At 1 April 2019	1,998
Charge for the year	6,244
At 31 March 2020	<u>8,242</u>
<b>Net book value</b>	
At 31 March 2020	<u><u>101,386</u></u>
At 31 March 2019	<u><u>27,911</u></u>

## Perpetuus Advanced Materials Plc

### Notes to the Financial Statements For the Year Ended 31 March 2020

#### 11. Tangible fixed assets

##### Group

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Assets under construction £	Total £
<b>Cost or valuation</b>						
At 1 April 2019	116,302	676,941	5,916	40,574	7,360	847,093
Additions	-	4,107	287	1,923	10,122	16,439
Disposals	-	(127,967)	-	(1,249)	-	(129,216)
Transfers between classes	-	12,498	-	-	(12,498)	-
At 31 March 2020	116,302	565,579	6,203	41,248	4,984	734,316
<b>Depreciation</b>						
At 1 April 2019	29,168	195,629	5,701	31,120	-	261,618
Charge for the year	11,453	56,754	93	4,662	-	72,962
Disposals	-	(14,050)	-	(1,249)	-	(15,299)
At 31 March 2020	40,621	238,333	5,794	34,533	-	319,281
<b>Net book value</b>						
At 31 March 2020	75,681	327,246	409	6,715	4,984	415,035
At 31 March 2019	87,134	481,312	215	9,454	7,360	585,475

# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 11. Tangible fixed assets (continued)

No depreciation has been provided on the assets under construction during the year as the assets have not been ready for their intended use.

### 12. Fixed asset investments

#### Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 April 2019	800,250
At 31 March 2020	800,250
<b>Impairment</b>	
Charge for the period	800,250
At 31 March 2020	800,250
<b>Net book value</b>	
At 31 March 2020	-
At 31 March 2019	800,250

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of Shares	Holding
Perpetuus Carbon Technologies Limited	Development and supply of graphene materials	Ordinary	100%
Perpetuus Research & Development Limited	Development of graphene enabled inks and pastes	Ordinary	100%
Perpetuus Electronic Materials Limited	Development and supply of graphene materials	Ordinary	100%

The registered office of all subsidiaries is the same as that of the parent Perpetuus Advanced Materials Plc as noted on the Company information page

On 17 January 2020, Perpetuus Carbon Technologies Limited purchased the remaining 50% of the share capital in Perpetuus Electronic Materials Limited for total consideration of £Nil.

During the year, investments in subsidiary companies totalling £800,250 were impaired due to the high probability that they may not be recovered.

# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 13. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Stocks	319,494	380,449	-	-
	<u>319,494</u>	<u>380,449</u>	<u>-</u>	<u>-</u>

### 14. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	649	23,104	-	-
Amounts owed by joint ventures and associated undertakings	-	-	-	3,358,362
Other debtors	185,021	215,507	-	-
Prepayments and accrued income	96,726	130,736	116	121
	<u>282,396</u>	<u>369,347</u>	<u>116</u>	<u>3,358,483</u>

During the year, intercompany debt owing to the company of £3,647,776 from subsidiary undertakings was impaired due to the high probability that it may not be recovered.

### 15. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	197,349	4,139	16,327	58
Less: bank overdrafts	-	(124,070)	-	-
	<u>197,349</u>	<u>(119,931)</u>	<u>16,327</u>	<u>58</u>

# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 16. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank overdrafts	-	124,070	-	-
Trade creditors	394,064	402,226	28,608	7
Amounts owed to group undertakings	862,770	836,504	-	-
Other taxation and social security	63,716	18,632	-	-
Directors' loan account	1,903	-	1,903	-
Other creditors	103,605	16,330	16,302	-
Accruals and deferred income	586,435	86,063	18,768	20,344
	<b>2,012,493</b>	<b>1,483,825</b>	<b>65,581</b>	<b>20,351</b>

### 17. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £
Other creditors	1,093,716	1,093,716
Accruals and deferred income	22,857	26,221
	<b>1,116,573</b>	<b>1,119,937</b>

The balance within other creditors under non-current liabilities is repayable upon the execution of a licence agreement for the territory of The Peoples Republic of China, to exploit the Group's patented surface-modified graphenes, and once the reactor has been sold.

# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 18. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
<b>Financial assets</b>				
Financial assets measured at amortised cost	<b>383,019</b>	44,119	<b>16,327</b>	3,358,420
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<b>(2,497,103)</b>	(2,555,544)	<b>(65,581)</b>	(20,351)

Financial assets measured at amortised cost comprise trade debtors, amounts owed from group undertakings, other debtors and cash in bank and in hand.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

### 19. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
1,034,802 (2019 - 1,029,500) Ordinary shares of £1.00 each	<b>1,034,802</b>	1,029,500

During the year 5,302 Ordinary shares were issued. This gave rise to a total share premium movement of £252,768.

### 20. Reserves

The Group's reserves are as follows:

#### Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends paid and other adjustments.

### 21. Analysis of net debt

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	4,139	193,210	197,349
Bank overdrafts	(124,070)	124,070	-
	<b>(119,931)</b>	<b>317,280</b>	<b>197,349</b>

# Perpetuus Advanced Materials Plc

## Notes to the Financial Statements For the Year Ended 31 March 2020

### 22. Pension commitments

The Group operates a defined contribution personal pension scheme. Pension contributions are charged in the Statement of Comprehensive Income as they become payable. The pension cost for this year is £12,896 (2019: £14,318) and £1,842 (2019: £1,829) was payable to the fund as at 31 March 2020.

### 23. Commitments under operating leases

At 31 March 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £
Not later than 1 year	70,848	86,332
Later than 1 year and not later than 5 years	121,152	189,495
Later than 5 years	-	-
	<u>192,000</u>	<u>275,827</u>

### 24. Related party transactions

The Company has taken advantage of the exemption conferred by FRS102 S33.1A not to disclose transactions with its wholly owned subsidiaries within the Group.

During the year, the Group recharged expenses amounting to £82 (2019: £72) to Perpetuus Energy Limited. Likewise, during the year Perpetuus Energy Limited recharged expenses to the Group amounting to £Nil (2019: £660). At 31 March 2020, an amount of £862,770 (2019: £836,504) was owing from the Group.

At the year end, an amount of £1,903 (2019: £Nil) was owing to J M Buckland, a director of the Company. No interest has been charged.

During the year, the Group borrowed an amount of £80,000 from D Norman-Smith, a shareholder of the parent company. An amount of £10,000 was repaid during the year and as at 31 March 2020 an amount of £70,000 (2019: £Nil) is included within other creditors. Also, during the year £13,209 (2019: £Nil) was charged in relation to interest on the loan.

As at 31 March 2020, Poppleway Limited owed £1,500 (2019: £Nil) to the Group and is included within other debtors. Poppleway Limited is a related party by nature of both mutual shareholders and directors.

As at 31 March 2020, the Group owed an amount of £14,192 (2019: £14,192) to Royalstone Limited and is included within other creditors. Royalstone Limited is a related party by nature of both mutual shareholders and directors.

During the year, the Group invoiced Perpetuus Tidal Energy Centre Limited a total of £113 (2019: £83) and an amount of £92 (2019: £100) is included within trade debtors.

The directors are considered to be the key management personnel.

# **Perpetuus Advanced Materials Plc**

## **Notes to the Financial Statements For the Year Ended 31 March 2020**

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### **25. Post balance sheet events**

On 3 July 2020, the Company issued 335 Ordinary shares of £1.00 each at £48.6741 per share.

### **26. Controlling party**

The ultimate controlling parties are Perpetuus Energy Limited and Mr Ian Waters by virtue of their shareholdings.