Company Registration Number: 09047601 (England and Wales)

CAMBRIDGE GRAPHENE LTD

ANNUAL REPORT

31 MARCH 2021

CAMBRIDGE GRAPHENE LTD

Contents of the Financial Statements
For the Year Ended 31 March 2021

CAMBRIDGE GRAPHENE LTD

Company Information

DIRECTORS:	Mr N Ricketts Mr C M Leigh
REGISTERED OFFICE:	Versarien Units 1A-D Longhope Business Park Monmouth Road Longhope Gloucestershire GL17 0QZ
REGISTERED NUMBER:	09047601 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP 2 Glass Wharf Bristol BS2 0FR United Kingdom
BANKER:	Santander UK PLC Bristol Corporate Business Centre One Glass Wharf Avon Street Bristol BS2 0ZX

CAMBRIDGE GRAPHENE LTD

Report of the Directors for the Year to 31 March 2021

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The company's principal activity during the year continued to be novel production process development and supply of graphene inks.

REVIEW OF BUSINESS

The results for the year are on page 9 of the financial statements. The position at the year ended 31 March 2021 was satisfactory.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £122,686 (2020: £467,852)

The directors do not recommend the payment of a dividend leaving a loss of £122,686 (2020: £467,852).

FUTURE DEVELOPMENTS

Future production of graphene inks will take place at the premises of its associated company, Versarien Graphene Limited.

RESEARCH AND DEVELOPMENT

Investing in research and development delivers product innovation and manufacturing improvements. £303,025 (2020: £117,093) of expenditure on research and development in the period has been capitalised.

GOING CONCERN

The financial statements have been prepared on a going concern basis which the Directors believe to be appropriate as the Company meets its day-to-day working capital requirements through careful cash management and the use of its invoice discounting facilities.

The projections contain certain assumptions about the sales performance as a result of the Covid-19 pandemic. There is therefore a risk that trading performance could be below expectations, however the company is part of the Versarien Group which has confirmed in writing its intention to provide ongoing support to the company for a period of at least 12 months from the date of signature of these financial statements. Having considered the ability of the Versarien Group to provide that support, and based on the confirmation received, the directors believe that the company is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statement.

DIRECTORS

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

Mr N Ricketts
Mr C M Leigh

FINANCIAL RISK MANAGEMENT

(a) Capital risk management

The Company's objectives for managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to manage the cost of capital. There were no changes in the Group's approach to capital management during the year.

(b) Foreign currency risk

Foreign currency risk arises both where sale or purchase transactions are undertaken in currencies other than the respective functional currencies. The Company is exposed to the changes in foreign currency exchange rates between a number of different currencies but the Company's primary exposures relate to the Euro.

The Company's policy is not to hedge its exposure using financial instruments, but to mitigate exposure by natural hedges as far as possible.

(c) Interest rate risk

The Company currently uses some invoice discounting advances to fund working capital requirements. Interest rate risks are not hedged.

(d) Credit risk

The Company's credit risk is primarily attributable to its trade receivables and other current assets. The amounts recognised in the balance sheet are net of expected credit losses. Trade receivables are subject to credit limits. Credit risk associated with cash balances is managed by transacting with financial institutions of high quality.

The maximum exposure to credit risk for trade receivables and other current assets is represented by their carrying amount.

(e) Liquidity risk

The Company seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Board reviews regularly available cash to ensure there are sufficient resources for working capital requirements and to meet the Company's financial commitments.

At 31 March 2021 and 31 March 2020 all amounts shown in the Statement of Financial Position under current assets and current liabilities mature for payment within one year.

CAMBRIDGE GRAPHENE LTD
Report of the Directors for the Year to 31 March 2021 (cont'd)

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD

C M Leigh

Mr C M Leigh

Director

27 October 2021

Independent auditors' report to the members of CAMBRIDGE GRAPHENE LTD

Report on the audit of the financial statements

Opinion

In our opinion, CAMBRIDGE GRAPHENE LTD's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of Financial Position as at 31 March 2021; Statement of Comprehensive Income and Statement of Changes In Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety or employment regulations and requirements of UK tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to overstating the performance of the company. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations or fraud;
- Reviewing Board minutes and reports that set out the company's compliance matters;
- Identifying and testing journal entries, in particular those having unusual account combinations; and
- Obtaining third party confirmations of banking arrangements held by the Company.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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

KE Finn

Katharine Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
27 October 2021

CAMBRIDGE GRAPHENE LTD

Statement of comprehensive income for the year ended 31 March 2021

	Note	Year Ended 31 March 2021	Year Ended 31 March 2020
		£	£
CONTINUING OPERATIONS			
Revenue	3	31,924	12,999
Cost of Sales		(372)	(4,958)
Gross profit		31,552	8,041
Administrative expenses	5	(186,987)	(479,607)
Exceptional items included within administrative expenses	5	(36,291)	(239,211)
OPERATING PROFIT (LOSS)	5	(155,435)	(471,566)
Finance income/(costs)		32,749	(3,542)
PROFIT (LOSS) BEFORE TAXATION		(122,686)	(475,108)
Tax on loss	6	-	7,256
LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE FINANCIAL YEAR		(122,686)	(467,852)

There were no comprehensive income/losses in either year other than those included in the statement of comprehensive income.

The notes on pages 12 to 23 form part of these financial statements

CAMBRIDGE GRAPHENE LTD

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2021

	Note	31 March 2021 £	31 March 2020 £
ASSETS			
FIXED ASSETS			
Property, plant and equipment	7	52,996	55,850
Intangible assets	8	621,053	317,008
		674,049	372,858
CURRENT ASSETS	9		
Inventories		2,249	1,687
Trade and other receivables	10	3,528	31,423
Cash and cash equivalents		16,635	8,694
		22,412	41,804
TOTAL ASSETS		696,461	414,662
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	14	365	365
Accumulated losses		(1,036,458)	(913,772)
TOTAL EQUITY		(1,036,093)	(913,407)
CREDITORS: Amounts falling due within one year	11	1,412,017	1,159,261
CREDITORS: amounts falling due after more than one year	12	320,537	168,808
TOTAL LIABILITIES		1,732,554	1,328,069
TOTAL EQUITY AND LIABILITIES		696,461	414,662

The financial statements on pages 9 to 23 were approved by the Board of Directors on 27 October 2021 and signed on its behalf by:-

CM Leigh

Mr N Ricketts
Chief Executive Officer

Mr C M Leigh
Chief Financial Officer

The notes on pages 12 to 23 form part of these financial statements

CAMBRIDGE GRAPHENE LTD

STATEMENT OF CHANGES IN EQUITY for the Year Ended 31 March 2021

	Called up Share Capital £	Accumulated losses £	Total Shareholders' Deficit £
Balance as at 1 April 2019	365	(445,920)	(445,555)
Loss and total comprehensive expense for the financial year	-	(467,852)	(467,852)
Balance as at 31 March 2020	365	(913,772)	(913,407)
Loss and total comprehensive expense for the financial year	-	(122,686)	(122,686)
Balance as at 31 March 2021	365	(1,036,458)	(1,036,093)

The notes on pages 12 to 23 form part of these financial statements

1 ACCOUNTING POLICIES

General information
CAMBRIDGE GRAPHENE LTD is a private company limited by shares. The Company is domiciled and incorporated in the United Kingdom under the Companies Act 2006 and registered in England. The address of the registered office is Units 1A-D, Longhope Business Park, Monmouth Road, Longhope, Gloucestershire, GL17 0QZ.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and have been applied consistently other than where new policies have been adopted. The financial statements have been prepared under the historical cost convention. These financial statements have been prepared on a going concern basis and in accordance with The Companies Act 2006 as applicable.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed later in note 2.

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

- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurements of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
    i. paragraph 79(a)(iv) of IAS 1
    ii. paragraph 73(e) of IAS 16 Property, plant and equipment
    iii. paragraph 118(e) of IAS38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the year)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d), (statement of cash flows)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

New standard, amendments and interpretations

There are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Going Concern

The Company is in its development stage and relies upon its parent company for financial support. On the basis of this support the Directors consider it appropriate to prepare the financial statements on a going concern basis. The validity of this assumption depends upon the parent company continuing its support in the forthcoming financial year.

The Directors consider it appropriate to prepare the financial statements on a going concern basis. As a result of the Covid-19 pandemic, there is a risk that trading performance could be below expectations, however the company is part of the Versarien Group which has confirmed in writing its intention to provide ongoing support to the company for a period of at least 12 months from the date of signature of these financial statements.
If the Company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets and long-term liabilities and current assets and liabilities.

Revenue recognition
The revenue recognised in any reporting period are based on the contracted delivery of performance obligations and an assessment of when control is transferred to the customer. To be recognised as a contract, there must be appropriate approval from both parties and clear identification of each party's rights under the agreement. The payment terms should be evident, with collection of consideration probable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities and is shown net of value-added-tax, returns, rebates and discounts.
Revenue is recognised when the performance obligation in the contract has been performed and the control has been passed ('point in time' recognition). The customer gains the right of control at the time the product has been delivered.

Property, plant and equipment
In accordance with IAS 16, plant and equipment costs are recognised as a capital item in the Statement of Financial Position when it is considered the item will help generate a future economic benefit to the company.
The capitalisation of such items are based on the cost to purchase and bring the item to working condition. The depreciation rates for the relevant capital classifications are as follows.

Office equipment & computers	3-5 years
Right of use asset:	
Plant and equipment	20 years

FINANCIAL ASSETS
Financial assets are classified into 'financial assets at FVTPL' and 'financial assets at amortised cost'. The classification is determined at the time of initial recognition and depends on the Company's business model for managing the financial assets and whether the contractual cash flow represent solely payments of principal and interest.

Financial assets at FVTPL
A financial asset is classified in this category if it does not meet the criteria for recognition as a financial asset at amortised cost. Derivatives are classified in this category unless they are designated as in hedging relationships. These contracts are marked to market by re-measuring them to fair value at the end of each reporting period. The resulting gain or loss is recognised in the Income Statement.

Financial assets at amortised cost
Assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where the contractual cash flows represent solely payments of principal and interest. The Company's financial assets at amortised cost comprise 'trade and other receivables excluding prepayments' and 'cash and cash equivalents'.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on financial assets at amortised cost or at FVTPL. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. For trade receivables and contract assets, the Company recognises expected credit losses that will result from all possible default events over the expected life of a financial instrument 'lifetime ECL'. For all other financial instruments, the Company recognises lifetime ECL only when there has been a significant increase in credit risk since initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime ECL that is expected to result from default events on the financial instrument that are possible within 12 months after the reporting date. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers an actual or expected significant deterioration in the financial instrument's external credit rating where available; significant deterioration in external market indicators of credit risk for a particular financial instrument e.g. a significant increase in the credit spread or the credit default swap prices for the debtor, indications that any debtor is experiencing significant financial difficulty, default or delinquency in payments, an increase in the probability that any debtor will enter bankruptcy, or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Pensions
The company contributes to the state statutory pension scheme. Costs are charged to the profit and loss account as they become payable.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Licence

In line with IAS 38 it is the Company's policy to recognise an intangible asset when:
a)a financial instrument is deemed separable from the entity, can be sold, transferred, licenced, rented or exchanged;
b) a financial instrument arises from a contractual or other legal rights;
c) future economic benefits are expected from the financial instrument; and
d) the cost of the asset can be measured reliably.

The Directors are of the opinion that the commitment to purchase the technology licence to develop and sell graphene ink meets the criteria above. The licence is recorded at amortised cost.

Amortisation is applied to an intangible asset where the Directors' believe the useful life of the asset is finite and, in accordance with IAS 38. the useful life shall not exceed the year of contractual or other legal rights. The licence cost is amortised over five years on a straight-line basis.

Development costs

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

Foreign currencies

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

Trade and other receivables

Trade and other receivables include assets held under amortised cost. Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade and other receivables are recognised initially at fair value and subsequently measures at amortised cost using the effective interest method. The Group recognises expected credit losses that will result from all possible default events over the expected life of a financial instrument for all trade and other receivables.

Share capital

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Administrative expenses

This comprises principally consultancy fees and group recharges.

Exceptional Items

Exceptional items are defined as items of income and expenditure which, in the opinion of the Directors, are material and unusual in nature or of such significance that, in order to give a full understanding of the Company's underlying financial performance, they require separate disclosure on the face of the comprehensive income statement in accordance with IAS 1 'Presentation of Financial Statements'.

Leases

As a lessee, the Company assesses if a contract is or contains a lease at the inception of the contract. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. Lease liabilities are classified as part of borrowings. The associated right-of-use asset is capitalised equal to the lease liability and disclosed together with property, plant and equipment.

The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term. Right of-use assets are also subject to testing for impairment if there is an indicator for impairment.

Key sources of estimation and uncertainty

The preparation of the financial statements requires the Company to make estimates, judgments and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Useful life of property, plant, equipment

As described in the accounting policy, the company considers the useful life of each asset capitalised. During the year the directors determined that plant and equipment had an economic useful life of 20 years. See note 7 for the carrying amounts of property, plant and equipment.

Development costs

Development costs are capitalised on the balance sheet following an assessment of the criteria in IAS 38. They are assessed on an ongoing basis to determine whether circumstances may change and could lead to potential impairment of the carrying value of these assets.

3 REVENUE

Turnover is wholly attributable to the principal activity of the company. An analysis of turnover by geographical location is given below:

	2021	2020
	£	£
United Kingdom	27,050	5,645
Rest of Europe	6,006	2,400
Other	(1,132)	4,954
	31,924	12,999

Included within other revenue is a credit note of £1,733

4 EMPLOYEES AND DIRECTORS

The aggregate payroll costs were as follows:

	2021	2020
	£	£
Wages and salaries	107,850	102,137
Social security costs	12,071	11,854
Other pension costs	2,113	1,841
	122,034	115,832

Of the total cost £118,836 (2020: £71,762) was capitalised.

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

	2021	2020
	No	No
Research and production	2	2

Directors

The total number of directors serving the company during the year amounted to 2. The remuneration of the directors was paid by and is dealt with in the financial statements of Versarien Plc. It is not practicable to allocate their remuneration between their services as directors of Versarien Plc and their services as directors of other companies within the Versarien Plc group. The directors are considered to be the key management.

5 OPERATING LOSS

	2021	2020
	£	£
Loss before taxation is stated after charging:		
Fees payable to the auditors		
- Audit of these financial statements pursuant to legislation	8,200	3,934
Depreciation of tangible fixed assets - owned	3,902	3,843
Amortisation of intangible assets	16,934	5,578
Exceptional costs	36,291	239,211

Exceptional items arise from costs incurred relating to expansion in China.

6 TAX ON PROFIT (LOSS)

Analysis of the credit
No liability to UK corporation tax arose on loss before taxation for the year (2020 nil).

Factors affecting the tax credit

	2021	2020
	£	£
Profit (Loss) before taxation	(122,686)	(475,108)
Effects of:		
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(23,310)	(90,271)
R&D tax credit	-	7,256
Depreciation in excess of capital allowances	(483)	(770)
Losses carried forward	23,793	91,041
Total tax credit	-	7,256

Factors that may affect future tax charges

No deferred tax asset has been recognized as there is currently insufficient certainty as to the precise timing of when the asset would be recovered. The unrecognized asset amounts to £149,000 (2020: £170,000) being £173,000 (2020: £194,000) of trading losses and capital allowance liability of £24,000 (2020: £24,000).

CAMBRIDGE GRAPHENE LTD

Notes to the Financial Statements for the Year to 31 March 2021 (continued)

7 PROPERTY, PLANT AND EQUIPMENT

	ROU asset £	Office Equipment & computers £	Total £
Cost			
At 1 April 2020	63,940	2,376	66,316
Additions	-	1,048	1,048
At 31 March 2021	63,940	3,424	67,364
Accumulated depreciation			
At 1 April 2020	9,591	875	10,466
Charge for the year	3,197	705	3,902
At 31 March 2021	12,788	1,580	14,368
Net book value			
At 31 March 2021	51,152	1,844	52,996
At 31 March 2020	54,349	1,501	55,850

Under IFRS 16 the right of use assets for the Company are as follows:

	Plant and equipment	Total
Cost	63,940	63,940
Accumulated depreciation	(12,788)	(9,591)
Net book value	51,152	54,349

8 INTANGIBLE FIXED ASSETS

	Development costs £	Licenses £	Trademarks Software development £	Total £
Cost				
At 1 April 2020	257,476	64,717	4,238	326,431
Additions	303,025	17,954	-	320,979
At 31 March 2021	560,501	82,671	4,238	647,410
Accumulated amortisation				
At 1 April 2020	-	8,628	795	9,423
Charge for the year	-	16,534	400	16,934
At 31 March 2021	-	25,162	1195	26,357
Net book amount				
At 31 March 2021	560,501	57,509	3,043	621,053
At 31 March 2020	257,476	56,089	3,443	317,008

8 INTANGIBLE FIXED ASSETS (continued)

The amortisation charge is included within administration expenses.

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

9 INVENTORIES

	2021	2020
	£	£
Raw materials and consumables	1,563	413
Finished goods	686	1,274
	2,249	1,687

Inventories are stated after provision for impairment of £Nil (2020: £Nil).Stock recognised in cost of sales during the year as an expense was £707 (2020: £2,029).

10 TRADE AND OTHER RECEIVABLES

	2021	2020
	£	£
Trade receivables	600	1,733
VAT, taxation and social security	-	18,230
Other debtors	2,928	11,460
	3,528	31,423

11 CREDITORS: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	118,876	18,992
Amounts due to group undertakings	982,962	1,048,094
Taxation and social security	21,584	8,267
Other creditors	288,595	83,909
	1,412,017	1,159,261

Included within other creditors are obligations under hire purchase of £12,788 (2020: £12,788)

12 CREDITORS: Amounts falling due after more than one year

	2021	2020
	£	£
Other creditors	320,537	168,808
	320,537	168,808

Included within other creditors are obligations under hire purchase of £3,196 (2020: £15,985)

13 LEASING

The Company leases assets acquired under hire purchase which have now been reclassified under IFRS16.

Leases typically include a monthly payment. As at 1st April 2020 the Company has recognised a right to use asset and a leasing liability based on these payments.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate the individual lease would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company uses recent third-party financing received by the individual as a starting point, adjusted to reflect changes in financing conditions since the third party financing was received. The Company had a range of borrowing rates from 4% to 6%. The Company believes that any reasonably possible change in the weighted average incremental borrowing rate would not cause the carrying value of lease liabilities or the lease interest payable charged to the Income Statement to be materially different.

Lease payments are allocated between principal and finance costs. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are depreciated over 20 years.

The total cash outflow for leases in 2020 was £12,788.

The right of use asset recognised includes hire purchase agreements. The leasing liabilities are included as follows in the statement of financial position:

	2021
	£
Creditors: Amounts falling due within one year	
Other creditors	12,788
Creditors: Amounts falling due after more than one year	
Other creditors	3,196
	15,984

The amounts below represent the minimum future lease payments:

	2021	2020
	£	£
Net obligations payable:		
Within one year	15,193	15,193
Between one and five years	3,797	18,991
	18,990	34,184

14 CALLED UP SHARE CAPITAL

Allotted, authorised, issued and fully paid

Number	Class	Nominal value	2021 £	2020 £
365 (2020:365)	Ordinary	£1	365	365

15 ULTIMATE PARENT UNDERTAKING

The Company's immediate and ultimate parent company is Versarien Plc which is incorporated in the United Kingdom and listed on AIM. Versarien Plc owns 85% of the share capital of the Company and is considered the company's controlling party. In the opinion of the directors' there is no ultimate controlling party. The smallest and largest group in which the results of the company are consolidated is that headed by Versarien Plc. Copies of Versarien Plc consolidated financial statements can be obtained from its registered office at Unit 1A-D, Longhope Business Park, Monmouth Road, Longhope, Gloucestershire, GL17 0QZ.

16 RELATED PARTY TRANSACTIONS

As the Company is not a fully owned subsidiary of Versarien Plc, it is not entitled to apply the FRS 101 exemption on related party transactions. There were the following transactions with Group companies during the year:

	Recharge invoices expensed £	Recharge invoices £	Funding £	Amount (repaid) during the year £	Balance due/(owed) at Year End £
Versarien Plc	224,247	313,200	35,000	-	(941,715)
2-D Tech Limited	7,502	18,898	-	-	(40,490)
Versarien Graphene Limited	10,889	-	-	(10,673)	(757)