

**Unaudited Financial Statements**  
**for the Year Ended 31 March 2020**  
**for**  
**Isotek Microwave Limited**

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**for the Year Ended 31 March 2020**

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**Company Information**  
**for the Year Ended 31 March 2020**

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**DIRECTORS:**

Mrs T H Fripp  
S Z Fripp  
Dr C I Mobbs  
J D Rhodes  
Professor J D Rhodes  
Mrs B M Rhodes  
Dr D Iddles  
C E Schofield

**SECRETARY:**

C E Schofield

**REGISTERED OFFICE:**

c/o Schofield Sweeney Llp  
Springfield House  
76 Wellington Street  
Leeds  
West Yorkshire  
LS1 2AY

**REGISTERED NUMBER:**

09486915 (England and Wales)

**ACCOUNTANTS:**

Lindley Adams Limited Chartered Accountants  
28 Prescott Street  
Halifax  
West Yorkshire  
HX1 2LG

**Balance Sheet**  
**31 March 2020**

		31.3.20		31.3.19 as restated	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	4		716,161		638,324
Tangible assets	5		<u>20,957</u>		<u>6,159</u>
			<b>737,118</b>		<b>644,483</b>
<b>CURRENT ASSETS</b>					
Debtors	6	88,034		99,698	
Cash at bank and in hand		<u>27,147</u>		<u>182,151</u>	
		<b>115,181</b>		<b>281,849</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	7	<u>2,529,417</u>		<u>1,983,045</u>	
<b>NET CURRENT LIABILITIES</b>			<b>(2,414,236)</b>		<b>(1,701,196)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>(1,677,118)</b>		<b>(1,056,713)</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital			350		300
Retained earnings			<u>(1,677,468)</u>		<u>(1,057,013)</u>
<b>SHAREHOLDERS' FUNDS</b>			<b>(1,677,118)</b>		<b>(1,056,713)</b>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2021 and were signed on its behalf by:

S Z Fripp - Director

**Notes to the Financial Statements**  
**for the Year Ended 31 March 2020**

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**1. STATUTORY INFORMATION**

Isotek Microwave Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page. The principal place of business address is: Unit 2 Clayton Wood Bank, West Park Ring Road, Leeds, West Yorkshire, LS16 6QZ.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The financial statements are presented in £ sterling and are rounded to the nearest £.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable net of VAT.

Revenue from the sale of goods is recognised when the goods have been delivered.

Revenue from a contract to provide services is recognised in the period in which the services are provided.

Revenue from royalties are recognised on an accruals basis.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

An impairment loss has been recognised in the Income Statement, following an assessment at the Balance Sheet date indicating the recoverable amount was less than its carrying value.

Patents & development costs are being amortised evenly over their estimated useful life of ten years.

**Internally generated intangible assets**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Patent costs and the attributable development costs are recognised as intangible assets when feasibility has been established. These are measured initially at cost and amortised to the profit and loss account over the estimated useful economic life. The company has committed technical, financial and other resources to complete the development and it is probable that the asset will generate probable future economic benefits. The development costs capitalised include the cost of materials and direct labour costs incurred up to the date the asset is available for use.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - Straight line over 5 years

Computer equipment - Straight line over 3 years

**Financial instruments**

Basic financial instruments are recognised at amortised cost.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet 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.

**Operating lease commitments**

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

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2020**

**2. ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Going concern**

These financial statements have been prepared using the going concern basis despite the current balance sheet status. The directors consider this is appropriate for the reasons disclosed in the Going Concern note.

The accounts do not contain any adjustments necessary should the company be unable to continue as a going concern.

**Convertible debt**

The proceeds received on issue of the company's convertible debt are allocated into their liability and equity components. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate. Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 6 (2019 - 6) .

**4. INTANGIBLE FIXED ASSETS**

	<b>Patents &amp; development costs £</b>
<b>COST</b>	
At 1 April 2019	843,515
Additions	<u>180,210</u>
At 31 March 2020	<u>1,023,725</u>
<b>AMORTISATION</b>	
At 1 April 2019	205,191
Amortisation for year	<u>102,373</u>
At 31 March 2020	<u>307,564</u>
<b>NET BOOK VALUE</b>	
At 31 March 2020	<u>716,161</u>
At 31 March 2019	<u>638,324</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2020**

**5. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Computer equipment £	Totals £
<b>COST</b>			
At 1 April 2019	12,259	3,642	15,901
Additions	20,125	1,724	21,849
At 31 March 2020	<u>32,384</u>	<u>5,366</u>	<u>37,750</u>
<b>DEPRECIATION</b>			
At 1 April 2019	6,100	3,642	9,742
Charge for year	6,477	574	7,051
At 31 March 2020	<u>12,577</u>	<u>4,216</u>	<u>16,793</u>
<b>NET BOOK VALUE</b>			
At 31 March 2020	<u>19,807</u>	<u>1,150</u>	<u>20,957</u>
At 31 March 2019	6,159	-	6,159

**6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.20 £	31.3.19 as restated £
Trade debtors	-	36,896
Other debtors	6,250	9,340
Recoverable tax	63,428	39,451
VAT	6,360	-
Prepayments	<u>11,996</u>	<u>14,011</u>
	<u>88,034</u>	<u>99,698</u>

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.20 £	31.3.19 as restated £
Trade creditors	22,703	25,616
Social security and other taxes	7,423	-
VAT	-	210
Other creditors	1,678,917	1,762,926
Directors' loan accounts	792,096	173,850
Accrued expenses	<u>28,278</u>	<u>20,443</u>
	<u>2,529,417</u>	<u>1,983,045</u>

**8. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.20 £	31.3.19 as restated £
Within one year	<u>-</u>	<u>14,750</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2020**

**9. FINANCIAL COMMITMENTS**

	<b>31.3.20</b>	31.3.19
	£	as restated £
Contracted but not provided for in the financial statements	<u>-</u>	<u>14,750</u>

**10. PENSION COMMITMENTS**

The company operates a defined contribution pension scheme for the directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date there were unpaid contributions of £3,918 (2019: £3,918) due to the fund, these are included in Other creditors.

**11. RELATED PARTY DISCLOSURES**

Professor J D Rhodes and his immediate family hold 55% (2019: 55%) of the issued ordinary shares in CSS Isotek Limited (formerly Isotek Oil and Gas Limited) and 52% (2019: 61%) in this company. After the year end, in June 2020, all shares held by Professor Rhodes and his immediate family in CSS Isotek Limited were sold.

During the year the company was charged £28,860 (2019: £28,860) in respect of management charges by CSS Isotek Limited and £15,000 (2019: £15,000) in the recharge of costs for a building sub-let to Isotek Microwave Limited by CSS Isotek Limited.

During the year, a loan of £765,746 was assigned to a director, this was added to an existing loan brought forward of £173,850 from the director, £147,500 of which was repaid in the year. The loan is interest free and repayable on demand. At the balance sheet date, £792,096 was outstanding and is included within creditors: amounts falling due within one year (2019: £173,850).

**12. POST BALANCE SHEET EVENTS**

An overseas company agreed in 2019 to pay Isotek Microwave Limited an interest free, non recourse loan of £1m in 12 monthly instalments, with the option to convert the loan to shares. After the year end, the option to convert the loan to shares was exercised.

In August 2020, the company secured an investment of £500,000 from the British Business Bank - Future Fund.

**13. LOAN NOTES**

Included in Other Creditors are unsecured loan notes issued by the company, the total loan notes in issue at 31 March 2020 is £675,000 (2019: £675,000). These rank pari passu in all respects as to repayment with the loan from a director.

The loan notes are subject to the following terms:

The loan notes are non-interest bearing and do not have a fixed repayment date.



**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2020**

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**14. GOING CONCERN**

There is a material uncertainty on going concern as the Directors are unable to confirm the company has sufficient resources to function for a 12 month period following the signing of these accounts and consequently are currently looking to secure additional external investment.

A loan of £765,746 from a director of the company ranks pari passu with the loan notes issued. The loan is repayable when the company has sufficient funds to pay the loan notes and maintain 12 months working capital. The loan has been treated within these financial statements as due within one year.

In September 2016 an agreement was signed with an overseas company, the major component of this is royalty payments to Isotek Microwave Limited which commenced in the prior years. The royalty payments are based on the sale of products developed by the overseas company utilizing the material compound mixes developed by the ceramic facility of Isotek Microwave Ltd. An estimate of the financial effect of this agreement cannot be made.

The commercialisation of the filter technology includes a licensing arrangement with another overseas company, an estimate of the financial effect of this agreement cannot be made. The overseas company agreed an interest free, non recourse loan of £1m with the option to convert to shares. After the year end, the option to convert the loan to shares was exercised.

The company secured an investment of £500,000 from the British Business Bank - Future Fund in August 2020.

In addition to this the directors expect the continued and successful development of filter technology patents, these are at various stages of development.

**Chartered Accountants' Report to the Board of Directors**  
**on the Unaudited Financial Statements of**  
**Isotek Microwave Limited**

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**The following reproduces the text of the report prepared for the directors in respect of the company's annual unaudited financial statements. In accordance with the Companies Act 2006, the company is only required to file a Balance Sheet. Readers are cautioned that the Income Statement and certain other primary statements and the Report of the Directors are not required to be filed with the Registrar of Companies.**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Isotek Microwave Limited for the year ended 31 March 2020 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed within the ICAEW's regulations and guidance at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Isotek Microwave Limited, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Isotek Microwave Limited and state those matters that we have agreed to state to the Board of Directors of Isotek Microwave Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Isotek Microwave Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Isotek Microwave Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Isotek Microwave Limited. You consider that Isotek Microwave Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Isotek Microwave Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Lindley Adams Limited Chartered Accountants  
28 Prescott Street  
Halifax  
West Yorkshire  
HX1 2LG

24 May 2021

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.