

nanoFlowcell Holdings Limited

Report and Unaudited Financial Statements

Year Ended

31 December 2018

Company Number 10021928

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nanoFlowcell Holdings Limited

Registered number: 10021928

Company Information

Directors	H A Bertschi J P Ellermann N La Vecchia
Registered office	55 Baker Street London W1U 7EU
Accountants	BDO LLP Thames Tower Station Road Reading Berkshire RG1 1LX

nanoFlowcell Holdings Limited

Registered number: 10021928

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nanoFlowcell Holdings Limited

Registered number: 10021928

Directors' report For the year ended 31 December 2018

The directors present their report together with the unaudited financial statements of nanoFlowcell Holdings Limited ("the Company") for the year ended 31 December 2018.

Principal activity

The principal activity of the Company is to be a holding company for the group headed by the Company ("the nanoFlowcell group").

Directors

The directors who held office during the year and up to the date of approval of the financial statements were as follows:

H A Bertschi
J P Ellermann
N La Vecchia

Dividends

The directors do not recommend a dividend for the year under review (2017 - CHF Nil).

Going concern

The Company made a loss during the year, after taxation, of CHF 30,133 (2017 - CHF 4,515), the Company had net current liabilities of CHF 199,882 (2017 - CHF 170,091) and total net liabilities of CHF 102,709 as at 31 December 2018 (2017 - CHF 72,576).

The financial statements have been prepared on a going concern basis, the validity of which depends upon the support of the Company's shareholders. The shareholders have indicated that they will continue to make available such funds as are needed by the Company and in particular will not seek the repayment of the amounts currently made available unless the Company has sufficient cash to make such a repayment.

The directors consider that this support will enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on the above the directors have prepared these financial statements on a going concern basis.

nanoFlowcell Holdings Limited

Registered number: 10021928

Directors' report For the year ended 31 December 2018 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

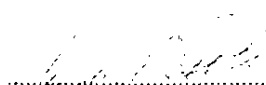
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing this report, the directors have taken advantage of the small companies exemptions.

This report was approved by the Board and signed on its behalf by:



N La Vecchia
Director



Date: 16.02.2020

**Chartered accountants' report to the Board of Directors on the preparation of the unaudited
Financial Statements of nanoFlowcell Holdings Limited
for the year ended 31 December 2018**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of nanoFlowcell Holdings Limited for the year ended 31 December 2018 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the related notes from the Company's accounting records and from information and explanations you have given us.

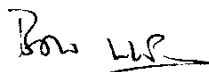
As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

It is your duty to ensure that nanoFlowcell Holdings 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 nanoFlowcell Holdings Limited. You consider that nanoFlowcell Holdings 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 nanoFlowcell Holdings 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.

Use of our report

This report is made solely to the Board of Directors of nanoFlowcell Holdings Limited, as a body, in accordance with the terms of our engagement letter dated 6 March 2017. Our work has been undertaken solely to prepare for your approval the accounts of nanoFlowcell Holdings Limited and state those matters that we have agreed to state to them, 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 nanoFlowcell Holdings Limited and its Board of Directors as a body for our work or for this report.



BDO LLP
Chartered Accountants
Reading
United Kingdom

Date: 16 February 2019

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

nanoFlowcell Holdings Limited
Registered number: 10021928

Statement of comprehensive Income
For the year ended 31 December 2018

	Note	2018 CHF	2017 CHF
Administrative expenses		<u>(30,133)</u>	<u>(4,515)</u>
Operating loss and loss on ordinary activities before taxation	6	(30,133)	(4,515)
Taxation on loss on ordinary activities	8	<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation and total comprehensive expense for the year		<u>(30,133)</u>	<u>(4,515)</u>

All amounts relate to continuing activities

The notes on pages 8 to 24 form part of these financial statements.

nanoFlowcell Holdings Limited

Registered number: 10021928

Statement of financial position

As at 31 December 2018

	Note	2018 CHF	2017 CHF
Non-current assets			
Investments	9	97,173	97,515
Current assets			
Trade and other receivables	10	43,453,391	43,451,327
Cash at bank available on demand		<u>70</u>	<u>111</u>
		43,453,461	43,451,438
Current liabilities			
Trade and other payables	11	<u>(43,653,343)</u>	<u>(43,621,529)</u>
Net current liabilities		<u>(199,882)</u>	<u>(170,091)</u>
Net liabilities		<u>(102,709)</u>	<u>(72,576)</u>
Equity			
Called up share capital	13	132,256	132,256
Retained deficit	14	<u>(234,965)</u>	<u>(204,832)</u>
Equity shareholders' deficit		<u>(102,709)</u>	<u>(72,576)</u>

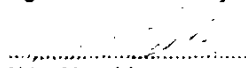
The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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

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


N La Vecchia
Director

Date: 16.02.2020

The notes on pages 8 to 24 form part of these financial statements.

nanoFlowcell Holdings Limited

Registered number: 10021928

Statement of cash flows For the year ended 31 December 2018

	Note	2018 CHF	2017 CHF
Cash flows from operating activities			
Loss for the year		(30,133)	(4,515)
<i>Adjustments for:</i>			
Impairment of investments	6	342	482
Increase in trade and other receivables	10	(2,064)	(29,945)
Increase in trade and other payables	11	31,798	33,746
Net cash flow used in operating activities		<u>(57)</u>	<u>(232)</u>
Net decrease in cash and cash equivalents		(57)	(232)
Cash and cash equivalents at beginning of the year		<u>(267)</u>	<u>(35)</u>
Cash and cash equivalents at end of the year		<u>(324)</u>	<u>(267)</u>
Cash and cash equivalents comprise:			
Cash at bank available on demand		70	111
Bank overdraft		<u>(394)</u>	<u>(378)</u>
		<u>(324)</u>	<u>(267)</u>

The notes on pages 8 to 24 form part of these financial statements.

nanoFlowcell Holdings Limited

Registered number: 10021928

Statement of changes in equity For the year ended 31 December 2018

	Called up share capital CHF	Retained deficit CHF	Total equity shareholders' deficit CHF
At 1 January 2017	132,256	(200,317)	(68,061)
Comprehensive loss for the year			
Loss for the year	-	(4,515)	(4,515)
Total comprehensive expense	-	(4,515)	(4,515)
At 31 December 2017	<u>132,256</u>	<u>(204,832)</u>	<u>(72,576)</u>
At 1 January 2018	132,256	(204,832)	(72,576)
Comprehensive loss for the year			
Loss for the year	-	(30,133)	(30,133)
Total comprehensive expense	-	(30,133)	(30,133)
At 31 December 2018	<u>132,256</u>	<u>(234,965)</u>	<u>(102,709)</u>

The notes on pages 8 to 24 form part of these financial statements.

nanoFlowcell Holdings Limited

Registered number: 10021928

Notes to the financial statements For the year ended 31 December 2018

1 General information

nanoFlowcell Holdings Limited ("the Company") is a private company limited by shares, incorporated and domiciled in England and Wales under the Companies Act 2006.

The address of the registered office can be found on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Directors' Report on page 1.

2 Accounting policies

Basis of preparation

The financial statements have been prepared on a historical cost basis, in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRSs.

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Basis of consolidation

The financial statements contain information about nanoFlowcell Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by the Companies Act 2006 not to produce consolidated financial statements as the group it heads is small in accordance with section 383 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

nanoFlowcell Holdings Limited

Registered number: 10021928

Notes to the financial statements For the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

Adoption of new and revised Standards

New Standards, Interpretations and amendments effective from 1 January 2018

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 31 December 2018.

IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Company adopted IFRS 9 with a transition date of 1 January 2018. Management has performed an assessment of the intercompany loans held and believe that there is no difference between the contractual and expected future cash flows of those loans, which have all been documented. Related company loan receivables which are not classified as fair value through profit and loss are subject to the general approach when assessing expected credit losses. The loans are repayable on demand and interest free and therefore the expected credit losses are based on the assumption that repayment of the loan is demanded at the balance sheet date. The directors have considered the recovery strategies for these amounts and have concluded that the amounts will be fully recovered and therefore the loans have not been credit-impaired at the reporting date. As a result of the adoption of IFRS 9 and the changes in the financial instruments accounting policy, there were no adjustments made to the Company's retained earnings as at 1 January 2018 or 1 January 2017 and there were no adjustments made to line items in the Statement of comprehensive income for the year ended 31 December 2017 relating to the adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 has replaced IAS 18 *Revenue* and IAS 11 *Construction Contracts* as well as various Interpretations previously issued by the IFRS Interpretations Committee. The Company adopted IFRS 15 with a transition date of 1 January 2018. As a result of the adoption of IFRS 15 there were no adjustments made to the Company's retained earnings as at 1 January 2018 or 1 January 2017 and there were no adjustments made to line items in the Statement of comprehensive income for the year ended 31 December 2017. The Company does not have any contracts with customers in scope of IFRS 15.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018 and have had a material impact on the Company.

New Standards, Interpretations and amendments not yet effective

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

nanoFlowcell Holdings Limited

Registered number: 10021928

Notes to the financial statements For the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

New Standards, interpretations and amendments not yet effective (continued)

IFRS 16 - Leases (Mandatorily effective for periods beginning on or after 1 January 2019)

Adoption of IFRS 16 will result in the company recognising right-of-use assets and lease liabilities for all contracts that are, or contain a lease. As the Company has not entered into any lease agreements, this standard is expected to have no impact.

IFRIC 23 - Uncertainty over Income Tax Treatments (effective 1 January 2019)

IFRS 23 clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments.

The company does not plan to early adopt this standard and there is no impact expected.

Other

Amendments to IFRS 9 *Prepayment Features with Negative compensation* (effective 1 January 2019)

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* (effective 1 January 2019)

Annual Improvements to IFRSs 2015-2017 Cycle (IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing Costs*) (Effective 1 January 2019)

IFRS 17 *Insurance Contracts* (effective 1 January 2021)

Going concern

The Company made a loss during the year, after taxation, of CHF 30,133 (2017 – CHF 4,515), the Company had net current liabilities of CHF 199,882 (2017 – CHF 170,091) and total net liabilities of CHF 102,709 as at 31 December 2018 (2017 - CHF 72,576).

The financial statements have been prepared on a going concern basis, the validity of which depends upon the support of the Company's shareholders. The shareholders have indicated that they will continue to make available such funds as are needed by the Company and in particular will not seek the repayment of the amounts currently made available unless the Company has sufficient cash to make such a repayment.

The directors consider that this support will enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

Based on the above the directors have prepared these financial statements on a going concern basis.

nanoFlowcell Holdings Limited

Registered number: 10021928

Notes to the financial statements For the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

Presentational and functional currency

These financial statements are presented in Swiss Francs ("CHF"), which is the functional currency of the Company. The directors of the Company believe that CHF most faithfully represents the economic effects of the underlying transactions, events and conditions.

The Sterling exchange rate to Swiss Francs at 31 December 2018 was £1: CHF 1.2555 (2017 - £1: CHF 1.3182).

Foreign currency translations

Foreign currency transactions during the year have been translated to CHF at the rates of exchange ruling at the dates of the transactions. The resulting realised foreign currency gains and losses are recognised in the Statement of comprehensive income within administrative expenses.

Monetary assets and liabilities denominated in foreign currencies are translated to CHF at the rates of exchange ruling at the reporting date. The resulting unrealised foreign exchange gains or losses are recognised in the Statement of comprehensive income within administrative expenses.

Taxation

Taxation comprises the amount chargeable on profits for the year, together with deferred taxation. Deferred taxation is recognised, using the liability method, in respect of all temporary differences arising between the tax basis of assets and liabilities and their carrying value in the financial statements.

Deferred tax assets are recognised only to the extent that it is probable that there will be sufficient taxable profits from which the underlying temporary differences can be deducted or where there are deferred tax liabilities against which the assets can be recovered.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the related deferred tax asset is realised or the deferred tax liability is settled based on tax rates and laws enacted at the reporting date.

The carrying amount of the deferred tax assets is reviewed at each reporting date. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future profits will allow the deferred tax asset to be recovered.

Current and deferred tax is recognised in profit or loss except when the tax relates to items charged or credited to other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

nanoFlowcell Holdings Limited

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Notes to the financial statements For the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

Investments

Investments in subsidiary undertakings held as non-current assets are stated at cost less any provision for impairment considered necessary.

Impairment of assets

Assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ("CGU").

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

Financial Instruments

Financial instruments comprise cash and cash equivalents, other payables, amounts owed by and to group companies and accruals.

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset. Debt financial instruments are subsequently measured at amortised cost, or fair value through profit or loss. The classification is based on two criteria: the objective of the Company's business model for managing assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the Company's financial assets is as follows:

Debt instruments at amortised cost

These comprise investments in loans and receivables where the contractual cash flows are solely payments of principal and interest and the Company's business model is to collect contractual cash flows. Interest income, foreign exchange gains and losses and any impairment charges for such instruments are recognised in profit or loss.

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Notes to the financial statements For the year ended 31 December 2018 (continued)

2 Accounting policies (continued)

Impairment provisions for receivables from group companies are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial liabilities

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired. If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and there is the intention to settle net, the relevant financial assets and liabilities are offset.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

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Notes to the financial statements For the year ended 31 December 2018 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The directors make certain estimates and judgements regarding the future for the Company. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investments in subsidiaries

Investments in subsidiaries are reviewed annually for impairment. Should there be an indicator of impairment then the recoverable amount of the investment is estimated as per IAS 36 'Impairment of Assets'. An impairment review requires an estimate to be made of the "value in use" or the "fair value less costs to sell" as appropriate. The value in use calculation includes estimates about the expected future financial performance of the Company.

Impairment of intercompany loans

Impairment provisions for amounts due between companies across the nanoFlowcell group are recognised based on a forward looking expected credit loss model. All amounts are repayable on demand and interest free and therefore the expected credit losses are based on the assumption that repayment of the loan is demanded at the balance sheet date. Management have reviewed the recovery strategies in place for these amounts and have concluded the amounts are recoverable and supported by the shareholders of the company, as a result none of the those amounts have been credit-impaired at the reporting date. Management will keep monitoring at each reporting date whether significant increases in credit risk have occurred, based on borrowed specific information, and will adjust the value of the balances due from group companies where required.

4 Financial instruments - risk management

The Company is exposed through its operations to the following financial risks:

- Credit risk;
- Foreign exchange risk; and
- Liquidity risk.

Market risk is not deemed material to the Company.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

nanoFlowcell Holdings Limited

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Notes to the financial statements For the year ended 31 December 2018 (continued)

4 Financial instruments - risk management (continued)

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents;
- Amounts owed by group companies;
- Bank overdrafts; and
- Amounts owed to group companies.

General objectives, policies and processes

The directors have overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Cash is held with the following institutions:

	2018		2017	
	Cash at bank	2018	Cash at bank	2017
	CHF	Rating	CHF	Rating
Liechtensteinische Landesbank	(324)	Aa2	(267)	Aa2

The directors monitor the credit ratings of counterparties regularly and at the reporting date do not expect any losses from non-performance by the counterparties.

The company has not recognised expected credit losses for amounts due from group companies (2018 - CHF Nil). All amounts are repayable on demand and therefore management have reviewed the recovery strategies in place and concluded the balances are recoverable at the reporting date. Management have taken into account the support of the Company's shareholders in reaching this conclusion.

Foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. The Company's policy is, where possible, to settle liabilities denominated in the functional currency, with the cash generated from their own operations in that currency. The Company has bank accounts denominated in both Swiss Francs and Euros for this purpose. The Company is predominantly exposed to currency risk on purchases made from a supplier based in the United Kingdom.

nanoFlowcell Holdings Limited

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Notes to the financial statements For the year ended 31 December 2018 (continued)

4 Financial instruments - risk management (continued)

Foreign exchange risk (continued)

As at 31 December the Company's net exposure to foreign exchange risk was as follows:

	2018 CHF	2017 CHF
Net foreign currency financial (liabilities)/assets		
Sterling	(29,234)	(28,637)
Euro	70	111
Total net exposure	(29,164)	(28,526)

The effect of a 20% strengthening of Sterling against the Swiss Franc at the reporting date on the accruals denominated in Sterling carried at that date would, all other variables held constant, have resulted in an increase in the post-tax loss for the year and decrease of net assets of CHF 5,833 (2017 - CHF 5,728). A 20% weakening in the exchange rate would, on the same basis, have reduced the post-tax loss and increased net assets by CHF 4,861 (2017 - CHF 4,773).

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The directors prepare rolling 12-month cash flow projections on a monthly basis. At the end of the financial year, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to further draw down on its agreed overdraft facility.

The contractual maturities of financial liabilities are that loans due to group companies and related parties are repayable on demand.

nanoFlowcell Holdings Limited

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Notes to the financial statements For the year ended 31 December 2018 (continued)

5 Capital management

The Company monitors capital which comprises all components of equity (i.e. share capital and retained deficit) totalling CHF 102,709 (2017 - CHF 72,576). The Company's objective when maintaining capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

6 Operating loss

Operating loss is stated after (crediting)/charging

	2018	2017
	CHF	CHF
Foreign exchange differences	(1,164)	(386)
Impairment of investments	<u>342</u>	<u>482</u>

7 Staff numbers

The average monthly number of employees during the year was 0 (2017 - 0)

nanoFlowcell Holdings Limited

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Notes to the financial statements For the year ended 31 December 2018 (continued)

8 Taxation on loss on ordinary activities

	2018 CHF	2017 CHF
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Recognition of tax losses	-	-
Total tax expense	<u>-</u>	<u>-</u>

Factors affecting tax for the year

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom of 19% (2017 - 19.25%) applied to losses for the year are as follows:

	2018 CHF	2017 CHF
Loss on ordinary activities before taxation	<u>(30,133)</u>	<u>(4,515)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(5,725)	(869)
Effects of:		
Expenses not deductible for tax purposes	251	185
Adjust opening and closing deferred tax to average rate of 19% (2017 - 19.25%)	576	(119)
Deferred tax not recognised	<u>4,898</u>	<u>803</u>
Total tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The effects of changes to the corporation tax rates substantively enacted as part of the Finance Bill 2016 (on 7 September 2016) includes a reduction to the main rate to 17% from 1 April 2020. Deferred taxes at the reporting date have been measured using these substantively enacted tax rates and reflected in these financial statements.

As at 31 December 2018, the Company had an unrecognised deferred tax asset of CHF 4,898 (2017 - CHF 604) in respect of losses. No deferred tax asset is recognised in respect of the losses as there is no certainty that they will be recovered.

nanoFlowcell Holdings Limited

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Notes to the financial statements For the year ended 31 December 2018 (continued)

9 Investments

	Investment in subsidiary undertakings CHF
Cost	
At 1 January 2018	266,128
Additions	-
At 31 December 2018	<u>266,128</u>
Accumulated impairment	
At 1 January 2018	168,613
Impairment charge for the year	<u>342</u>
At 31 December 2018	<u>168,955</u>
Carrying amount	
At 31 December 2018	<u>97,173</u>
At 31 December 2017	<u>97,515</u>

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Notes to the financial statements For the year ended 31 December 2018 (continued)

9 Investments (continued)

The following were direct subsidiary undertakings of the Company:

Name	Country of incorporation and principal place of business	Registered office	2018 Aggregate of share capital and reserves CHF	2018 Loss for the year CHF	2017 Aggregate of share capital and reserves CHF	2017 Loss for the year CHF
nanoFlowcell AG	Liechtenstein	Landstrasse 97, FL_9494 Schaan	(498,675)	(15,859)	(482,816)	(22,728)
nanoFlowcell IP AG	Switzerland	Böndlerstrasse 1, CH-8802, Kilchberg	97,173	(342)	97,515	(482)
nanoFlowcell Management AG	Switzerland	Böndlerstrasse 1, CH-8802, Kilchberg	(1,755,431)	(316,593)	(1,438,837)	(68,413)

The shareholding and proportion of voting rights of the above subsidiaries is 100% in each case. The type of share held in each case is ordinary.

Impairment charges were recognised during the year of CHF 342 (2017 - CHF 482) relating to nanoFlowcell IP AG. The impairment charge has been recognised to reduce the net book value of the investment to the net asset value of the subsidiary.

The following was an indirect subsidiary undertaking of the Company:

Name	Country of incorporation and principal place of business	Registered office	2018 Aggregate of share capital and reserves CHF	2018 Loss for the year CHF	2017 Aggregate of share capital and reserves CHF	2017 Loss for the year CHF
nanoProduction GmbH	Germany	Wallgraben 48, D-79761 Waldshut Tiengen	21,918*	(2,228)*	24,982*	(175)*

The indirect subsidiary undertaking of the company is held via the Company's 100% shareholding and voting rights in nanoFlowcell AG.

*Indirect subsidiary undertaking functional currency is in € and is translated to CHF.

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Notes to the financial statements For the year ended 31 December 2018 (continued)

10 Trade and other receivables

	31 December 2018 CHF	31 December 2017 CHF
Due within one year		
VAT receivable	3,227	3,227
Amounts owed by group companies	<u>43,450,164</u>	<u>43,448,100</u>
	<u>43,453,391</u>	<u>43,451,327</u>

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

11 Trade and other payables

	31 December 2018 CHF	31 December 2017 CHF
Due within one year		
Bank overdraft	394	378
Accruals	29,234	28,638
Amounts owed to group companies	<u>43,591,358</u>	<u>43,588,794</u>
Other payables	<u>32,357</u>	<u>3,719</u>
	<u>43,653,343</u>	<u>43,621,529</u>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

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Notes to the financial statements For the year ended 31 December 2018 (continued)

12 Financial Instruments

The carrying amounts of the following categories of financial assets and financial liabilities are:

	2018	2017
	CHF	CHF
Financial assets		
Financial assets measured at amortised cost	<u>43,450,234</u>	<u>43,451,438</u>
	2018	2017
	CHF	CHF
Financial liabilities		
Financial liabilities measured at amortised cost	<u>43,653,343</u>	<u>43,621,529</u>

Financial assets measured at amortised cost include cash at bank and amounts owed by group companies.

Financial liabilities measured at amortised cost include bank overdraft, accruals, amounts owed to group companies and other payables.

13 Share capital

Allotted, called up and fully paid shares

	31 December 2018		31 December 2017	
	No.	CHF	No.	CHF
A ordinary shares of CHF1 each	68,770	68,770	82,000	82,000
B ordinary shares of CHF9 each	<u>7,054</u>	<u>63,486</u>	<u>5,584</u>	<u>50,256</u>
	<u>75,824</u>	<u>132,256</u>	<u>87,584</u>	<u>132,256</u>

On 8 October 2018 an ordinary resolution was passed that 13,230 of the Company's issued A ordinary shares of CHF 1.00 each be re-designated and consolidated into 1,470 B ordinary shares of CHF 9.00 each.

Subject to the Company having profits available and declaring a dividend, any profits available for distribution and from time to time resolved to be distributed (whether by interim or final dividend) shall be distributed in respect of the A ordinary shares and B ordinary shares on a pro-rata basis. Each A ordinary or B ordinary share held shall have one vote.

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Notes to the financial statements For the year ended 31 December 2018 (continued)

14 Reserves

The following describes the nature and purpose of each reserve within equity:

Called up share capital - Share capital represents the issued and fully paid up equity share capital of the Company.

Retained deficit - Retained deficit represents cumulative losses and total comprehensive income and expense of the Company.

15 Related party transactions

During the year the company entered into transactions with related parties as follows:

Type of transaction	2018	2018	2018
	Transaction	Amounts	Amounts
	Amount related parties	owed by	owed to
	CHF	CHF	CHF
Loans to subsidiaries	2,064	43,431,243	-
Loans to shareholders	-	18,922	-
Loans from shareholders	2,564	-	43,591,358
<hr/>			
Type of transaction	2017	2017	2017
	Transaction	Amounts	Amounts
	Amount related parties	owed by	owed to
	CHF	CHF	CHF
Loans to subsidiaries	7,797	43,429,179	-
Loans to shareholders	18,922	18,922	-
Loans from shareholders	(33,540)	-	43,588,794

During the year N La Vencchia, a Company director and shareholder, made payments on behalf of the company totalling CHF 26,638 (2017 - CHF 3,719).

At 31 December 2018 amounts totalling CHF 32,357 (2017 - CHF 3,719) were due to N La Vencchia from the Company. These amounts are shown within trade and other payables: Due within one year (see note 11).

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Notes to the financial statements For the year ended 31 December 2018 (continued)

15 Related party transactions (continued)

Loans both to and from all forms of related parties are interest-free and repayable on demand.

The Company has not made any allowance for bad or doubtful debts in respect of any related party receivables nor has any guarantee been given or received during the year regarding any related party transactions.

The services of the directors, deemed to be the key management personnel of the company, were deemed to be incidental and therefore they received no remuneration.

16 Ultimate controlling party

The ultimate controlling parties are Jens Peter Ellermann, Carmine La Vecchia and Ermine La Vecchia by virtue of their having a significant shareholding in the Company.