

VERT ROTORS UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PAGES FOR FILING WITH REGISTRAR



VERT ROTORS UK LIMITED

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VERT ROTORS UK LIMITED

BALANCE SHEET


AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	3		115,318		190,606
Current assets					
Stocks		30,936		51,610	
Debtors	4	295,027		218,639	
Cash at bank and in hand		530,854		436,816	
		856,817		707,065	
Creditors: amounts falling due within one year	5	(301,501)		(200,711)	
Net current assets			555,316		506,354
Total assets less current liabilities			670,634		696,960
Creditors: amounts falling due after more than one year	6		(275,000)		(290,328)
Provisions for liabilities			(60,000)		-
Net assets			335,634		406,634
Capital and reserves					
Called up share capital	9		9,892		8,786
Share premium account			5,490,288		4,773,424
Share option reserve			123,400		135,570
Profit and loss reserves			(5,287,946)		(4,511,146)
Total equity			335,634		406,634

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on ...22/03/22 and are signed on its behalf by:



Mr N J Paterson
Director

Company Registration No. SC441152

VERT ROTORS UK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Share option reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2020		8,010	4,053,803	135,570	(3,899,102)	298,281
Year ended 31 December 2020:						
Loss and total comprehensive loss for the year		-	-	-	(612,044)	(612,044)
Issue of share capital	9	776	719,621	-	-	720,397
Balance at 31 December 2020		8,786	4,773,424	135,570	(4,511,146)	406,634
Year ended 31 December 2020:						
Loss and total comprehensive loss for the period		-	-	-	(776,800)	(776,800)
Issue of share capital	9	1,106	716,864	-	-	717,970
Share options forfeited		-	-	(12,170)	-	(12,170)
Balance at 31 December 2021		9,892	5,490,288	123,400	(5,287,946)	335,634

VERT ROTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Vert Rotors UK Limited is a private company limited by shares incorporated in Scotland. The registered office is Unit A1, Gracemount, Business Pavillions, Edinburgh, United Kingdom, EH17 8QF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

During the year ended 31 December 2021, the company recorded a loss of £776,800 (2020: £612,044) and had net current assets of £555,316 (2020: £506,354) at the balance sheet date. In considering whether the company is a going concern, the directors have considered a period of twelve months from the date of signing the financial statements, including having reviewed cash flow projections through to December 2023.

The directors are satisfied that the company will have sufficient resources available to meet its obligations as they fall due for at least 12 months from the date of signing these financial statements, based on forecasted trading levels and anticipated grant funding support.

The directors acknowledge that the uncertainty of forecast trading, gives rise to material uncertainty which may cause doubt over the company's ability to continue as a going concern. However, having given due consideration to the company's projections, the directors are satisfied that they have a reasonable expectation that the company will have adequate resources to continue operating for the foreseeable future, and as such have continued to prepare the financial statements on a going concern basis.

The company has proven to be resilient with respect to the impact of the COVID-19 pandemic on its employees and other stakeholders, and while the ongoing impact continues to be monitored, the directors are satisfied that COVID-19 does not significantly alter the above going concern assessment.

1.3 Turnover

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

VERT ROTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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

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

If the above conditions are not satisfied revenue will not be recognised and is deferred until it can be demonstrated that the above conditions have been met.

1.4 Research and development expenditure

Research and development expenditure is written off against profits in the year in which it is incurred.

1.5 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Leasehold land and buildings	33% straight line
Plant and machinery	3 or 7 years straight line
Office equipment	33% straight line
Computer equipment	33% straight line
Motor vehicles	33% straight line

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

VERT ROTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.7 Stocks

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

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

1.8 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payables, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Creditors

Short term creditors are measured at transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

VERT ROTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences, when deferred tax is recognised on the difference between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.10 Provisions

Provisions are made when an event taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Pensions

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

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

1.13 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

VERT ROTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Benefits received and receivable as an incentive to sign an operating leases are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.15 Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

Grants received through the government furlough scheme are recognised in the Statement of Comprehensive Income in the same period as the payroll costs.

1.16 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate of the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2 Employees

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

	2021 Number	2020 Number
Total	14	15

VERT ROTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2021	39,383	527,007	566,390
Additions	-	2,135	2,135
At 31 December 2021	39,383	529,142	568,525
Depreciation and impairment			
At 1 January 2021	36,208	339,576	375,784
Depreciation charged in the year	2,397	75,026	77,423
At 31 December 2021	38,605	414,602	453,207
Carrying amount			
At 31 December 2021	778	114,540	115,318
At 31 December 2020	3,175	187,431	190,606

4 Debtors

	31 December 2021	31 December 2020
	£	£
Amounts falling due within one year:		
Trade debtors	5,591	8,047
Other debtors	205,046	167,052
Prepayments and accrued income	84,390	43,540
	295,027	218,639

5 Creditors: amounts falling due within one year

	Notes	31 December 2021	31 December 2020
		£	£
Loans		10,000	5,833
Obligations under finance leases	7	1,807	22,076
Trade creditors		53,852	75,871
Taxation and social security		42,402	12,018
Other creditors		9,506	9,063
Accruals and deferred income		183,934	75,850
		301,501	200,711

VERT ROTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Other creditors	275,000	290,326

In the year ended 31 December 2020 a loan was undertaken for £240,000, interest free for one year and at an interest rate of 8% per annum from September 2021 to September 2023. The loan is convertible if the relevant conditions are met. If conversion conditions do not occur, the loan and accrued interest is due for repayment in full in 2023. No interest is due on the first 12 months of the loan. The equity component has been priced at nil value.

A loan for £50,000 at an interest rate of 2.5% per annum was undertaken in June 2020. No payments of capital or interest were due within the first 12 months of the loan. Repayments commenced in July 2021, with monthly repayments of capital and interest payable thereon; with the final payment due in June 2026.

7 Finance lease obligations

	31 December 2021 £	31 December 2020 £
Future minimum lease payments due under finance leases:		
Within one year	1,807	22,076
In two to five years	-	6,159
	1,807	28,235

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

VERT ROTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Number	Number	£	£
Outstanding at 1 January 2021	45,393	45,393	5.88	5.88
Granted	14,759	-	4.54	-
Forfeited	(3,500)	-	5.88	-
Outstanding at 31 December 2021	<u>56,652</u>	<u>45,393</u>	<u>5.53</u>	<u>5.88</u>
Exercisable at 31 December 2021	<u>56,652</u>	<u>45,393</u>	<u>5.53</u>	<u>5.88</u>

The options outstanding at 31 December 2021 had an exercise price ranging from £4.54 to £8.97.

9 Called up share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	<u>989,200</u>	<u>878,646</u>	<u>9,892</u>	<u>8,786</u>

During the year 110,576 £0.01 Ordinary shares were issued at a price of £6.96 per share. Share premium is accounted for net of directly attributable fees.

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified. The following paragraph was included in the audit report.

Material uncertainty related to going concern

We draw attention to note 1.2 which indicates that the company's ability to continue as a going concern is reliant upon projected net cash inflows from both forecast trading and as yet unsecured grant funding within the next 12 months. As stated in note 1.2, these events or conditions, along with other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

The senior statutory auditor was Barry Masson and the auditor was Johnston Carmichael LLP.

VERT ROTORS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2021	2020
£	£
33,750	-
<u> </u>	<u> </u>

12 Ultimate controlling party

The directors consider there to be no ultimate controlling party.