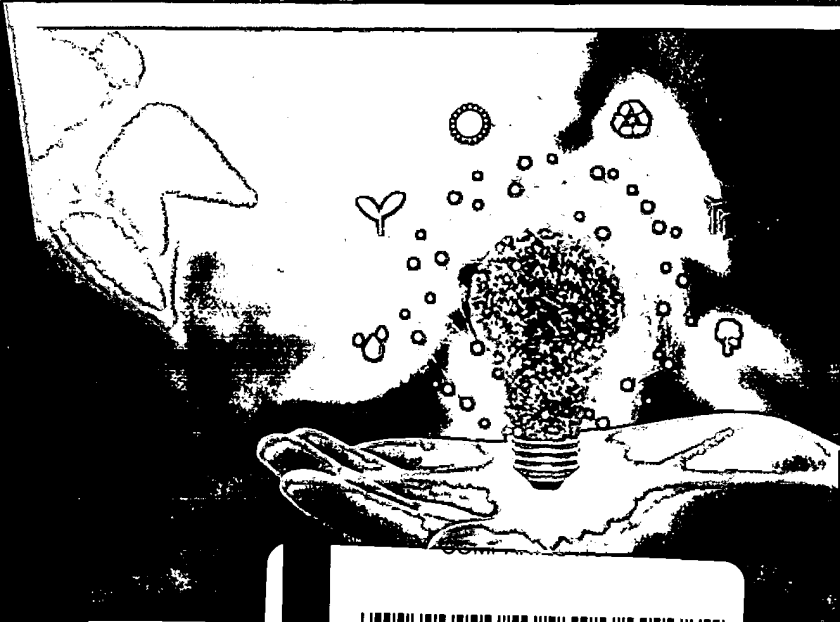
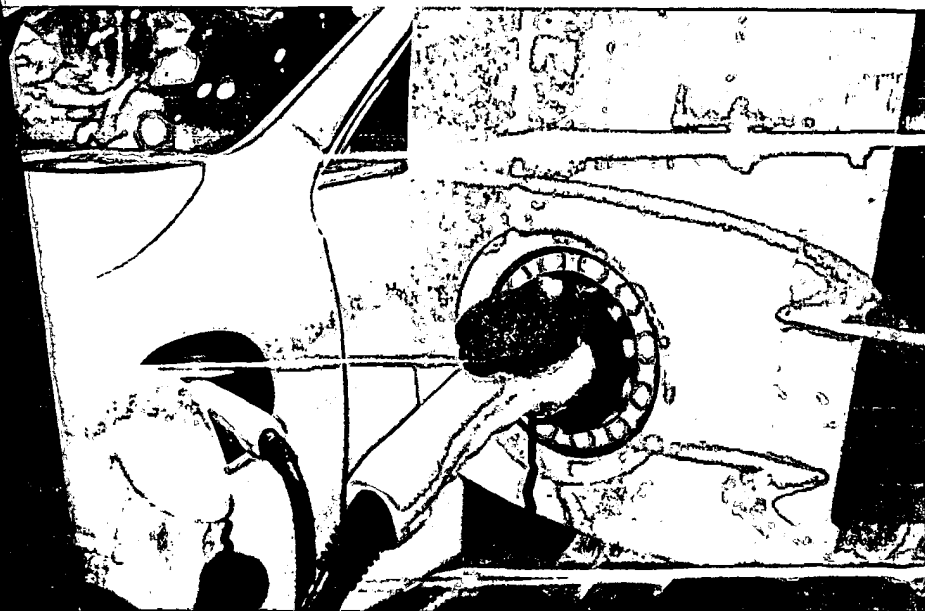
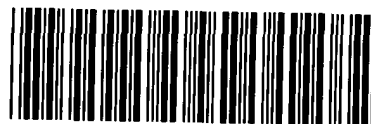


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## Alvant Limited

### Annual Report and Accounts

For the year ended 30th April 2020

## Directors' Report and Financial Statements *for the year ended 30<sup>th</sup> April 2020*

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## Company Information

### *directors, officers and advisors*

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Current Directors:	Simon Halliday TD MA(Oxon) ACA John Bonas Gemma Christian BEng MSc CEng Richard Thompson BEng MBA CEng Neil Collins BSc MSc	Non-Executive Chairman Managing Director Technical Director Commercial Director Founder & Special Advisor
Company Secretary:	Neil Collins BSc MSc	
Registered Number:	02765553 (England and Wales)	
Registered Office & Trading Address:	3 Prisma Business Park 3 Berrington Way, Wade Road Basingstoke Hampshire RG24 8GT	
Website Address:	www.alvant.com	
E-Mail:	enquiries@alvant.com	
Telephone:	(01256) 477741	
Auditors:	Rouse Audit LLP 55 Station Road Beaconsfield Buckinghamshire HP9 1QL	
Bankers:	Lloyds Bank Plc 130/132 Broadway Bexleyheath Kent DA6 7DP	
Solicitors:	Coffin Mew LLP 1000 Lakeside North Harbour Portsmouth Hampshire PO6 3EN	
Corporate Finance Advisors:	LGB & Co. Limited 2 <sup>nd</sup> Floor Berkeley Square House London W1J 6BD	
Patent Attorneys:	Maguire Boss 24 East Street St Ives Cambridge PE27 5PD	

## Directors' Report

*for the year ended 30<sup>th</sup> April 2020*

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The directors present their report and the financial statements for the year ended 30<sup>th</sup> April 2020.

### Principal activities

The principal activity of the Company is the creation and application of Aluminium Matrix Composite intellectual property into highly engineered products.

### Results and dividends

The results for the financial period are given in the statement of comprehensive income on page 10. The directors do not recommend the payment of a dividend for the year ended 30<sup>th</sup> April 2020.

### Directors

The directors who held office during the financial period were as follows:

S Halliday (Appointed 18.12.2019)  
J R Bonas  
G L Christian  
R J E Thompson  
N P Collins  
G Ventris (Resigned 21.08.2019)

### Directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## Directors' Report

*for the year ended 30<sup>th</sup> April 2020*

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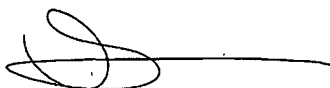
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

### Statement of disclosure to auditors

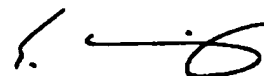
So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

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

By order of the board



**John Bonas**  
Director



**Simon Halliday**  
Director

23<sup>rd</sup> September 2020

Company Registration Number: 02765553

## Independent Auditors' Report

*to the Members of Alvant Ltd*

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### Opinion

We have audited the financial statements of Alvant Ltd (the 'Company') for the year ended 30th April 2020 set out on pages 9 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th April 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effect are subject to unprecedented levels of uncertainty to outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## Independent Auditors' Report

*to the Members of Alvant Ltd*

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### **Material uncertainty related to going concern**

We draw attention to note 1.2 in the financial statements, which indicates that the company made a loss for the year of £1,233,856 and had net current liabilities at the balance sheet date of £8,740,426 together with the impact of the COVID-19 pandemic. These events or conditions, along with the other matters as set out in note 1.2, indicate that a material uncertainty exists that may cast doubt over the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

## Independent Auditors' Report

*to the Members of Alvant Ltd*

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Director's Report and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



## Independent Auditors' Report

*to the Members of Alvant Ltd*

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This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Rouse Audit LLP*

**Bindi Palmer (Senior Statutory Auditor)**  
For and on behalf of Rouse Audit LLP

Chartered Accountants  
Statutory Auditor

55 Station Road  
Beaconsfield  
Buckinghamshire  
HP9 1QL

24<sup>th</sup> September 2020

The logo for Rouse, featuring the word "rouse" in a lowercase, sans-serif font, with a stylized graphic of three curved lines above the letter 'e'.

# Statement of Comprehensive Income

for the year ended 30<sup>th</sup> April 2020

	Notes	2020 £	2019 £
<b>Turnover</b>	3	516,699	1,106,969
Cost of sales		(42,288)	(76,368)
		<u>474,411</u>	<u>1,030,601</u>
Other Income – CJRS Grant		28,485	-
<b>Gross profit</b>		<u>502,896</u>	<u>1,030,601</u>
Administrative expenses		(1,986,199)	(2,058,114)
Loss on disposal of fixed assets		-	(41,629)
<b>Operating loss</b>		<u>(1,483,303)</u>	<u>(1,069,142)</u>
Interest payable		(170)	-
<b>Loss on ordinary activities before taxation</b>		<u>(1,483,473)</u>	<u>(1,069,142)</u>
Tax on loss on ordinary activities	7	249,617	124,537
<b>Loss for the period and total comprehensive income</b>		<u><u>(1,233,856)</u></u>	<u><u>(944,605)</u></u>

The notes to the accounts on pages 13 to 25 form part of these financial statements.

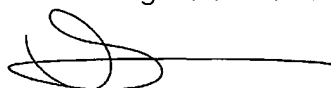
## Balance Sheet

for the year ended 30<sup>th</sup> April 2020

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	8	11,422	13,774
Tangible assets	9	712,747	781,630
		<u>724,169</u>	<u>795,404</u>
<b>Current assets</b>			
Stocks	10	52,798	49,901
Debtors	11	516,324	480,128
Cash at bank and in hand		87,574	16,383
		<u>656,696</u>	<u>546,412</u>
<b>Creditors: amounts falling due within one year</b>	12	(8,740,426)	(7,467,521)
<b>Net current liabilities</b>		<u>(8,083,730)</u>	<u>(6,921,109)</u>
<b>Net liabilities</b>		<u>(7,359,561)</u>	<u>(6,125,705)</u>
<b>Capital and reserves</b>			
Called up share capital	15	4,316	4,316
Share premium account		3,234,357	3,234,357
Profit and loss account		(10,836,428)	(9,616,808)
Revaluation reserve		238,194	252,430
<b>Total equity</b>		<u>(7,359,561)</u>	<u>(6,125,705)</u>

The notes to the accounts on pages 13 to 25 form part of these financial statements.

These financial statements were approved by the Board of Directors on 23<sup>rd</sup> September 2020 and were signed on their behalf by:



**John Bonas**  
Managing Director

Company Registration Number 02765553

## Statement of Changes in Equity

for the year ended 30<sup>th</sup> April 2020

	Share capital £	Share premium account £	Profit and loss account £	Revaluation reserve £	Total £
<b>Balance at 1 May 2018</b>	4,316	3,234,357	(8,711,214)	291,441	(5,181,100)
<b>Period ended 30 April 2019:</b>					
Loss for the year	-	-	(944,605)	-	(944,605)
Direct reserves transfer for the additional depreciation charge based on revalued amount rather than historical cost	-	-	7,370	(7,370)	-
Realisation of revaluation Surplus due on disposal	-	-	31,641	(31,641)	-
<b>Balance at 30 April 2019</b>	4,316	3,234,357	(9,616,808)	252,430	(6,125,705)
<b>Period ended 30 April 2020:</b>					
Loss for the year	-	-	(1,233,856)	-	(1,233,856)
Direct reserves transfer for the additional depreciation charge based on revalued amount rather than historical cost	-	-	14,236	(14,236)	-
<b>Balance at 30 April 2020</b>	4,316	3,234,357	(10,836,428)	238,194	(7,359,561)

The notes to the accounts on pages 13 to 25 form part of these financial statements.

## Notes to the Accounts

*for the year ended 30<sup>th</sup> April 2020*

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### 1. Accounting policies

#### Company information

Alvant Ltd is a company limited by shares domiciled and incorporated in England and Wales. The registered office is 3 Prisma Business Park, 3 Berrington Way, Wade Road, Basingstoke, Hampshire, RG24 8GT.

#### 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.

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 on the historical cost convention, modified to include the revaluation of freehold properties and plant and machinery. The principal accounting policies adopted are set out below.

The Company's immediate and ultimate parent undertaking, Alvant Group Plc includes the Company in its consolidated financial statements. The consolidated financial statements of Alvant Group Plc are prepared in accordance with UK accounting standards and are available to the public from Companies House.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes.

## Notes to the Accounts

*for the year ended 30<sup>th</sup> April 2020*

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### 1.2 Going concern

During the year, the company made a loss after taxation of £1,233,856 and had net current liabilities at the balance sheet date of £8,740,426. The company is reliant upon the continued support of its parent which is, itself, reliant upon the continued availability of additional capital finance from current and future investors. Given the unprecedented situation caused by the COVID-19 pandemic, Alvant closed its facility on 1st April 2020 and furloughed 13 staff which has had a significant impact on the trading activities since the year end.

- The directors have extensively reviewed cashflow forecasts for the period ending 12 months from the date of approval of these financial statements;
- Through various negotiations with HMRC, suppliers and employee cuts, the Board were able to reduce Alvant's operating cost base by ~60% for 2-3 months. The factory operations re-opened in early July to focus on the delivery of the key milestones. The directors continue to phase the return of key staff over the course of August and aim to be fully operational by September.
- The directors have received written confirmation from the parent that it will continue to provide financial support for a period of at least 12 months from the date of approval of these financial statements.
- In May 2020 the group successfully raised finance of £675k from a rights issue, and the company is expecting a R&D tax credit of £290k giving additional funds of approximately £965k.
- The group directors recognise the need for, and intend to secure, further investment or contractual funding within the next 12 months.

It is not possible to evaluate all the potential implications for the company of COVID-19, however, the directors are actively mitigating these risks by:

- implementing a robust health and safety management system in all of its facilities to ensure social distancing and appropriate hygiene and disinfection for staff and visitors; and
- ensuring the majority of the company's staff can carry out their duties remotely.

As a result of these matters there is a material uncertainty which may cast doubt over the company's ability to continue as a going concern. However, the group directors believe that because of the encouraging progress that has been made subsequent to the year end towards delivering the key milestones and the high level of interest shown by prospective investors that are actively engaged in discussions with the group, they will be able to secure the contractual funding and/or additional investment required by the business, which they consider to be sufficient to overcome the uncertainty. In consequence, the directors have prepared the financial statements on a going concern basis.

## Notes to the Accounts

*for the year ended 30<sup>th</sup> April 2020*

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### 1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Some items of plant and machinery are included at their fair value, with their change in value being taken to the revaluation reserve through the Statement of Comprehensive Income.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and Machinery	4% - 20% straight line
Leasehold Improvements	10% - 20% straight line
Fixtures, Fittings and Office equipment	20% straight line
Computer Equipment and Software	20% - 33.3% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the profit and loss account.

### 1.4 Impairment of fixed assets

At each reporting 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 the impairment loss (if any).

### 1.5 Patents

Patents are valued at cost less accumulated amortization. Amortisation is calculated to write off the cost in equal annual instalment over their estimated useful lives of 20 years.

### 1.6 Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised when its future recoverability can be foreseen with reasonable assurance. Any expenditure carried forward is amortised during the years following completion of the development in line with the sales from the related projects. The period of write off is a maximum of 5 years.

### 1.7 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial instruments are classified as basic or other.

## Notes to the Accounts

*for the year ended 30<sup>th</sup> April 2020*

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### 1.8 Financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets are measured at fair value with subsequent changes taken to the profit and loss account.

#### Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

#### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### 1.9 Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. They are subsequently measured at amortised cost using the effective interest method.

Other financial liabilities are initially measured at fair value. They are subsequently measured at fair value with changes taken to the profit and loss account.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

#### Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.



## Notes to the Accounts

*for the year ended 30<sup>th</sup> April 2020*

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### 1.11 Retirement benefits

The Company contributes to external defined contribution pension schemes. The assets of the scheme are held separately from those of the Company. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### 1.13 Stocks

Stocks are valued at the lower of cost and net realisable value.

### 1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

## Notes to the Accounts

for the year ended 30<sup>th</sup> April 2020

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### 1.15 Turnover

Turnover comprises sales of goods, other income and contract work under grants exclusive of VAT. Turnover from sales of goods are recognised on the despatch of goods. Other income represents amounts receivable for services provided. Grant income represent value of work done in the year, including estimates of amounts not invoiced.

### 1.16 Investments

Investments in subsidiaries, associates and joint ventures are stated at cost less provision for diminution in value.

### 1.17 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

## 2. Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### Depreciation and amortisation

Depreciation and amortisation is provided to write off the costs of the assets being depreciated over their estimated useful economic life.

## 3. Turnover

All income arose within the UK. Turnover is comprised as follows:

	2020	2019
	£	£
Sale of goods	46,984	115,449
Other Income	142	4,259
Contract work under grants	428,679	895,881
R&D expenditure credit	40,894	91,380
	<u>516,699</u>	<u>1,106,969</u>

## Notes to the Accounts

for the year ended 30<sup>th</sup> April 2020

### 4. Operating loss is stated after charging:

	2020 £	2019 £
Fees payable to the Company's auditors and associates:		
For audit services		
Audit of the Company's financial statements	15,000	13,500
For other services		
Depreciation of owned tangible fixed assets	110,433	108,309
Amortisation of intangible fixed assets	2,352	2,354
Operating lease charges	75,252	47,567
Loss on disposal of tangible fixed assets	-	41,629
	<u>197,987</u>	<u>213,359</u>

### 5. Staff numbers and costs

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

	2020 number	2019 number
Management, sales and admin	17	14

The aggregate payroll costs for employees, including directors, were as follows:

	2020 £	2019 £
Wages and salaries	946,800	858,250
Social security costs	110,024	97,728
Other pension costs	45,569	37,756
	<u>1,102,393</u>	<u>993,734</u>

## Notes to the Accounts

*for the year ended 30<sup>th</sup> April 2020*

### 6. Directors' emoluments

	2020 £	2019 £
Directors' remuneration	494,474	626,932
Directors' benefits in kind	13,145	11,367
Directors' pension contributions	23,424	22,085
	<u>531,043</u>	<u>660,384</u>

The number of directors to whom retirement benefits were accruing under money purchase schemes were 4 (2019: 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	125,000	162,413
Company pension contributions to defined contribution scheme	-	-
	<u>125,000</u>	<u>162,413</u>

# Notes to the Accounts

for the year ended 30<sup>th</sup> April 2020

## 7. Tax on loss on ordinary activities

	2020 £	2019 £
Current tax		
R & D repayable tax credits	249,617	123,401
Adjustment in respect of prior years	-	1,136
	<u>249,617</u>	<u>124,537</u>
Tax credit on ordinary activities	<u>249,617</u>	<u>124,537</u>
	2020 £	2019 £
Trading losses available for future relief	<u>7,434,350</u>	<u>6,703,267</u>
Reconciliation of the current tax (credit)		
Loss on ordinary activities before tax	<u>(1,483,473)</u>	<u>(1,069,143)</u>
Loss on ordinary activities before taxation at the UK standard rate of 19.00% (2019: 19.00%)	(281,859)	(203,137)
Effects of:		
Fixed asset differences	639	2,465
Expenses not deductible for tax purposes	56	429
Additional deduction for R&D expenditure	(184,874)	(91,394)
Tax losses surrendered in respect of R & D repayable tax credit claim	77,467	38,296
R&D expenditure credit	1,820	4,073
Chargeable gains/(losses)	-	31,066
Deferred tax not recognised	260,637	84,823
Remeasurement of deferred tax for changes in tax rates	(123,503)	-
Adjust opening and closing deferred tax to average rate	-	9,978
Adjustment in respect of prior years	-	(1,136)
	<u>(249,617)</u>	<u>(124,537)</u>
Total current UK tax (credit)	<u>(249,617)</u>	<u>(124,537)</u>

No provision has been made to reflect the deferred tax asset, which relates to these losses due to the uncertainty of the company being able to recover these losses against future profits. Had provision been made, the values included would be as follows:

	2020 £	2019 £
Deferred tax asset calculated at 17% (2019: 17%) relating to:		
Losses available for relief against future profits	1,412,527	1,139,555
Less: Accelerated capital allowances	<u>(102,112)</u>	<u>(89,777)</u>
Deferred tax asset not provided	<u>1,310,415</u>	<u>1,049,778</u>

## Notes to the Accounts

*for the year ended 30<sup>th</sup> April 2020*

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### 8. Intangible fixed assets

	Patents £
Cost	
Brought forward at 1 May 2019	<u>47,075</u>
Carried forward at 30 April 2020	<u>47,075</u>
Amortisation	
Brought forward at 1 May 2019	33,301
Charge for period	<u>2,352</u>
Carried forward at 30 April 2020	<u>35,653</u>
Net book value at 30 April 2020	<u><u>11,422</u></u>
Net book value at 30 April 2019	<u><u>13,774</u></u>

# Notes to the Accounts

for the year ended 30<sup>th</sup> April 2020

## 9. Tangible fixed assets

	Plant & Machinery £	Fixture & Fittings £	Computers & Software £	Leasehold Improvements £	Total £
Cost or valuation					
Brought forward At 1 May 2019	851,198	43,394	125,611	160,467	1,180,670
Additions	19,038	4,896	10,329	7,287	41,550
Disposals	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Carried forward at 30 April 2020	<u>870,236</u>	<u>48,290</u>	<u>135,940</u>	<u>167,754</u>	<u>1,222,220</u>
Depreciation					
Brought forward At 1 May 2019	160,681	32,662	93,649	112,048	399,040
Charge for period	64,798	5,201	18,059	22,375	110,433
Disposals	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Carried forward at 30 April 2020	<u>225,479</u>	<u>37,863</u>	<u>111,708</u>	<u>134,423</u>	<u>509,473</u>
Net book value at 30 April 2020	<u>644,757</u>	<u>10,427</u>	<u>24,232</u>	<u>33,331</u>	<u>712,747</u>
Net book value at 30 April 2019	<u>690,517</u>	<u>10,732</u>	<u>31,962</u>	<u>48,419</u>	<u>781,630</u>

On the historical cost basis the net book value of plant and machinery carried at valuation would be £111,657 (2019: £117,926) and the depreciation charged under the historic basis would be £600 (2019: £600).

## 10. Stocks

	2020 £	2019 £
Raw materials and consumables	<u>52,798</u>	<u>49,901</u>

## Notes to the Accounts

for the year ended 30<sup>th</sup> April 2020

### 11. Debtors

	2020	2019
	£	£
Trade debtors	100,671	98,147
Other taxes and social security costs	4,082	-
Prepayments and accrued income	121,061	167,200
R&D tax credit receivable	290,510	214,781
	<u>516,324</u>	<u>480,128</u>

### 12. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	115,348	150,022
Other creditors	5,534	5,693
Amount due to parent undertaking	8,492,509	7,162,155
Other taxes and social security costs	92,005	45,410
Accruals and deferred income	35,030	104,241
	<u>8,740,426</u>	<u>7,467,521</u>

### 13. Pension and other post-retirement benefit commitments Defined Contribution

	2020	2019
	£	£
Contributions payable by the company for the year	<u>45,569</u>	<u>37,756</u>



## Notes to the Accounts

for the year ended 30<sup>th</sup> April 2020

### 14. Operating lease commitments

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

	Other Equipment		Land and Buildings	
	2020	2019	2020	2019
			£	£
Operating leases:				
Within one year	727	727	77,850	77,850
Between two and five years	1,999	2,726	159,410	207,760
After five years	-	-	409,605	439,105
	<u>2,726</u>	<u>3,453</u>	<u>646,865</u>	<u>724,715</u>

### 15. Called up share capital

	2020	2019
	£	£
<i>Issued and fully paid</i>		
Ordinary shares of £1 each	<u>4,316</u>	<u>4,316</u>

### 16. Related party transactions

The following related parties have undertaken transactions with the Company during the period under review:

- 16.1 During this year and the previous year the company purchased services amounting to £81,034 (2019: £168,815) from companies controlled by the directors. At the year end a balance of £nil (2019: £13,813) was owed to the connected companies.