

**Strategic Report, Report of the Directors and  
Audited Financial Statements for the Year Ended 31 March 2021  
for  
Nicobloc PLC**

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for the Year Ended 31 March 2021**

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**Company Information  
for the Year Ended 31 March 2021**

**DIRECTORS:**

A Haymes  
G A Hayes  
C J Newman  
J C Dennehy

**REGISTERED OFFICE:**

20-22 Wenlock Road  
London  
N1 7GU

**REGISTERED NUMBER:**

06535447 (England and Wales)

**AUDITORS:**

Grunberg & Co Limited  
Chartered Accountants & Statutory Auditors  
5 Technology Park  
Colindeep Lane  
Colindale  
London  
NW9 6BX

**Strategic Report  
for the Year Ended 31 March 2021**

The directors present their strategic report for the year ended 31 March 2021.

**RESULTS AND PERFORMANCE**

In the face of a continuing tough economic climate, we have continued to strive towards increasing awareness of the NicoBloc brand across the globe in the current financial year, thereby laying the foundations for strong financial performances going forward.

During the year under review, international travel restrictions were introduced because of Covid-19 which meant a number of strategic meetings were delayed where face to face meetings were required in particular with regard to finalising investment.

This year we have refocussed our sales strategy to concentrate on supplying national government health authorities for supporting their national smoking cessation programmes. NicoBloc is particularly attractive to Middle Eastern, African and Asian countries as it is free of any drug components unlike other smoking cessation products. We have engaged a sales partner that is specialised in selling at national government level. We expect the first order for 1 million units to be supplied to the Ministry of Health in Vietnam after the year end.

We have an offer in principle from UAE investment office of His Highness Sheikh Hamdan who allocate 10% of their investment fund for humanitarian purposes of which they have decided that NicoBloc falls into this category. The investment will be for 85% of the project cost of \$30 million. The reason why it is 85% is because NicoBloc is not offering any collateral. The return to the fund is 6% of NicoBloc profits. The Sheikh is 51% partner together with NicoBloc principal directors of 49% into a newly registered NicoBloc company based in Dubai. We expect these funds to be forthcoming early 2022 following the due diligence visit of senior personnel from the fund to the UK and Ireland during January 2022 who wish to witness our manufacturing partner producing NicoBloc.

The investment will allow us to complete R&D on our two new products, one of which has received interest from a number of tobacco companies and the US FDA where tobacco companies will soon be forced to lower nicotine levels under the FDA new rulings.

We are pleased to report that shareholders have lent the company over £250,000 which underlines the confidence of our investors in the future of NicoBloc. Brexit has not had an effect on the business as such since all product is produced in, and shipped from, the Republic of Ireland although the Covid pandemic has which has curtailed international travel which has delayed required face to face meetings which have now gone ahead.

In line with our accounting policy, we have written down the value of patents in line with their estimated useful life which has impacted profitability as it has done each year. However, the remaining patents were revalued by an established Intellectual Property valuation company in December 2017 that potentially values our patents at ten times the original valuation which was set many years ago before we entered international markets. Until the patents are revalued which we intend to do after investment allows us to file new patents and extend the life of the existing patents, we understand our auditors are required to make a limitation of scope comment in relation to the current patent valuation

**Key performance indicators:**

COMPANY	2021	2020	Change %
Turnover	-	18,022	(100%)
Gross Profit	9,302	16,193	(43%)
Net Loss	(131,654)	(134,902)	2%
Net Liability	(366,528)	(234,874)	(56%)

The loss for the year amounted to £131,654 (2020: £134,902) which was reflective of costs and overheads being closely controlled and managed.

**Strategic Report  
for the Year Ended 31 March 2021**

**PRINCIPAL RISKS AND UNCERTAINTIES**

A pertinent risk in prior years has been the securing of finance to adequately develop our products and increase the strength of our brand. This year, we have received a draft term sheet from a Middle Eastern Sovereign Fund which is dependent upon securing the first contract from a national government Ministry of Health.

**OUTLOOK**

Due to Covid 19, the company's plans to start production and supplying units from April 2020 were delayed as the governments switched their focus to tackling the Covid-19 from other health concerns. As the countries start to gain control and recover from the Covid-19 pandemic, we are confident that the governments will switch their focus back to other health concerns affecting their nations and will proceed with the orders of the Nicobloc products late 2021/early 2022.

The company will continue to receive the investment required to meet the working capital requirement to enable production to commence in the near future.

We are confident with the new sales strategy of selling at national government level to support national smoking cessation programmes we can achieve significant growth of the company through large government contracts which in turn will increase brand awareness of our products across the globe. With the introduction of our product for cigarette companies to reduce the nicotine content of manufactured cigarettes we envisage significant opportunities from this sector.

**ON BEHALF OF THE BOARD:**

A Haymes - Director

21 December 2021

**Report of the Directors  
for the Year Ended 31 March 2021**

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

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of Consumer Healthcare business.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2021.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

A Haymes  
G A Hayes  
C J Newman  
J C Dennehy

**FINANCIAL RISK**

Financial risk has been reviewed and reference to this is in note 8.

**FINANCIAL RISK MANAGEMENT**

The company has exposure to three main areas of risk - foreign exchange currency risk, liquidity risk and interest rate risk.

Foreign exchange currency risk

The company is exposed to currency exchange rate risk due to a significant proportion of its receivables and payables being denominated in non-Sterling currencies. The net exposure of each currency is monitored and managed.

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows and support from its shareholders.

Interest rate risk

The company's borrowings relate to short term loan received from the bank. Given the prevailing low interest base rate, the board believe the risk to be minimal.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.

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.

**Nicobloc PLC (Registered number: 06535447)**

**Report of the Directors  
for the Year Ended 31 March 2021**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Grunberg & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A Haymes - Director

21 December 2021

## **Report of the Independent Auditors to the Members of Nicobloc PLC**

### **Qualified opinion**

We have audited the financial statements of Nicobloc PLC (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for qualified opinion**

The Company holds patents and licenses as intangible assets carried at cost less accumulated amortisation. As at the year end, the carrying value was £254,191. Due to the Company's continued difficulties in generating sales due to the impact of Covid-19 and other issues, there is a material concern over the carrying value of these intangible assets. Due to a lack of a formal valuation being undertaken by the directors, we were unable to satisfy ourselves by alternative means concerning the lack of a need to potentially impair the intangible assets. Consequently we were unable to determine whether any adjustment to this amount was necessary.

We conducted our audit in accordance with International Standards on Auditing (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 qualified opinion.

### **Conclusions relating to going concern**

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the carrying value of the intangible assets of £254,191 held at 31 March 2021. We have concluded that where the other information refers to the intangible assets balance, it may be materially misstated for the same reason.



## **Report of the Independent Auditors to the Members of Nicobloc PLC**

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

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

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

Except for the matter described in the basis for qualified opinion section of our report, 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 Strategic Report or the Report of the Directors.

Arising solely from the limitation on the scope of our work relating to intangible assets referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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

- 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.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, including the impact of the COVID-19 global pandemic across the UK and whether the financial results of our client differed from the industry trends;
- the legal and regulatory framework that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements;
- the matters discussed among the audit engagement team during the planning process regarding how and where fraud might occur in the financial statement and any potential indicators of fraud.

Audit procedures performed included the reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements; discussions with the directors' on their own assessment of the risks that irregularities may occur either as a result of fraud or error, their assessment of compliance with laws and regulations and whether they were aware of any instances of non-compliance, including any potential litigation or claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; inspection of relevant legal correspondence and board minutes; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

As a result of our assessment, it is considered that there are no laws and regulations for which non-compliance may be fundamental to the operating aspects of the business. However, laws and regulations considered to have a direct effect on the financial statements included the UK Companies Act, Employment Laws, Tax and Pensions legislation, GDPR and Health & Safety legislation.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. There is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of  
Nicobloc PLC**

**Use of our report**

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 a Report of the Auditors 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.

Gedalia Waldman BA FCA (Senior Statutory Auditor)  
for and on behalf of Grunberg & Co Limited  
Chartered Accountants & Statutory Auditors  
5 Technology Park  
Colindeep Lane  
Colindale  
London  
NW9 6BX

22 December 2021

**Statement of Comprehensive Income  
for the Year Ended 31 March 2021**

	Notes	2021 £	2020 £
<b>TURNOVER</b>	3	-	18,022
Cost of sales		-	(1,829)
<b>GROSS PROFIT</b>		-	16,193
Distribution costs		-	(2,255)
Administrative expenses		(138,860)	(145,813)
		(138,860)	(131,875)
Other operating income		9,302	-
<b>OPERATING LOSS</b>	5	(129,558)	(131,875)
Interest payable and similar expenses	6	(2,096)	(3,027)
<b>LOSS BEFORE TAXATION</b>		(131,654)	(134,902)
Tax on loss	7	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		(131,654)	(134,902)
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		(131,654)	(134,902)

The notes form part of these financial statements

**Statement of Financial Position**  
**31 March 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Intangible assets	8	254,191	315,069
Tangible assets	9	<u>109</u>	<u>162</u>
		<u>254,300</u>	<u>315,231</u>
<b>CURRENT ASSETS</b>			
Debtors	10	255,448	257,658
Cash at bank		<u>265</u>	<u>6,124</u>
		255,713	263,782
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>(828,207)</u>	<u>(807,480)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(572,494)</u>	<u>(543,698)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(318,194)	(228,467)
<b>CREDITORS</b>			
Amounts falling due after more than one year	12	<u>(48,334)</u>	<u>(6,407)</u>
<b>NET LIABILITIES</b>		<u>(366,528)</u>	<u>(234,874)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1,500,202	1,500,202
Share premium	15	189,229	189,229
Retained earnings	15	<u>(2,055,959)</u>	<u>(1,924,305)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>(366,528)</u>	<u>(234,874)</u>

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

A Haymes - Director

**Statement of Changes in Equity  
for the Year Ended 31 March 2021**

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
<b>Balance at 1 April 2019</b>	1,500,202	(1,789,403)	189,229	(99,972)
<b>Changes in equity</b>				
Total comprehensive income	-	(134,902)	-	(134,902)
<b>Balance at 31 March 2020</b>	<u>1,500,202</u>	<u>(1,924,305)</u>	<u>189,229</u>	<u>(234,874)</u>
<b>Changes in equity</b>				
Total comprehensive income	-	(131,654)	-	(131,654)
<b>Balance at 31 March 2021</b>	<u>1,500,202</u>	<u>(2,055,959)</u>	<u>189,229</u>	<u>(366,528)</u>

**Statement of Cash Flows  
for the Year Ended 31 March 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(80,136)	(61,619)
Interest paid		(2,096)	(3,027)
Finance costs paid		208	-
Net cash from operating activities		<u>(82,024)</u>	<u>(64,646)</u>
<b>Cash flows from financing activities</b>			
New loans in year		50,000	-
Loan repayments in year		(8,112)	(7,252)
Amount withdrawn by directors		<u>31,523</u>	<u>76,758</u>
Net cash from financing activities		<u>73,411</u>	<u>69,506</u>
<b>(Decrease)/increase in cash and cash equivalents</b>		<u>(8,613)</u>	<u>4,860</u>
<b>Cash and cash equivalents at beginning of year</b>	2	(4,934)	(9,794)
<b>Cash and cash equivalents at end of year</b>	2	<u><u>(13,547)</u></u>	<u><u>(4,934)</u></u>

**Notes to the Statement of Cash Flows  
for the Year Ended 31 March 2021**

**1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2021	2020
	£	£
Loss before taxation	(131,654)	(134,902)
Depreciation charges	60,932	60,958
Government grants	(208)	-
Finance costs	2,096	3,027
	<u>(68,834)</u>	<u>(70,917)</u>
Decrease/(increase) in trade and other debtors	2,210	(217,283)
(Decrease)/increase in trade and other creditors	<u>(13,512)</u>	<u>226,581</u>
<b>Cash generated from operations</b>	<b><u>(80,136)</u></b>	<b><u>(61,619)</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 March 2021**

	31.3.21	1.4.20
	£	£
Cash and cash equivalents	265	6,124
Bank overdrafts	<u>(13,812)</u>	<u>(11,058)</u>
	<b><u>(13,547)</u></b>	<b><u>(4,934)</u></b>

**Year ended 31 March 2020**

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	6,124	8,920
Bank overdrafts	<u>(11,058)</u>	<u>(18,714)</u>
	<b><u>(4,934)</u></b>	<b><u>(9,794)</u></b>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.4.20	Cash flow	At 31.3.21
	£	£	£
<b>Net cash</b>			
Cash at bank	6,124	(5,859)	265
Bank overdrafts	<u>(11,058)</u>	<u>(2,754)</u>	<u>(13,812)</u>
	<b><u>(4,934)</u></b>	<b><u>(8,613)</u></b>	<b><u>(13,547)</u></b>
<b>Debt</b>			
Debts falling due within 1 year	(8,183)	38	(8,145)
Debts falling due after 1 year	<u>(6,407)</u>	<u>(41,927)</u>	<u>(48,334)</u>
	<b><u>(14,590)</u></b>	<b><u>(41,889)</u></b>	<b><u>(56,479)</u></b>
<b>Total</b>	<b><u>(19,524)</u></b>	<b><u>(50,502)</u></b>	<b><u>(70,026)</u></b>



**Notes to the Financial Statements  
for the Year Ended 31 March 2021**

**1. STATUTORY INFORMATION**

Nicobloc PLC is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. There are no material items in the financial statements where these judgement and estimates have been made beyond those disclosed in the accounting policies.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax. Turnover is recognised when the goods are delivered to the customer.

**Intangible assets**

Patents are stated at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life.

**Tangible fixed assets**

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

Computer equipment - 33% on reducing balance

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

**Impairment reviews**

At each reporting date Intangible and Tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**2. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

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

**Going concern**

The accounts have been prepared on a going concern basis, since in the opinion of the directors, it is appropriate to assume that the company will receive the continued support from its main shareholders and that the company's financial requirements will also be met from its forecast trading performance and existing finance arrangements, for a period in excess of twelve months from the date of approval of these financial statements.

**Financial instruments**

Monetary financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss.

Monetary financial assets and payables are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Debtors**

Basic financial assets, including trade and other receivable, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Such assets are subsequently carried at amortized cost using the effective interest method, less any impairment.

**Creditors**

Basic financial liabilities, including trade and other creditors, loans from third parties and loans from related parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Such instruments are subsequently carried at amortised cost using the effective interest method.

**Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

In the statement of cash-flows, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in payables on the Statement of Financial Position.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**2. ACCOUNTING POLICIES - continued**

**Provisions for liabilities**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

**Government Grants**

Government assistance has been received by way of the provision of guarantees. Government grants are recognised in the Income Statement over the period in which the company recognises the related costs for which the grant is intended to compensate.

**3. TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business for the year ended 31 March 2020 is given below:

	£
Sales of goods	18,022
	<u>18,022</u>

This analysis is not considered to be applicable to the year ended 31 March 2021.

An analysis of turnover by geographical market for the year ended 31 March 2020 is given below:

	£
Outside of the UK & Europe	18,022
	<u>18,022</u>

This analysis is not considered to be applicable to the year ended 31 March 2021.

**4. EMPLOYEES AND DIRECTORS**

There were no staff costs for the year ended 31 March 2021 nor for the year ended 31 March 2020.

The average number of employees during the year was as follows:

	2021	2020
Directors	<u>4</u>	<u>4</u>
	2021	2020
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**5. OPERATING LOSS**

The operating loss is stated after charging/(crediting):

	2021	2020
	£	£
Depreciation - owned assets	53	80
Patents and licences amortisation	60,878	60,878
Auditors' remuneration	11,088	10,335
Foreign exchange differences	(9,023)	(1,315)
Government grants	<u>(208)</u>	<u>-</u>

**6. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021	2020
	£	£
Bank interest	1,098	1,210
Bank loan interest	<u>998</u>	<u>1,817</u>
	<u>2,096</u>	<u>3,027</u>

**7. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 March 2021 nor for the year ended 31 March 2020.

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Loss before tax	<u>(131,654)</u>	<u>(134,902)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(25,014)	(25,631)
Effects of:		
Depreciation in excess of capital allowances	11,451	11,428
Tax losses carried forward	<u>13,563</u>	<u>14,203</u>
Total tax charge	<u>-</u>	<u>-</u>

The company had an estimated deferred tax asset totalling £95,510 (2020 - £81,947), in respect of cumulative unutilised trading losses. As it cannot be foreseen, with any underlying certainty, as to when this asset will be realised in the near future, it has not been recognised in the accounts.

The Finance Bill 2021 enacted provisions to increase the main rate of corporation tax to 25% from the current rate of 19% from 1 April 2023. As it is unclear as to whether any deferred tax asset will be realised or whether the deferred tax liability will be settled prior to the new corporation tax rate being applied, the current corporation tax rate of 19% has continued to be utilised in calculating deferred tax.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**8. INTANGIBLE FIXED ASSETS**

	Patents and licences £
<b>COST</b>	
At 1 April 2020 and 31 March 2021	<u>1,521,955</u>
<b>AMORTISATION</b>	
At 1 April 2020	1,206,886
Amortisation for year	<u>60,878</u>
At 31 March 2021	<u>1,267,764</u>
<b>NET BOOK VALUE</b>	
At 31 March 2021	<u>254,191</u>
At 31 March 2020	<u>315,069</u>

During the year, no impairment provisions have been made against intangible fixed assets.

The patents are carried at amortised cost, in the opinion of the directors, and based on professional valuations undertaken in 2017, the fair value of the patents is estimated to be in the region of \$40 million to \$50 million.

**9. TANGIBLE FIXED ASSETS**

	Computer equipment £
<b>COST</b>	
At 1 April 2020 and 31 March 2021	<u>2,419</u>
<b>DEPRECIATION</b>	
At 1 April 2020	2,257
Charge for year	<u>53</u>
At 31 March 2021	<u>2,310</u>
<b>NET BOOK VALUE</b>	
At 31 March 2021	<u>109</u>
At 31 March 2020	<u>162</u>

During the year, no impairment provisions have been made against any class of tangible fixed assets.

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

	2021 £	2020 £
Trade debtors	214,294	219,340
VAT	2,836	-
Prepayments	<u>38,318</u>	<u>38,318</u>
	<u>255,448</u>	<u>257,658</u>

During the year, no impairment provisions have been made against any class of debtors.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

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

	2021	2020
	£	£
Bank loans and overdrafts (see note 13)	21,957	19,241
Trade creditors	83,814	82,618
VAT	-	567
Directors' current accounts	133,032	101,509
Accruals and deferred income	589,404	603,545
	<u>828,207</u>	<u>807,480</u>

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2021	2020
	£	£
Bank loans (see note 13)	<u>48,334</u>	<u>6,407</u>

**13. LOANS**

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	13,812	11,058
Bank loans	<u>8,145</u>	<u>8,183</u>
	<u>21,957</u>	<u>19,241</u>
Amounts falling due between one and two years:		
Bank loans - one to two years	<u>9,996</u>	<u>6,407</u>
Amounts falling due between two and five years:		
Bank loans - two to five years	<u>29,988</u>	<u>-</u>
Amounts falling due in more than five years:		
Repayable by instalments		
by installments	<u>8,350</u>	<u>-</u>

The loans are secured by personal guarantee given by 2 of the directors.

**14. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2021	2020
Number:	Class:	Nominal value:	£	£
1,500,202,288	Ordinary shares	0.1p	<u>1,500,202</u>	<u>1,500,202</u>

Each of the ordinary shares have equal voting rights.

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**15. RESERVES**

Called-up share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period retained profits and losses, all of which do not contain any non distributable reserves.

**16. RELATED PARTY DISCLOSURES**

During the year under review, licence and management fees amounting to £22,000 (2020: £27,055) were paid to the directors.

Other than the directors, there are no other key management personnel.

**17. ULTIMATE CONTROLLING PARTY**

There is no ultimate controlling party.

**18. FINANCIAL ASSETS & LIABILITIES**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Financial assets measured at amortised cost	<u>214,559</u>	<u>225,464</u>
Financial liabilities measured at amortised cost	<u>297,902</u>	<u>220,540</u>

All financial assets and liabilities are held at amortised cost.

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