

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
FOR
PLANT MEAT LIMITED**

Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditors
Seven Stars House
1 Wheeler Road
Coventry
CV3 4LB

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for the year ended 31 December 2023**

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PLANT MEAT LIMITED
COMPANY INFORMATION
for the year ended 31 December 2023

DIRECTORS:

A D Haes
P E H Sharman
A J Shovel
C D Bull
M N J Cuddigan
Ms E J Falconer
J Danicourt

REGISTERED OFFICE:

Seven Stars House
1 Wheler Road
Coventry
CV3 4LB

REGISTERED NUMBER:

11104088 (England and Wales)

AUDITORS:

Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditors
Seven Stars House
1 Wheler Road
Coventry
CV3 4LB

BANKERS:

HSBC Innovation Banking
14-18 Finsbury Square
London
EC2A 1BR

**STRATEGIC REPORT
for the year ended 31 December 2023**

The directors present their strategic report for the year ended 31 December 2023.

REVIEW OF BUSINESS

The directors present the results for the year, which are attached in the annexed financial statements.

Turnover has increased in the year under review and margins have improved. Although the company made an operating loss, this was in line with forecasts as the company seeks to scale up its operations in the medium term, after which profits are forecast.

Directors and management remain satisfied that the underlying trading operations of the company remain solid.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors do not consider the company to be exposed to any material adverse risks that are specific to the nature of the company's principal activity in the ordinary course of trading. However, measures are in place to mitigate the impact of any risks that do arise in the ordinary course of the company's business such as the risk of fluctuations in foreign exchange rates and risks associated with control over the supply chain.

FUTURE DEVELOPMENTS

Directors and management are continuing to seek ways to widen the product offering, to meet a greater number of consumer need-states, as a means to achieving greater market penetration and to grow the business.

GOING CONCERN

Since the year end, the company has raised additional finance to secure its cash flow, in order to meet its obligations as they fall due. This financial headroom, as well as projected growth in its activities and anticipated economies of scale, mean that the directors and management are confident that the company will still be trading at a sustainable level for the foreseeable future.

As such, the directors believe the company to be a going concern and have adopted this assumption in preparing the financial statements, having considered any material uncertainties in this regard for a period of at least 12 months from the date of approval of these financial statements.

ON BEHALF OF THE BOARD:

P E H Sharman - Director

27 September 2024

**REPORT OF THE DIRECTORS
for the year ended 31 December 2023**

The directors present their report with the financial statements of the company for the year ended 31 December 2023.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and sale of vegan meat products.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2023.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2023 to the date of this report.

A D Haes
P E H Sharman
A J Shovel

Other changes in directors holding office are as follows:

C D Bull - appointed 23 February 2023

M N J Cuddigan , Ms E J Falconer and J Danicourt were appointed as directors after 31 December 2023 but prior to the date of this report.

CHARITABLE DONATIONS AND EXPENDITURE

During the year the company made charitable donations of £963.

DISCLOSURE IN THE STRATEGIC REPORT

The company's review of business, principal risks and uncertainties and future developments are disclosed within the strategic report.

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;
- 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.

**REPORT OF THE DIRECTORS
for the year ended 31 December 2023**

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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

P E H Sharman - Director

27 September 2024

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PLANT MEAT LIMITED

Opinion

We have audited the financial statements of Plant Meat Limited (the 'company') for the year ended 31 December 2023 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 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 Auditors' 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.

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. 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PLANT MEAT LIMITED

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 Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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

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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The audit process includes an assessment of the entity's risk environment, through enquiry of and discussion with management, including an assessment of any key laws and regulations with which the company must comply in the ordinary course of its business.

Additionally, the overall risks of irregular transactions occurring are assessed following our observations and confirmation of the design and implementation of management's controls. Whilst we are mindful of these risks, our audit focus is geared towards the risk of material misstatement in the financial statements as a whole.

As such, our procedures cannot guarantee that all transactions have been fully compliant with all relevant laws and regulations, including those regulations relating to fraud, as our procedures are not designed to detect all instances of non-compliance. By definition, the risk of our detection of non-compliance is greater where compliance with a law or regulation is removed from the events and transactions reflected in the financial statements. The risk is also greater regarding irregularities due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PLANT MEAT LIMITED**

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.

Wayne Gutteridge ACA (Senior Statutory Auditor)
for and on behalf of Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditors
Seven Stars House
1 Wheler Road
Coventry
CV3 4LB

27 September 2024

PLANT MEAT LIMITED (REGISTERED NUMBER: 11104088)

**INCOME STATEMENT
for the year ended 31 December 2023**

	Notes	2023 £	2022 £
TURNOVER	4	17,316,874	11,775,097
Cost of sales		<u>18,724,252</u>	<u>12,972,707</u>
GROSS LOSS		(1,407,378)	(1,197,610)
Administrative expenses		<u>10,154,881</u>	<u>8,604,093</u>
		(11,562,259)	(9,801,703)
Other operating income		<u>1,585</u>	-
OPERATING LOSS	6	(11,560,674)	(9,801,703)
Interest receivable and similar income		<u>1,471</u>	-
		(11,559,203)	(9,801,703)
Interest payable and similar expenses	7	<u>379,171</u>	-
LOSS BEFORE TAXATION		(11,938,374)	(9,801,703)
Tax on loss	8	<u>(589,854)</u>	<u>(431,893)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(11,348,520)</u>	<u>(9,369,810)</u>

The notes form part of these financial statements

PLANT MEAT LIMITED (REGISTERED NUMBER: 11104088)

**OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2023**

	Notes	2023 £	2022 £
LOSS FOR THE YEAR		(11,348,520)	(9,369,810)
OTHER COMPREHENSIVE INCOME			
Share based payments		25,995	42,767
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>25,995</u>	<u>42,767</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(11,322,525)</u>	<u>(9,327,043)</u>

The notes form part of these financial statements

PLANT MEAT LIMITED (REGISTERED NUMBER: 11104088)

**BALANCE SHEET
31 December 2023**

	Notes	2023		2022	
		£	£	£	£
FIXED ASSETS					
Intangible assets	9		44,512		42,185
Tangible assets	10		<u>2,124,883</u>		<u>2,628,419</u>
			<u>2,169,395</u>		<u>2,670,604</u>
CURRENT ASSETS					
Stocks	11	1,699,348		2,782,003	
Debtors	12	5,190,106		4,068,893	
Cash at bank		<u>2,167,626</u>		<u>6,140,263</u>	
		<u>9,057,080</u>		12,991,159	
CREDITORS					
Amounts falling due within one year	13	<u>6,585,831</u>		<u>2,827,331</u>	
NET CURRENT ASSETS			<u>2,471,249</u>		<u>10,163,828</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,640,644</u>		12,834,432
CREDITORS					
Amounts falling due after more than one year	14		<u>2,107,903</u>		-
NET ASSETS			<u>2,532,741</u>		<u>12,834,432</u>
CAPITAL AND RESERVES					
Called up share capital	18		5		5
Share premium	19		31,101,490		30,080,656
Other reserves	19		83,974		57,979
Retained earnings	19		<u>(28,652,728)</u>		<u>(17,304,208)</u>
			<u>2,532,741</u>		<u>12,834,432</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2024 and were signed on its behalf by:

P E H Sharman - Director

PLANT MEAT LIMITED (REGISTERED NUMBER: 11104088)

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
Balance at 1 January 2022	5	(7,934,398)	20,135,669	15,212	12,216,488
Changes in equity					
Total comprehensive income	-	(9,369,810)	-	42,767	(9,327,043)
Issue of share capital	-	-	9,944,987	-	9,944,987
Balance at 31 December 2022	<u>5</u>	<u>(17,304,208)</u>	<u>30,080,656</u>	<u>57,979</u>	<u>12,834,432</u>
Changes in equity					
Total comprehensive income	-	(11,348,520)	-	25,995	(11,322,525)
Issue of share capital	-	-	1,020,834	-	1,020,834
Balance at 31 December 2023	<u>5</u>	<u>(28,652,728)</u>	<u>31,101,490</u>	<u>83,974</u>	<u>2,532,741</u>

The notes form part of these financial statements

PLANT MEAT LIMITED (REGISTERED NUMBER: 11104088)

**CASH FLOW STATEMENT
for the year ended 31 December 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	(9,224,542)	(9,739,654)
Interest paid		(379,171)	-
Tax paid		915,416	-
Net cash from operating activities		<u>(8,688,297)</u>	<u>(9,739,654)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(9,194)	(16,776)
Purchase of tangible fixed assets		(174,641)	(2,276,865)
Sale of tangible fixed assets		-	2,348
Interest received		1,471	-
Net cash from investing activities		<u>(182,364)</u>	<u>(2,291,293)</u>
Cash flows from financing activities			
New loans in year		5,000,000	-
Loan repayments in year		(1,122,810)	-
Share issue		1,020,834	9,944,987
Net cash from financing activities		<u>4,898,024</u>	<u>9,944,987</u>
Decrease in cash and cash equivalents		(3,972,637)	(2,085,960)
Cash and cash equivalents at beginning of year	2	6,140,263	8,226,223
Cash and cash equivalents at end of year	2	<u>2,167,626</u>	<u>6,140,263</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 December 2023

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

	2023	2022
	£	£
Loss before taxation	(11,938,374)	(9,801,703)
Depreciation charges	236,962	210,770
Loss on disposal of fixed assets	448,082	-
Share based payments	25,995	42,767
Finance costs	379,171	-
Finance income	(1,471)	-
	<u>(10,849,635)</u>	<u>(9,548,166)</u>
Decrease/(increase) in stocks	1,082,655	(232,351)
(Increase)/decrease in trade and other debtors	(1,446,775)	392,508
Increase/(decrease) in trade and other creditors	1,989,213	(351,645)
Cash generated from operations	<u><u>(9,224,542)</u></u>	<u><u>(9,739,654)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2023

	31.12.23	1.1.23
	£	£
Cash and cash equivalents	<u>2,167,626</u>	<u>6,140,263</u>

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>6,140,263</u>	<u>8,226,223</u>

3. ANALYSIS OF CHANGES IN NET FUNDS/(DEBT)

	At 1.1.23	Cash flow	At 31.12.23
	£	£	£
Net cash			
Cash at bank	<u>6,140,263</u>	<u>(3,972,637)</u>	<u>2,167,626</u>
	<u>6,140,263</u>	<u>(3,972,637)</u>	<u>2,167,626</u>
Debt			
Debts falling due within 1 year	-	(1,769,287)	(1,769,287)
Debts falling due after 1 year	-	(2,107,903)	(2,107,903)
	<u>-</u>	<u>(3,877,190)</u>	<u>(3,877,190)</u>
Total	<u><u>6,140,263</u></u>	<u><u>(7,849,827)</u></u>	<u><u>(1,709,564)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023

1. CHANGE IN PRESENTATION OF COMPARATIVES

During the year, management chose to apply paragraph 3.12 of FRS 102 resulting in a reclassification of items within sales, cost of sales, distribution and administrative expenses, as follows:-

	2022	Restated 2022
	£	£
Turnover	<u>13,034,085</u>	<u>11,775,097</u>
Cost of sales	<u>12,757,601</u>	<u>12,972,707</u>
Distribution costs	<u>215,106</u>	<u>-</u>
Administrative expenses	<u>9,863,081</u>	<u>8,604,093</u>

The change made by management in their opinion better classifies sales and expenditure that were attributable to the manufacture and sale of vegan meat products.

2. STATUTORY INFORMATION

Plant Meat Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company's principal place of business is:

2nd Floor
The Clockwork Building
45 Beavor Lane
London
W6 9AR

3. 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.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023

3. ACCOUNTING POLICIES - continued

Critical estimates and judgements

i) Share based payments

Share based payments have been made to the employees of the company. As disclosed in the Share Based Payments accounting policy note below, the fair value of any vested share options is recognised in the income statement and for the accounting year ended 31 December 2023.

ii) Inventory provisioning

The company purchases, manufactures and sells vegan meat products, of which raw material costs are a significant part. When calculating the inventory provision, management consider various factors including but not limited to: Quality control checks; ageing and salcability of items; and obsolescence of ingredients in current offerings These criteria assist management in determining the appropriate provisioning required. See note 11 for the net carrying amount of the stock and associated impairment provision.

iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

No other significant estimates or judgements were made in the preparation of the financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable net of VAT, discounts and rebates. Turnover from the sale of goods is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on despatch of the goods.

Intangible assets

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

Intellectual Property are being amortised evenly over their estimated useful life of ten years.

Computer software is being amortised evenly over its estimated useful life of five years.

Tangible fixed assets

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

Improvements to properties	- Over 5 years and Straight line over 20 years
Plant & machinery	- Over 5 years and Straight line over 20 years
Fixtures & fittings	- Over 3 years
Computer equipment	- Straight line over 3 years

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023

3. ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase and other costs incurred in bringing stock to its present location and condition, including import costs, duties and carriage.

Financial instruments

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, 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 balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currency translation and operations

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.

Employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023

3. ACCOUNTING POLICIES - continued

Share based payments

The company operates an equity-settled compensation plan for its employees. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the company. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the date of grant, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date the company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to the original estimates, if any, in the income statement. The credit entry is taken to reserves because the share options are equity-settled.

The share options are exercisable on the share capital of the company.

Going concern

The financial statements have been prepared on a going concern basis. The company incurred losses during the year. However, the directors have been successful in attracting further investment since the end of the accounting period and this will enable the company to continue to pay its debts as they fall due.

Furthermore, the directors are confident that as the company scales up, it will be able to begin trading profitably in the short to medium term, in line with the overall strategy and detailed projections in place.

As such, the directors do not believe there are any material uncertainties surrounding the company's continued ability to trade and therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

4. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2023	2022
	£	£
United Kingdom	17,067,192	11,775,097
Europe	249,682	-
	<u>17,316,874</u>	<u>11,775,097</u>

5. EMPLOYEES AND DIRECTORS

	2023	2022
	£	£
Wages and salaries	4,080,846	3,292,910
Social security costs	494,491	392,107
Other pension costs	85,716	64,342
	<u>4,661,053</u>	<u>3,749,359</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023

5. EMPLOYEES AND DIRECTORS - continued

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

	2023	2022
Directors	4	3
Operations	<u>61</u>	<u>59</u>
	<u>65</u>	<u>62</u>

	2023	2022
	£	£
Directors' remuneration	297,833	237,550
Directors' pension contributions to money purchase schemes	<u>2,715</u>	<u>2,641</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
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Information regarding the highest paid director is as follows:

	2023	2022
	£	£
Emoluments etc	126,000	121,383
Pension contributions to money purchase schemes	<u>1,357</u>	<u>1,321</u>

6. OPERATING LOSS

The operating loss is stated after charging:

	2023	2022
	£	£
Depreciation - owned assets	230,095	205,734
Loss on disposal of fixed assets	448,082	-
Intellectual Property amortisation	5,278	3,447
Computer software amortisation	1,589	1,589
Foreign exchange differences	50,430	85,380
Impairment of trade debtors	48,268	121,447
Auditors' remuneration	31,675	26,250
Rent and other leases	406,884	507,959
Research and development	1,331,011	2,299,778
Share based payments	<u>25,995</u>	<u>42,767</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£	£
Interest paid	<u>379,171</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023

8. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2023 £	2022 £
Current tax:		
R&D corporation tax refund	(589,854)	(325,562)
Deferred tax	-	(106,331)
Tax on loss	<u>(589,854)</u>	<u>(431,893)</u>

UK corporation tax has been charged at 23.50% (2022 - 19%).

Reconciliation of total tax credit 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:

	2023 £	2022 £
Loss before tax	<u>(11,938,374)</u>	<u>(9,801,703)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 23.500% (2022 - 19%)	(2,805,518)	(1,862,324)
Effects of:		
Expenses not deductible for tax purposes	116,501	3,126
Capital allowances in excess of depreciation	-	(517,447)
Depreciation in excess of capital allowances	14,290	-
Losses not utilised	2,674,727	2,376,645
Deferred tax	-	(106,331)
tax credit		
Research and development tax refund	<u>(589,854)</u>	<u>(325,562)</u>
Total tax credit	<u>(589,854)</u>	<u>(431,893)</u>

Tax effects relating to effects of other comprehensive income

	2023		
	Gross £	Tax £	Net £
Share based payments	<u>25,995</u>	<u>-</u>	<u>25,995</u>
	2022		
	Gross £	Tax £	Net £
Share based payments	<u>42,767</u>	<u>-</u>	<u>42,767</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023

8. TAXATION - continued

Following the latest announcements, from April 2023 the main corporation rate increased to 25%.

The company has trading losses available of €26.7million to offset against future trading profits of the same trade. No deferred tax asset has been recognised on these losses as it cannot be anticipated with any certainty when they will be capable of being utilised.

9. INTANGIBLE FIXED ASSETS

	Intellectual Property £	Computer software £	Totals £
COST			
At 1 January 2023	51,243	7,943	59,186
Additions	<u>9,194</u>	<u>-</u>	<u>9,194</u>
At 31 December 2023	<u>60,437</u>	<u>7,943</u>	<u>68,380</u>
AMORTISATION			
At 1 January 2023	10,675	6,326	17,001
Amortisation for year	<u>5,278</u>	<u>1,589</u>	<u>6,867</u>
At 31 December 2023	<u>15,953</u>	<u>7,915</u>	<u>23,868</u>
NET BOOK VALUE			
At 31 December 2023	<u>44,484</u>	<u>28</u>	<u>44,512</u>
At 31 December 2022	<u>40,568</u>	<u>1,617</u>	<u>42,185</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023

10. TANGIBLE FIXED ASSETS

	Improvements to properties £	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Totals £
COST					
At 1 January 2023	2,127,964	639,741	51,858	73,379	2,892,942
Additions	16,443	150,312	4,610	3,276	174,641
Disposals	(470,220)	-	-	-	(470,220)
Reclassification/transfer	(1,533,055)	1,533,055	-	-	-
At 31 December 2023	<u>141,132</u>	<u>2,323,108</u>	<u>56,468</u>	<u>76,655</u>	<u>2,597,363</u>
DEPRECIATION					
At 1 January 2023	85,793	120,642	21,153	36,935	264,523
Charge for year	86,463	102,307	18,398	22,927	230,095
Eliminated on disposal	(22,138)	-	-	-	(22,138)
Reclassification/transfer	(136,013)	136,013	-	-	-
At 31 December 2023	<u>14,105</u>	<u>358,962</u>	<u>39,551</u>	<u>59,862</u>	<u>472,480</u>
NET BOOK VALUE					
At 31 December 2023	<u>127,027</u>	<u>1,964,146</u>	<u>16,917</u>	<u>16,793</u>	<u>2,124,883</u>
At 31 December 2022	<u>2,042,171</u>	<u>519,099</u>	<u>30,705</u>	<u>36,444</u>	<u>2,628,419</u>

11. STOCKS

	2023 £	2022 £
Stocks	<u>1,699,348</u>	<u>2,782,003</u>

An impairment loss of £1,218,922 was recognised in cost of sales against stock during the year.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade debtors	3,201,297	2,221,829
Other debtors	730,470	396,105
Tax	-	325,562
VAT	378,897	465,315
Prepayments and accrued income	<u>879,442</u>	<u>660,082</u>
	<u>5,190,106</u>	<u>4,068,893</u>

An impairment loss of £48,268 (2022: £121,447) was recognised against trade debtors during the year.

All debtors are financial assets measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Other loans (see note 15)	1,769,287	-
Trade creditors	3,527,200	2,078,241
Social security and other taxes	137,411	132,142
Other creditors	13,894	19,924
Accruals and deferred income	<u>1,138,039</u>	<u>597,024</u>
	<u>6,585,831</u>	<u>2,827,331</u>

All creditors are financial liabilities measured at amortised cost.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Other loans (see note 15)	<u>2,107,903</u>	<u>-</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year or on demand:		
Other loans	<u>1,769,287</u>	<u>-</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>2,107,903</u>	<u>-</u>

16. LEASING AGREEMENTS

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

	2023	2022
	£	£
Within one year	223,117	429,002
Between one and five years	<u>265,540</u>	<u>536,380</u>
	<u>488,657</u>	<u>965,382</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023

17. SECURED DEBTS

The following secured debts are included within creditors:

	2023 £	2022 £
Other loans	<u>3,877,190</u>	<u>-</u>

Other loans are secured by way of a fixed and floating charge over the assets of the company.

The loans permitted a drawdown of £5 million and the repayment terms are for a fixed amount over a period of 30 months. The loans incur interest at a fixed rate of 9.5% per annum.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £	2022 £
918,952	Ordinary shares	£0.0000032	3	3
487,951	Preferred "A" shares	£0.0000032	2	2
111,171	Preferred "B" shares	£0.0000032	-	-
10,000	Growth shares	£0.0000032	-	-
			<u>5</u>	<u>5</u>

During the year, the following shares were issued at a premium for cash:-

- 10,340 Preferred "B" shares with a nominal value of £0.0000032 per share were issued for cash at £98.63 per share, resulting in a share premium of £1,019,834.

- 10,000 Growth shares with a nominal value of £0.0000032 per share were issued for cash at 10p per share, resulting in a premium of £1,000.

All ordinary shares rank pari passu with respect to voting rights, the rights to distribution of dividends and the repayment of capital.

Preferred "A" and preferred "B" shares both carry the right to receive notice of and to attend, speak and vote at all general meetings of the company and to receive and vote on proposed written resolutions of the company. Both carry the right to share in a distribution on a pro-rata basis pari passu with equity shareholders.

Growth shares are non voting and have no rights to dividends but do have rights to the repayment of capital.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023

19. RESERVES

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 January 2023	(17,304,208)	30,080,656	57,979	12,834,427
Deficit for the year	(11,348,520)			(11,348,520)
Cash share issue	-	1,020,834	-	1,020,834
Share based payments	-	-	25,995	25,995
At 31 December 2023	<u>(28,652,728)</u>	<u>31,101,490</u>	<u>83,974</u>	<u>2,532,736</u>

Retained earnings

This reserve represents all current and prior year retained profits and losses.

Share premium

This reserve represents the amount above the nominal value received for shares issued, less transaction costs.

Other reserves

This reserve represents amounts which have arisen through share based payments.

20. PENSION COMMITMENTS

During the year under review £85,716 (2022: £64,342) was charged to the profit and loss account in respect of pension costs. The were outstanding contributions of £14,294 (2022: £15,088) at the year end.

21. CONTINGENT LIABILITIES

The company has a fixed and floating charge dated 18 November 2022 in favour of Kreos Capital VII (UK) Limited over all of its property and undertakings.

22. SHARE-BASED PAYMENT TRANSACTIONS

Certain employees of the company participate in the company's equity compensation plan. The plan is administered by the company's Board of Directors, which has the authority to determine which individuals are granted stock option awards. Upon exercise, the option awards are settled in shares and cannot be settled in cash. The costs of this scheme are disclosed in the preceding notes and have been made in order to match relevant expenditure and changes in equity.

A summary of stock option activity for company employees for the year ended 31 December 2023 is as follows:

	Option shares	Weighted average exercise price
Outstanding at 1 January 2023	101,144	£0.26
Granted	83,296	£0.26
Exercised	-	-
Forfeited or expired	(1,942)	£0.26
Outstanding at 31 December 2023	182,498	£0.26
Exercisable at 31 December 2023	<u>64,595</u>	£0.26

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023**

23. RELATED PARTY DISCLOSURES

Key management are considered to be the directors, whose remuneration is disclosed in a preceding note of these financial statements.

24. CONTROL

The company has no overall controlling party.

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