

Unaudited Financial Statements for the Year Ended 31 March 2023

for

Echion Technologies Ltd

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for the Year Ended 31 March 2023

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Echion Technologies Ltd
Company Information
for the Year Ended 31 March 2023

DIRECTORS: J De La Verpilliere
J W Halfpenny
M Poole
C W Gibbs
P Smith
D Atkinson
R S Forti

SECRETARY: J De La Verpilliere

REGISTERED OFFICE: Unit 9-11
Cambridge South
West Way, Sawston
Cambridgeshire
CB22 3FG

REGISTERED NUMBER: 10680704 (England and Wales)

ACCOUNTANTS: Hardcastle Burton LLP
Lake House
Market Hill
Royston
Hertfordshire
SG8 9JN

Echion Technologies Ltd (Registered number: 10680704)

Abridged Balance Sheet
31 March 2023

	Notes	31.3.23 £	£	31.3.22 as restated £	£
FIXED ASSETS					
Intangible assets	4		7,932		10,310
Tangible assets	5		<u>2,248,128</u>		<u>577,672</u>
			2,256,060		587,982
CURRENT ASSETS					
Stocks		2,479		-	
Debtors		937,941		568,982	
Cash at bank		<u>2,856,736</u>		<u>8,268,128</u>	
		3,797,156		8,837,110	
CREDITORS					
Amounts falling due within one year		<u>521,607</u>		<u>357,638</u>	
NET CURRENT ASSETS			<u>3,275,549</u>		<u>8,479,472</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,531,609</u>		<u>9,067,454</u>
CAPITAL AND RESERVES					
Called up share capital	7		380		380
Share premium			12,255,866		12,255,866
Share based payment reserve	8		312,458		165,352
Retained earnings			<u>(7,037,095)</u>		<u>(3,354,144)</u>
SHAREHOLDERS' FUNDS			<u>5,531,609</u>		<u>9,067,454</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2023.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2023 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

Echion Technologies Ltd (Registered number: 10680704)

Abridged Balance Sheet - continued
31 March 2023

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

All the members have consented to the preparation of an abridged Balance Sheet for the year ended 31 March 2023 in accordance with Section 444(2A) of the Companies Act 2006.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 27 July 2023 and were signed on its behalf by:

J W Halfpenny - Director

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 March 2023

1. **STATUTORY INFORMATION**

Echion Technologies Ltd 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 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" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis. The Directors consider this to be appropriate despite the fact that the balance sheet shows negative reserves at 31 March 2023, on the basis that the company has sufficient cash reserves and further financial support will be provided by its investors.

In the event that investors do not continue to provide financial support the company may be unable to continue as a going concern which could have an impact on the company's ability to realise the assets at their recognised values. No adjustment has been made in the accounts in this respect.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions which impact on the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Grant Income

Grant income is recognised in the period in which the related costs are incurred.

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.

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.

Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- Straight line over 5 years
Computer equipment	- 25% on cost

Improvements to property are depreciated on a straight line basis over the period to the lease end date 21 February 2029. This is considered the useful estimated life span as the directors are confident that the lease will continue past the break date of 21 February 2024.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

2. **ACCOUNTING POLICIES - continued**

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors, 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. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and loans that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Taxation

Taxation for the year is solely current 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 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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

2. **ACCOUNTING POLICIES - continued**

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet 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.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement 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.

Share based payments

The company issues equity-settled share based payments to certain employees in the form of share options. These are measured at fair value at the date of grant using the Black-Scholes model. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

On cancellation or settlement (including those resulting from employee redundancy) the share options will lapse immediately.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 29 (2022 - 21) .

4. **INTANGIBLE FIXED ASSETS**

	Totals £
COST	
At 1 April 2022 and 31 March 2023	<u>11,894</u>
AMORTISATION	
At 1 April 2022	1,584
Amortisation for year	<u>2,378</u>
At 31 March 2023	<u>3,962</u>
NET BOOK VALUE	
At 31 March 2023	<u>7,932</u>
At 31 March 2022	<u>10,310</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

5. TANGIBLE FIXED ASSETS

	Totals £
COST	
At 1 April 2022	936,505
Additions	1,940,523
Disposals	(467)
At 31 March 2023	<u>2,876,561</u>
DEPRECIATION	
At 1 April 2022	358,833
Charge for year	269,815
Eliminated on disposal	(215)
At 31 March 2023	<u>628,433</u>
NET BOOK VALUE	
At 31 March 2023	<u>2,248,128</u>
At 31 March 2022	<u>577,672</u>

6. LEASING AGREEMENTS

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

	31.3.23	31.3.22 as restated
	£	£
Within one year	58,035	58,035
Between one and five years	230,618	230,980
In more than five years	52,800	110,400
	<u>341,453</u>	<u>399,415</u>

7. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.23	31.3.22 as restated	
			£	£	
3,799,107	Ordinary	£0.0001	<u>380</u>	<u>380</u>	

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

8. **RESERVES**

	Share based payment reserve £
At 1 April 2022	165,352
Share based payments	<u>147,106</u>
At 31 March 2023	<u><u>312,458</u></u>

9. **PENSION COMMITMENTS**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £21,634 (2022: £10,024). The pension contributions outstanding at the year end amounted to £5,562 (2022 - £2,752).

10. **CAPITAL COMMITMENTS**

	31.3.23 £	31.3.22 as restated £
Contracted but not provided for in the financial statements	<u>74,029</u>	<u>222,524</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

11. SHARE BASED PAYMENT TRANSACTIONS

The Company has issued equity settled share based payments to employees, including 219,000 granted in the year-ended 31 March 2023 (2022: 34,550). Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value at the grant date of the equity settled share based payment is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee become entitled to the shares (the 'vesting date'). The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

	Number of Share Options		Weighted average exercise price	
	2023	2022	2023	2022
Brought forward	304,565	276,815	2.21	1.76
Granted in period	219,000	34,550	4.67	5.68
Forfeited in period	<u>-40,000</u>	<u>-6,800</u>	<u>6.56</u>	<u>1.85</u>
Carried forward	<u>483,565</u>	<u>304,565</u>	<u>2.96</u>	<u>2.21</u>
Exercisable at 31 March	<u>277,817</u>	<u>230,041</u>	<u>1.96</u>	<u>1.68</u>

Of the 483,565 options outstanding at 31st March 2023, 53,383 have an exercise price of £0.01, 173,400 have an exercise price of £1.50, 103,615 have an exercise price of £2.23, 21,617 have an exercise price of £3.60 and 131,550 have an exercise price of £6.56.

At the year end, Directors of the company held options over 121,565 (2022:121,565) ordinary shares.

Expenses

	2023	2022
Related to equity settled share based payments	147,106	45,101

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

12. **PRIOR YEAR ADJUSTMENT**

During the year, the Directors reviewed the assumptions and inputs to the value of share options granted to employees and identified the requirement to account for this in the share based payment reserve (see note 11).

As a result, a reclassification has been made in the prior year as follows:

	£	
Adjustment to opening reserves at 1st April 2021		120,251
Share based payment charge, FY22		<u>45,101</u>
Total prior year adjustment		<u><u>165,352</u></u>

In addition, analysis between expenditure classes in the P&L has been amended to better reflect the activities of the business, with no overall adjustment to the total loss recognised other than as relates to the share based payment charge noted above.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.