Company Registration No. SC440534 (Scotland)

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INTELLIGENT GROWTH SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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INTELLIGENT GROWTH SOLUTIONS LIMITED

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INTELLIGENT GROWTH SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	Mr B R Richardson Mr S Krishnan Mr J G Watson Mr D Farquhar Mr D Brenninkmeijer (Appointed 27 July 2021) Mr J Mraz (Appointed 2 July 2021) Ms A Zopp (Appointed 1 May 2022)
Secretary	Thorntons Law LLP
Company number	SC440534
Registered office	Kinburn Castle Doubledykes Road St Andrews Fife KY16 9DR
Independent auditor	PricewaterhouseCoopers LLP Level 4 Atria One 144 Morrison Street Edinburgh EH3 8EX

INTELLIGENT GROWTH SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

These are the first published financial statements of the company prepared in accordance with UK-adopted International Accounting Standards ("IFRS"). The financial statements were previously prepared under Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Principal activities
The principal activity of the company is the research and development, productisation and supply of systems and services using science and technology, for industrial applications, principally in sustainable Controlled Environment Agriculture.

Results and dividends
The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J A Siebert	(Resigned 25 August 2021)
Mr B R Richardson	
Mr S Krishnan	
Mr M Dean	(Resigned 2 July 2021)
Mr J G Watson	
Mr D Farquhar	
Mr D Brenninkmeijer	(Appointed 27 July 2021)
Mr J Mraz	(Appointed 2 July 2021)
Ms A Zopp	(Appointed 1 May 2022)

Directors' insurance
The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Independent auditor
PricewaterhouseCoopers LLP were appointed as independent auditor to the company following a tender process. In accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at the company's next General Meeting.

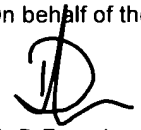
Statement of disclosure to auditor
Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Small companies exemption
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr D Farquhar
Director

29 July 2022

INTELLIGENT GROWTH SOLUTIONS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. 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, International Accounting Standard 1 requires that directors:

- 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; and
- 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.

INTELLIGENT GROWTH SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTELLIGENT GROWTH SOLUTIONS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Intelligent Growth Solutions Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2021; the income statement, the statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of revenue to improve the reported performance of the company, for example through journal entries. Audit procedures performed by the engagement team included:

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims and litigation, and instances of fraud;
- Understanding management's controls designed to prevent and detect irregularities;
- Review of board minutes; and
- Identifying and testing journal entries with specific focus on entries containing unusual account combinations in response to the risk of management override of controls.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the year ended 31 December 2020, forming the corresponding figures of the financial statements for the year ended 31 December 2021, are unaudited.

Matthew Kaye (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
29 July 2022

INTELLIGENT GROWTH SOLUTIONS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	Unaudited 2020 £
Revenue	3	702,961	13,508
Cost of sales		(726,461)	(9,382)
Gross (loss)/profit		(23,500)	4,126
Other operating income		-	100,000
Administrative expenses		(13,418,628)	(5,060,665)
Operating loss	4	(13,442,128)	(4,956,539)
Investment revenues	6	612	4,187
Finance costs	7	(125,838)	(20,687)
Loss before taxation		(13,567,354)	(4,973,039)
Income tax income	8	1,381,897	314,177
Loss and total comprehensive expense for the year		(12,185,457)	(4,658,862)

INTELLIGENT GROWTH SOLUTIONS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	Unaudited 2020 £
Non-current assets			
Intangible assets	9	3,075,732	3,081,800
Property, plant and equipment	10	1,927,793	266,469
Investments	11	50	50
		5,003,575	3,348,319
Current assets			
Inventories	12	2,950,141	517,924
Trade and other receivables	13	3,379,293	431,240
Current tax recoverable		833,750	-
Cash and cash equivalents		26,585,879	1,100,654
		33,749,063	2,049,818
Current liabilities			
Trade and other payables	14	5,558,475	2,032,290
Convertible loan notes		-	2,413,445
Lease liabilities	15	223,519	6,236
		5,781,994	4,451,971
Net current assets/(liabilities)		27,967,069	(2,402,153)
Non-current liabilities			
Lease liabilities	15	862,960	35,906
Net assets		32,107,684	910,260
Equity			
Called up share capital	18	5,780	4,082
Share premium account	18	53,911,552	12,155,563
Retained losses	18	(21,809,648)	(11,249,385)
Total equity		32,107,684	910,260

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

The financial statements were approved by the board of directors and authorised for issue on 29 July 2022 and are signed on its behalf by:

Mr D Farquhar
Director

Company Registration No. SC440534

INTELLIGENT GROWTH SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Balance at 1 January 2020 (unaudited)		4,012	12,156,763	(7,990,230)	4,170,545
Effect of transition to IFRS		-	-	1,145,679	1,145,679
As restated		4,012	12,156,763	(6,844,551)	5,316,224
Year ended 31 December 2020 (unaudited)					
Loss and total comprehensive income for the year		-	-	(4,658,862)	(4,658,862)
Issue of share capital	**18**	70	-	-	70
Credit to equity for equity settled share-based payments	**17**	-	-	254,028	254,028
Other movements		-	(1,200)	-	(1,200)
Balance at 31 December 2020 (unaudited)		4,082	12,155,563	(11,249,385)	910,260
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(12,185,457)	(12,185,457)
Issue of share capital	**18**	1,481	37,531,976	-	37,533,457
Conversion of loan	**18**	217	4,224,013	-	4,224,230
Credit to equity for equity settled share-based payments	**17**	-	-	1,625,194	1,625,194
Balance at 31 December 2021		5,780	53,911,552	(21,809,648)	32,107,684

INTELLIGENT GROWTH SOLUTIONS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021		Unaudited 2020	
		£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	22		(12,824,723)		(3,702,828)
Interest			(6)		(50)
Payment of lease liabilities			(131,908)		(10,000)
Tax refunded			548,147		314,177
Net cash outflow from operating activities			(12,408,490)		(3,398,701)
Investing activities					
Purchase of intangible assets		(872,713)		(1,936,121)	
Purchase of property, plant and equipment		(737,561)		(206,517)	
Proceeds on disposal of property, plant and equipment		1,266		1	
Interest received		612		4,187	
Net cash used in investing activities			(1,608,396)		(2,138,450)
Financing activities					
Proceeds from issue of shares		37,956,027		70	
Share issue costs		(422,570)		-	
Issue of convertible loans		1,935,414		2,397,138	
Repayment of convertible loans		(211,305)		-	
Net cash generated from financing activities			39,257,566		2,397,208
Net increase/(decrease) in cash and cash equivalents			25,240,680		(3,139,943)
Cash and cash equivalents at beginning of year			1,100,654		4,244,145
Effect of foreign exchange rates			244,545		(3,548)
Cash and cash equivalents at end of year			26,585,879		1,100,654

1 Accounting policies

Company information

Intelligent Growth Solutions Limited is a private company limited by shares incorporated and domiciled in the United Kingdom. The registered office is Kinburn Castle, Doubledykes Road, St Andrews, Fife, KY16 9DR. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards (IFRS) and the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Transition to IFRS

During the year, the company transitioned to IFRS. The recognition or measurement differences arising on the adoption of IFRS are disclosed in note 21.

New standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting period and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

1.2 Going concern

The financial statements have been prepared on a going concern basis as the company is well funded, with flexibility within its financial framework to be sustainable and maintain liquidity in the long term.

The company prepares an annual budget and periodic cash flow forecasts. This enables the company to monitor and manage liquidity risk. The company does not have any debt or debt facilities and therefore has no financial covenants or obligations.

The company had cash and cash equivalents of £26.6 million (2020: £1.1 million) at 31 December 2021.

In considering whether it is appropriate to prepare the financial statement upon a basis of going concern, the directors have considered the company's base case cash flow forecast to the end of 2023, therefore including the period of 12 months from the date of approval of the financial statements.

The directors have considered the principal risks to these cash flow projections in a sensitivity analysis, the most severe but plausible of which relates delays to deployments either due to customer financing, land acquisition and planning permission or superstructure construction, and have modelled a 3 month and 6 month deployment delay. The forecasts indicate that under these scenarios there are periods of negative liquidity, but the Directors believe that there are sufficient levers at their disposal to address these in the appropriate time frames to remain cash positive. These include freezes, reductions or deferrals on discretionary operational and capital spend, and assessment on headcount requirements for critical activities, as well as other incremental project spend.

In light of this, the directors continue to adopt the going concern basis of accounting in preparing the company's financial statements.

1 Accounting policies **(Continued)**

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue is measured based on the consideration specified in a contract with a customer. The consideration represents the transaction price which is typically fixed and does not contain variable components. Transaction price is allocated between multiple performance obligations based on the prices indicated in a customer contract which represent stand-alone selling prices.

Revenue consists of the design and installation of growth towers, the maintenance of growth towers and other consulting services.

Revenue from the design and installation of growth towers are considered interdependent and are recognised as a single performance obligation and recognised over time. Revenue is calculated using the input method based on the the company's efforts to the satisfaction of a performance obligation. The company calculates costs incurred on a contract and excludes cost of the materials not delivered to customer's site. Revenue on uninstalled materials is recognised upon delivery to customer's site at an amount equal to cost.

Revenue from the maintenance of growth towers, licence fees and other professional services is recognised over the period of service or licence and measured using a time based method.

Contract liabilities represent income received from clients in advance of work done. The company has applied practical expedients to recognise incremental costs of obtaining a contract as an expense and to not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

1.4 Intangible assets other than goodwill

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the company and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Development costs are capitalised as an intangible asset only if the following conditions are met:

1) an asset is created that can be identified;
2) it is probable that the asset created will generate future economic benefits;
3) it is technically and commercially feasible;
4) sufficient resources are available to complete the development;
5) the directly attributable development costs of an asset can be measured reliably;
6) there is an intention and ability to complete an asset and use or sell it.

Where the criteria are not met, costs are recognised as an expense in the income statement in the period in which it is incurred.

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

Development costs	3 years straight line basis

1 Accounting policies **(Continued)**

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

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

Leasehold improvements	on a straight-line basis over the lease term
Plant and machinery	3-5 years straight-line basis
Right-of-use assets	on a straight-line basis over the lease term

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

1.6 Non-current investments

Investments are stated at cost, less provision for any diminution in value.

1.7 Impairment of tangible and intangible assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average cost basis.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks.

1 Accounting policies **(Continued)**

1.10 Financial assets

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

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Derecognition of financial assets

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

1.11 Financial liabilities

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

Financial liabilities held at amortised cost

Financial liabilities, including trade payables, convertible loans that do not contain equity element and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

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

1.12 Equity instruments

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

1.13 Taxation

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

1 Accounting policies **(Continued)**

Current tax

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

Deferred tax

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

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Share-based payments

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

1.17 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

1 Accounting policies **(Continued)**

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets (when the value of the underlying asset, if new, is £5,000 or less). The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.18 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting estimates and judgements

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Capitalisation of development costs

During the year the directors considered that certain development costs met the criteria for recognition of intangible assets as defined in IAS 38 on a development project in relation to growth towers, as set out in note 9.

2 Critical accounting estimates and judgements (Continued)

Measurement of lease liabilities

In determining the lease term the directors assess whether they are reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. This assessment is made at the start of the lease and is re-assessed if significant events or changes in circumstances occur that are within the lessee's control.

The directors applied a discount rate of 10% to all its leases, as it represented the company's incremental cost of borrowing at the date of inception of new lease contracts, the carrying amount of the lease liabilities is disclosed in note 15.

Share-based payment transactions

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments disclosed in note 17 would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Deferred tax asset recognition

No deferred tax asset has been recognised due to the uncertainty of the probability that taxable profit will be available against which the deductible temporary difference can be utilised. As at 31 December 2021 the amount of unused tax losses carried forward was £17,084,436 (2020: £7,556,342).

Impairment review

At each financial year end, the company assesses whether there is any indication that non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the assets' recoverable amount. If the carrying amount is below recoverable amount, the company should recognise the impairment loss. As at 31 December 2021, no impairment of non-financial assets were recognised by the company.

3 Revenue

	2021	2020
	£	£
Revenue analysed by class of business		
Design and installation of growth towers	637,106	-
Other services	65,855	13,508
	702,961	13,508

	2021	2020
	£	£
Revenue analysed by geographical market		
United Kingdom	32,755	13,508
European Union	657,206	-
Rest of the world	13,000	-
	702,961	13,508

3 Revenue **(Continued)**

All revenue relates to revenue recognised over time. There are no break clauses therefore all revenue allocated to performance obligations that are unsatisfied or partly satisfied at the year end is expected to be recognised in the next financial year. This amount represents contract liabilities and is equal to the amounts in note 14.

Revenue that was included in the opening contract liability balance was fully recognised in the year.

Customers are required to transfer advance payments at a certain percentages of total fees indicated in the contracts upon order confirmation, submission of the designs and commencement of construction and installation of growth towers. This therefore creates contract liabilities to be recognised in the financial statements.

4 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(236,831)	6,630
Research and development costs	989,288	630,210
Government grants	-	(100,000)
Fees payable to the company's auditor for the audit of the company's financial statements	29,000	-
Depreciation of property, plant and equipment	212,060	75,914
Loss on disposal of property, plant and equipment	-	942
Amortisation of intangible assets (included within administrative expenses)	878,781	-
Cost of inventories recognised as an expense	726,461	9,382
Share-based payments	1,625,194	254,028

Government grants income received in the prior year related to the state aid received as a support during COVID-19 pandemic. The grant was used towards the company's working capital costs and ongoing business in line with the cash flows. There were no unfulfilled conditions of the grant at the end of the prior year.

5 Employees

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

	2021	2020
	Number	Number
Total	99	47

5 Employees (Continued)

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	7,118,382	2,208,761
Social security costs	620,261	198,493
Pension costs	314,313	116,136
	8,052,956	2,523,390

6 Investment income

	2021	2020
	£	£
Interest income		
Financial instruments measured at amortised cost:		
Bank deposits	612	4,187

7 Finance costs

	2021	2020
	£	£
Interest on convertible loan notes	86,676	16,307
Interest on lease liabilities	39,156	4,331
Other interest payable	6	49
Total interest expense	125,838	20,687

8 Income tax expense

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	(833,750)	-
Adjustments in respect of prior periods	(548,147)	(314,177)
Total UK current tax	(1,381,897)	(314,177)

8 Income tax expense **(Continued)**

The charge for the year can be reconciled to the loss per the income statement as follows:

	2021 £	2020 £
Loss before taxation	(13,567,354)	(4,973,039)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(2,577,797)	(944,877)
Effect of expenses not deductible in determining taxable profit	3,856	937
Adjustment in respect of prior years	(548,147)	(314,177)
Share based payment charge	(1,665,540)	-
R&D SME relief	(358,750)	(235,859)
Amounts not recognised	3,764,481	1,179,799
Taxation credit for the year	(1,381,897)	(314,177)

At the reporting date, the company had unused tax losses of £17,084,436 (2020: £7,556,342) available to offset against future profits. No deferred tax has been recognised due to no taxable income being foreseen.

9 Intangible assets

	Development costs
	£
Cost	
At 1 January 2020	1,145,679
Additions - internally generated	1,936,121
At 31 December 2020	3,081,800
Additions - internally generated	872,713
At 31 December 2021	3,954,513
Amortisation and impairment	
Charge for the year	878,781
At 31 December 2021	878,781
Carrying amount	
At 31 December 2021	3,075,732
At 31 December 2020	3,081,800
At 1 January 2020	1,145,679

Development costs relate to the development of growth towers and related technology. The amounts were capitalised from the date the criteria for capitalisation under IAS 38: Intangible Assets were satisfied to the date when the first growth tower was completed and accepted by the client. Amortisation has been charged on the asset from this point forward under a 3-year expected useful life. The remaining useful life was 2.3 years at 31 December 2021. No impairment was recognised during the year.

10 Property, plant and equipment

	Leasehold improvements	Plant and machinery	Right-of-use assets	Total
	£	£	£	£
Cost				
At 1 January 2020	-	114,309	47,811	162,120
Additions	20,086	186,431	-	206,517
Disposals	-	(4,245)	-	(4,245)
At 31 December 2020	20,086	296,495	47,811	364,392
Additions	486,527	251,034	1,137,089	1,874,650
Disposals	-	(1,266)	-	(1,266)
At 31 December 2021	506,613	546,263	1,184,900	2,237,776
Accumulated depreciation				
At 1 January 2020	-	25,311	-	25,311
Charge for the year	284	68,179	7,451	75,914
Eliminated on disposal	-	(3,302)	-	(3,302)
At 31 December 2020	284	90,188	7,451	97,923
Charge for the year	8,018	88,795	115,247	212,060
At 31 December 2021	8,302	178,983	122,698	309,983
Carrying amount				
At 31 December 2021	498,311	367,280	1,062,202	1,927,793
At 31 December 2020	19,802	206,307	40,360	266,469
At 1 January 2020	-	88,998	47,811	136,809

Right-of-use assets relate to the lease of land, office premises and industrial units.

11 Investments

	Non-current	
	2021	2020
	£	£
Other investments	50	50

Other investments relate to a membership in a farming association that provides access to preferential rates on certain equipment.

12 Inventories

	2021	2020
	£	£
Raw materials	2,905,804	517,924
Work in progress	44,337	-
	2,950,141	517,924

13 Trade and other receivables

	2021	2020
	£	£
Trade receivables	2,363,775	24,352
VAT recoverable	690,102	223,421
Other receivables	51,258	31,535
Prepayments	274,158	151,932
	3,379,293	431,240

All trade receivables recognised in the year are generated from contracts with customers. Standard credit terms for trade receivables are 30 days from invoice date, although certain credit terms are contract-specific. The directors consider that the carrying amount of trade and other receivables approximates to their fair value. No loss allowance (2020: £nil) has been recognised on trade receivables as none were in default at the year end. The nature of the majority of the company's revenues is such that they either receive payment in advance of the provision of service and / or are able to cease the provision of services in the event that agreed credit terms are not adhered to (which would be defined as a circumstance of default). This means the credit risk exposure of the company is low. As a result of the £nil loss allowance arising, the directors have concluded that no further disclosures of credit risk exposure under IFRS 7: Financial Instruments is required.

14 Trade and other payables

	2021	2020
	£	£
Trade payables	1,654,497	660,482
Contract liabilities	2,690,191	289,445
Accruals	810,748	565,306
Social security and other taxation	403,039	168,950
Other payables	-	348,107
	5,558,475	2,032,290

14 Trade and other payables **(Continued)**

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Contract liabilities arise on the contracts for the design and installation of growth towers in advance of work being completed, where the expected term of the contract crosses the year end. All contract liabilities will be fulfilled within twelve months of the balance sheet date. The increase in the contract liabilities related to new contracts signed during the year.

Other payables in the prior year include £293,500 in relation to advance funds received on convertible loans to be issued.

Included within accruals is £78,243 (2020: £48,561) relating to pension commitments at the year end.

15 Lease liabilities

Maturity analysis	**2021** **£**	**2020** **£**
Within one year	317,979	10,000
In two to five years	728,257	40,000
In over five years	410,833	4,167
Total undiscounted liabilities	1,457,069	54,167
Future finance charges and other adjustments	(370,590)	(12,025)
Lease liabilities in the financial statements	1,086,479	42,142

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 **£**	**2020** **£**
Current liabilities	223,519	6,236
Non-current liabilities	862,960	35,906
	1,086,479	42,142

Amounts recognised in profit or loss include the following:	**2021** **£**	**2020** **£**
Interest on lease liabilities	39,156	4,331

15 Lease liabilities **(Continued)**

The company capitalised expenses in relation to the following leases:

- Leases office premises for a term of 3 years ending 30 June 2024 which will automatically extend for 1 year;
- Lease of land for a term of 10 years ending 31 May 2026 with an option to extend for 5 years;
- Lease of industrial units for a term of 10 years ending 22 October 2021 with an option to terminate in 5 years.

An incremental borrowing rate of 10% was used to calculate the present value of lease liabilities.

The total cash outflow for leases during the year was £131,908 (2020: £10,000). The company incurred expenses of £109,943 (2020: £168,935) in relation to short-term leases. At the year end the commitments in relation to short-term leases were £1,538 (2020: £104,380).

16 Financial risk management

Changes in liabilities arising from financing activities

The following table details the changes in the company's liabilities arising from financing activities.

	Borrowings	Leases	Total
	£	£	£
Liabilities as at 1 January 2020	-	47,811	47,811
New loans (financing cash flows)	2,397,138	-	2,397,138
Accrued interest	16,307	4,331	20,637
Repayments	-	(10,000)	(10,000)
Liabilities as at 31 December 2020	2,413,445	42,142	2,455,587
New loans (financing cash flows)	1,935,414	-	1,935,414
New leases	-	1,137,089	1,137,089
Accrued interest	86,676	39,156	125,832
Loan repayments (financing cash flows)	(211,305)	-	(211,305)
Lease repayments	-	(131,908)	(131,908)
Conversion into shares	(4,224,230)	-	(4,224,230)
Liabilities as at 31 December 2021	-	1,086,479	1,086,479

Financial instruments	2021	2020
	£	£
Financial assets measured at amortised cost		
Cash and cash equivalents	26,585,879	1,100,654
Trade receivables	2,363,775	24,352
Other receivables	51,258	31,535
	29,000,912	1,156,541
Financial liabilities measured at amortised cost		
Trade payables	(1,654,497)	(660,482)
Accruals	(810,748)	(565,306)
Other payables	-	(348,107)
Lease liabilities	(1,086,479)	(42,142)
	(3,551,724)	(1,616,037)

16 Financial risk management **(Continued)**

The company's operations expose it to a number of financial risks including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The company manages these risks through an effective risk management programme which is coordinated by the Board of Directors.

Liquidity risk

The company closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations as they fall due.

The Board receives regular debt management forecasts which estimate the cash inflows and outflows for the next twelve months, so that management can ensure that sufficient funding is in place as it is required.

Interest rate profile

The company has no interest bearing financial assets other than cash deposits of £3,450,000 (2020: £930,729) invested at an approximate rate of 0.01% (2020: 0.11%). The company funds are invested in deposit accounts with the objective of maintaining a balance between accessibility of funds and competitive rates of return.

During the year the company utilised convertible loan notes and other loans from directors to finance its development. Interest at the rates ranging from 7.5% to 10% was charged on those loans. At the year end, the company had no interest bearing borrowings (2020: convertible loan notes outstanding of £2,413,445). Movement in company's borrowings is disclosed further below.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss for the company. Credit risk predominantly arises from trade receivables and cash and cash equivalents.

The company assesses the credit quality of each customer before accepting any terms of trade. Internal procedures are performed taking into account their financial position as well as their reputation within the industry and external credit ratings are obtained. The company operates a robust credit control system.

Cash and cash equivalents are held with large and stable financial institutions.

The company's maximum exposure to credit risk relating to its financial assets and financial liabilities is equal to their carrying value.

Foreign currency risk

The company operates in a number of markets across the world and is exposed to foreign currency exchange risk arising from various currency exposures, in particular with respect to the US dollar and the Euro. The company is exposed to foreign currency risk arising from commercial transactions and recognised assets and liabilities which are denominated in a currency other than the company's functional currency. The Board monitors the exposure to foreign currency risk and at the year end date considered the risk to be £nil (2020: £35,381) which relates to outstanding trade payables less outstanding trade receivables denominated in foreign currency. The company maintains bank accounts in foreign currency to mitigate this risk with the balance of £13,017,965 (2020: £74,438) at the year end. As a result of a partial natural hedge between the different currencies, the company is reasonably protected against currency fluctuations.

16 Financial risk management **(Continued)**

Maturity of financial assets and financial liabilities

The maturity profile of the company's financial liabilities as at 31 December 2021 and 31 December 2020 can be determined from notes 14 and 15. At 31 December 2020, convertible loan notes were classified as current liabilities as they were due to be converted on the next relevant funding round with a longstop date of 26 October 2021.

The main financial assets are cash and accounts receivable. Cash is held mainly in current accounts and short-term deposits.

The company would normally expect that sufficient cash is generated in the operating cycle to meet cash flows through effective cash management.

17 Share-based payment transactions

The company operates equity-settled share option schemes. Options vest only if the employee remains in employment with the company at the vesting date. The options lapse at the end of the day before the tenth anniversary of the grant date. There are several types of vesting conditions:

a) 40% of options vest on the first anniversary of the grant date, 20% of options vest on the second anniversary of the grant date, 20% of options vest on the third anniversary of the grant date, 20% of options vest on the exit event;

b) 30% of options vest on the first anniversary of the grant date, 15% of options vest on the second anniversary of the grant date, 15% of options vest on the third anniversary of the grant date, 40% of options vest on the exit event;

c) 33% of options vest on the first anniversary of the grant date, 33% of options vest on the second anniversary of the grant date, 33% of options vest on the third anniversary of the grant date;

d) 100% of options vest on the grant date;

e) 100% of options vest on the exit date.

Options become exercisable upon vesting. Unvested options held by individuals who cease employment forfeit unless determined by the Board.

	Number of share options		Weighted average exercise price	
	2021	2020	2021	2020
			£	£
Outstanding at 1 January 2021	627,698	376,281	4.00	4.00
Granted in the period	683,891	321,731	11.00	3.13
Forfeited in the period	(72,369)	-	4.51	-
Exercised in the period	(65,689)	(70,314)	9.86	-
Outstanding at 31 December 2021	1,173,531	627,698	7.72	4.00
Exercisable at 31 December 2021	471,857	302,167	5.21	4.00

17 Share-based payment transactions **(Continued)**

The weighted average share price at the date of exercise for share options exercised during the year was £21 (2020: £3).

The options outstanding at 31 December 2021 had an exercise price ranging from 0.1p to £15 (2020: £4), and a remaining contractual life of 8.49 years (2020: 8.58 years). The weighted average fair value of each option granted during the year was £8.23 (2020: £1.17).

The estimate of the grant date fair value of each option is based on the Black-Scholes model. The inputs into the Black-Scholes model are as follows:

	2021	2020
Weighted average share price	£11.00	£3.36
Weighted average exercise price	£11.00	£3.13
Expected volatility	60%	60%
Expected life	1-5 years	1-5 years
Risk free rate	0.33-0.86%	1.10%
Expected dividends	Nil	Nil

Expected volatility was determined by estimating the expected change in the share price of the company over the expected life of each option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

During the year, the company recognised total share-based payment expenses of £1,625,194 (2020: £254,048). Service conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

18 Share capital and reserves

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary of 0.1p each	2,705,479	2,624,149	2,706	2,624
A Ordinary of 0.1p each	1,458,333	1,458,333	1,458	1,458
B Ordinary of 0.1p each	1,616,008	-	1,616	-
	5,779,820	4,082,482	5,780	4,082

Ordinary shares carry the right to vote and are entitled pari passu to dividend payments or any other distributions, including on winding up of the company.

Ordinary A and Ordinary B shares carry the right to vote and contain preferential dividend rights, including on winding up of the company.

18 Share capital and reserves **(Continued)**

Reconciliation of movements during the year:

	Ordinary Number	Ordinary A Number	Ordinary B Number
At 1 January 2020	2,553,835	1,458,333	-
Issue of fully paid shares	70,314	-	-
At 1 January 2021	2,624,149	1,458,333	-
Issue of fully paid shares	65,689	-	1,415,364
Conversion of loan notes	15,641	-	200,644
At 31 December 2021	2,705,479	1,458,333	1,616,008

During the year, the company incurred £422,570 (2020: £nil) of share issue costs.

Share premium account
Consideration received for shares issued above their nominal value net of transaction costs.

Retained earnings
Cumulative profit and loss net of distributions to owners, including the cumulative share-based payment expense.

19 Capital risk management

The company's capital management objectives are:

- to ensure the company's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services in a way that reflects the level of risk involved in providing these goods and services.

Management assesses the company's capital requirements in order to maintain an efficient overall financing structure appropriate to the stage of the business and in accordance with its business plan. In order to maintain or adjust the capital structure, the company may issue new shares to fund its ongoing research and development activities and business growth.

The company is funded principally by equity although convertible loans have been utilised during the review period of these financial statements. At the end of the financial year, no loans were outstanding (2020: £2,413,445), The capital structure consists of equity, comprising issued share capital with different classes of shares.

The company is not subject to externally imposed capital requirements.

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2021 £	2020 £
Short-term employee benefits	924,052	467,442
Post-employment benefits	75,664	27,649
Share-based payments	1,130,874	40,715
	2,130,590	535,806

Other information

During the year, £699,985 (2020: £nil) of unsecured loans were received from directors of the company. Interest of £18,233 (2020: £nil) was accrued on the loans. £512,789 (2020: £nil) of the loans were converted into shares of the company and £205,429 (2020: £nil) was repaid in cash. The balance outstanding at the year end in respect of these loans was nil (2020: nil).

During the year 152,497 (2020: 337,792) share options were granted to the directors of the company. Options exercised during the year were 39,063 (2020: 70,314).

21 Reconciliations on adoption of IFRS

Reconciliation of equity

	Notes	At 1 January 2020 Unaudited UK GAAP £	Unaudited Effect of transition £	Unaudited IFRS £	At 31 December 2020 Unaudited UK GAAP £	Unaudited Effect of transition £	Unaudited IFRS £
Fixed assets							
Intangible assets	4	-	1,145,679	1,145,679	-	3,081,800	3,081,800
Property, plant and equipment	3	88,998	47,811	136,809	226,109	40,360	266,469
Investments		50	-	50	50	-	50
		89,048	1,193,490	1,282,538	226,159	3,122,160	3,348,319
Current assets							
Inventories		-	-	-	517,924	-	517,924
Other debtors		249,066	-	249,066	431,240	-	207,819
Bank and cash		4,244,147	-	4,244,147	1,100,654	-	1,100,654
		4,493,213	-	4,493,213	2,049,818	-	1,826,397
Creditors due within one year							
Convertible loan notes		-	-	-	-	2,413,445	2,413,445
Trade And Other Payables		349,032	-	349,032	1,879,647	(16,307)	1,863,340
Taxation and social security		62,684	-	62,684	168,950	-	(54,471)
Obligations under finance leases	3	-	5,669	5,669	-	6,236	6,236
		411,716	5,669	417,385	2,048,597	2,403,374	4,228,550
Net current assets/(liabilities)		4,081,497	(5,669)	4,075,828	1,221	(2,403,374)	(2,402,153)
Total assets less current liabilities		4,170,545	1,187,821	5,358,366	227,380	718,786	946,166
Creditors due after one year							
Obligations under finance leases	3	-	42,142	42,142	-	35,906	35,906
Net assets		4,170,545	1,145,679	5,316,224	227,380	682,880	910,260

21 Reconciliations on adoption of IFRS **(Continued)**

Capital and reserves							
Share capital		4,012	-	4,012	4,082	-	4,082
Share premium		12,156,763	-	12,156,763	12,155,563	-	12,155,563
Equity reserve		-	-	-	2,397,138	(2,397,138)	-
Profit and loss	3, 4	(7,990,230)	1,145,679	(6,844,551)	(14,329,403)	3,080,018	(11,249,385)
Total equity		4,170,545	1,145,679	5,316,224	227,380	682,880	910,260

Reconciliation of profit or loss for the year

		At 31 December 2020		
		Unaudited	Unaudited	Unaudited
		UK GAAP	Effect of transition	IFRS
	Notes	£	£	£
Revenue		13,508	-	13,508
Cost of sales		(9,382)	-	(9,382)
Gross (loss)/profit		4,126	-	4,126
Administrative expenses	3, 4	(6,999,335)	1,938,670	(5,060,665)
Other operating income		100,000	-	100,000
Operating loss		(6,895,209)	1,938,670	(4,956,539)
Interest receivable and similar income		4,187	-	4,187
Finance costs	3	(16,356)	(4,331)	(20,687)
Loss before taxation		(6,907,378)	1,934,339	(4,973,039)
Tax on loss on ordinary activities		314,177	-	314,177
Loss for the financial year		(6,593,201)	1,934,339	(4,658,862)

Notes to reconciliations on adoption of IFRS

This is the first year that the company has presented its results under IFRS. The last financial statements under UK GAAP were for the year ended 31 December 2020. The date of transition to IFRS was 1 January 2020. Set out below are the changes in accounting policies which reconcile the profit for the year ended 31 December 2020 and the total equity at 1 January 2020 and 31 December 2020 between UK GAAP previously reported and IFRS.

1. Property, plant and equipment

The company has elected to retain UK GAAP carrying values as deemed cost at transition.

21 Reconciliations on adoption of IFRS **(Continued)**

2. IFRS 9 Financial instruments

The only change in measurement of financial assets on application of IFRS 9 arises from impairment of financial assets. IFRS 9 requires impairments of financial assets to be assessed using an 'expected loss' model. No additional loss allowance was recognised on transition due to a low credit risk exposure on company's trade receivables.

The company reviewed its convertible loan notes liabilities and assessed that these do not contain equity elements under IFRS 9 as 'fixed-for-fixed' criteria were not satisfied. Therefore, the balances were reclassified from equity reserve to financial liabilities together with an amount of interest accrued within other payables.

3. Impact of IFRS 16 leases adoption

The main change on application of IFRS 16 is the accounting for 'operating leases' where rentals payable were previously expensed under UK GAAP on a straight-line basis over the lease term.

Under IFRS 16 right-of-use assets and lease liabilities were recognised for all leases except 'low-value' and 'short-term' leases where lease payments continue to be recognised on a straight-line basis over the lease term.

The lease liabilities were measured at the present value of the remaining lease payments at 1 January 2020, discounted at the lessee's incremental borrowing rate at that date of 10%. The right-of-use assets were measured at an amount equal to the lease liabilities. The company has applied the following transition provisions set out below:

- For all contracts that existed prior to 1 January 2020, the company has not applied IFRS 16 to reassess whether each contract is, or contains, a lease;
- A single discount rate has been applied to portfolios of leases with similar characteristics;
- Initial direct costs have been excluded from the measurement of the right-of-use assets; and
- Hindsight has been applied in determining the lease term for contracts that contain lease extension or terminations options.

Differences between the operating lease commitments disclosed at 31 December 2019 under UK GAAP discounted at the incremental borrowing rate and lease liabilities recognised at 1 January 2020 are explained below:

Operating lease commitments disclosed as at 31 December 2019	£70,583
Less: adjustment to the expected lease term	(£6,417)
Discounted using the lessee's incremental borrowing rate at the date of initial application	(£16,355)
Lease liability recognised as at 1 January 2020	£47,811

21 Reconciliations on adoption of IFRS **(Continued)**

4. Capitalisation of development costs

In accordance with IAS 38: Intangible Assets the company is required to capitalise its development costs when the criteria for capitalisation have been satisfied. The company established a capitalisation period for growth towers development expenditure from the date when the project feasibility was confirmed to the date when the first growth tower was completed and accepted by the client. Amortisation has been recognised on the asset from this point forward under a 3-year expected useful life.

5. IFRS 15 Revenue from contracts with customers

IFRS 15 introduces a new revenue recognition model whereby revenue is recognised upon satisfaction of the performance obligations. The company reviewed its revenue contracts and assessed that no change is required on the transition to IFRS as the revenue for the comparative period comprises fees for services satisfied and completed in that period. There were no performance obligations outstanding at the end of the comparative period.

6. Tax impact

As a result of the transitional adjustments arising in respect of IFRS 16 leases and capitalisation of development costs, there is a resulting deferred tax liability of £585,203 as at 31 December 2020. However, this deferred tax liability is offset by a deferred tax asset related to losses which had not been recognised. Therefore, the net transitional adjustment related to deferred tax is nil.

22 Cash absorbed by operations

	2021 £	2020 £
Loss for the year after tax	(12,185,457)	(4,658,862)
Adjustments for:		
Taxation credited	(1,381,897)	(314,177)
Finance costs	125,838	20,687
Investment income	(612)	(4,187)
Loss on disposal of property, plant and equipment	-	942
Amortisation and impairment of intangible assets	878,781	-
Depreciation and impairment of property, plant and equipment	212,060	75,914
Foreign exchange gains/(losses) on cash equivalents	(244,545)	3,548
Equity settled share based payment expense	1,625,194	254,028
Movements in working capital:		
Increase in inventories	(2,432,217)	(517,924)
Increase in trade and other receivables	(2,481,372)	(94,078)
Increase in contract liabilities	2,400,746	289,445
Increase in trade and other payables	658,758	1,243,036
Adjustment to share premium account	-	(1,200)
Cash absorbed by operations	(12,824,723)	(3,702,828)