

Unaudited Financial Statements for the Year Ended 31 March 2021

for

Echion Technologies Ltd

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for the Year Ended 31 March 2021

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Echion Technologies Ltd
Company Information
for the Year Ended 31 March 2021

DIRECTORS: J De La Verpilliere
M Woodhams
J W Halfpenny
M Poole
C W Gibbs

SECRETARY: J De La Verpilliere

REGISTERED OFFICE: Taylors Vinters
Merlin Place
Milton Road
Cambridge
Cambridgeshire
CB4 0DP

BUSINESS ADDRESS: Unit 9
Cambridge South
Dales Manor Business Park
Sawston
Cambridgeshire
CB22 3TJ

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 2021

	Notes	31.3.21 £	£	31.3.20 £	£
FIXED ASSETS					
Tangible assets	4		455,854		413,006
CURRENT ASSETS					
Debtors		283,609		244,325	
Cash at bank		<u>317,173</u>		<u>1,154,280</u>	
		600,782		1,398,605	
CREDITORS					
Amounts falling due within one year		<u>124,295</u>		<u>95,420</u>	
NET CURRENT ASSETS			<u>476,487</u>		<u>1,303,185</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			932,341		1,716,191
CREDITORS					
Amounts falling due after more than one year	5		<u>47,686</u>		-
NET ASSETS			<u>884,655</u>		<u>1,716,191</u>
CAPITAL AND RESERVES					
Called up share capital	8		231		231
Share premium	9		2,506,930		2,506,930
Retained earnings	9		<u>(1,622,506)</u>		<u>(790,970)</u>
SHAREHOLDERS' FUNDS			<u>884,655</u>		<u>1,716,191</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2021 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.

The notes form part of these financial statements

Echion Technologies Ltd (Registered number: 10680704)

Abridged Balance Sheet - continued
31 March 2021

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 2021 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 28 June 2021 and were signed on its behalf by:

J De La Verpilliere - Director

The notes form part of these financial statements

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

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.

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.

On the date of signing these financial statements, there was a world-wide pandemic. Whilst the directors have prepared revised cash flow forecasts, it is currently unknown how long the pandemic will last and the lasting impact that it will have on the trading activity of the company. The directors believe that the company will have adequate cash resources in order to pay all of its creditors as they fall due for the foreseeable future and for at least 12 months from the date of signing of these financial statements.

The financial statements have been prepared on a going concern basis. The Directors considers this to be appropriate despite the fact that the balance sheet shows net current liabilities at 31 March 2021, on the basis that the company is generating sufficient cash flows on a weekly basis 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 is recognised in the period in which the related costs are incurred. Grants of a capital nature are deferred on the balance sheet and recognised in the income statement over the expected useful life of the assets to which it relates to.

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
Computer equipment	- 25% on cost

Improvements to property are depreciated on a straight line basis over the period to the lease break date, 21 February 2024. This is considered the useful estimated life span.

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

2. **ACCOUNTING POLICIES - continued**

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 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 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.

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.

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

2. **ACCOUNTING POLICIES - continued**

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. 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. The company has taken advantage from the exemption in FRS 102 1A not to make an adjustment in the accounts for the fair value of the shares issued.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 17 (2020 - 11) .

4. **TANGIBLE FIXED ASSETS**

	Totals £
COST	
At 1 April 2020	525,325
Additions	<u>187,355</u>
At 31 March 2021	<u>712,680</u>
DEPRECIATION	
At 1 April 2020	112,319
Charge for year	<u>144,507</u>
At 31 March 2021	<u>256,826</u>
NET BOOK VALUE	
At 31 March 2021	<u>455,854</u>
At 31 March 2020	<u>413,006</u>

5. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN FIVE YEARS**

	31.3.21 £	31.3.20 £
Bank loans - 1-5 years	22,223	-
Bank loans more 5 yrs by instalments	<u>25,463</u>	<u>-</u>
	<u>47,686</u>	<u>-</u>

6. **LEASING AGREEMENTS**

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

	31.3.21 £	31.3.20 £
Within one year	21,850	21,850
Between one and five years	<u>41,879</u>	<u>63,729</u>
	<u>63,729</u>	<u>85,579</u>

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

7. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.21	31.3.20
	£	£
Bounce back loan	<u>50,000</u>	<u>-</u>

During the year the company received a government backed loan in light of the Covid 19 pandemic. The loan is secured by the government over a 10 year repayment period. The loan is repayable by instalments beginning no earlier than 4 November 2021. Interest is then charged at 2.5% per annum from the first repayment date.

8. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.21	31.3.20
			£	£
2,312,966	Ordinary	£0.0001	<u>231</u>	<u>231</u>

9. RESERVES

	Retained earnings	Share premium	Totals
	£	£	£
At 1 April 2020	(790,970)	2,506,930	1,715,960
Deficit for the year	<u>(831,536)</u>		<u>(831,536)</u>
At 31 March 2021	<u>(1,622,506)</u>	<u>2,506,930</u>	<u>884,424</u>

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

10. ENTERPRISE MANAGEMENT INCENTIVE SCHEME

On 29 November 2018 ('the vesting start date'), the company granted share options over a total of 167,400 ordinary shares to 2 employees. The options can be exercised at a price of £1.50 per share and the right to option expires on 28 November 2028. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 10 October 2019 ('the vesting start date'), the company granted share options over a total of 6,000 ordinary shares to 2 employees. The options can be exercised at a price of £1.50 per share and the right to option expires on 9 October 2029. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 17 November 2019 ('the vesting start date'), the company granted share options over a total of 3,500 ordinary shares to 1 employee. The options can be exercised at a price of £1.50 per share and the right to option expires on 16 November 2029. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 21 February 2020 ('the vesting start date'), the company granted share options over a total of 7,800 ordinary shares to 2 employees. The options can be exercised at a price of £2.23 per share and the right to option expires on 20 February 2030. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

On 23 April 2020 ('the vesting start date'), the company granted share options over a total of 38,600 ordinary shares to 1 employee. The options can be exercised at a price of £2.23 per share and the right to option expires on 22 April 2030. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by the employee on the grant of the option.

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

On 6 May 2020 ('the vesting start date'), the company granted share options over a total of 25,000 ordinary shares to 1 employee. The options can be exercised at a price of £2.23 per share and the right to option expires on 5 May 2030. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by the employee on the grant of the option.

On 20 October 2020 ('the vesting start date'), the company granted share options over a total of 16,950 ordinary shares to 4 employees. The options can be exercised at a price of £2.23 per share and the right to option expires on 19 October 2030. The options to acquire shares may not be exercised earlier than the first anniversary of the vesting start date. An option shall become exercisable as to one-third of the total number of option shares. At the end of each quarter after the first anniversary of the vesting start date and on subsequent quarter days an option shall become exercisable as to one-twelfth of the total number of option shares remaining (or if less than one-twelfth remaining then all the remaining options will become exercisable). All options granted to an employee will lapse within 3 months after they leave the company unless otherwise decided by the Board. A sum of £nil was paid by each employee on the grant of the option.

At the year end, Directors of the company held EMI options over 110,000 ordinary shares out of the total options of 265,250 shares with an exercise price of £1.50.

11. COMPANY SHARE OPTION PLAN

On 17 November 2019, the company granted share options under a company share option plan over a total 3,500 shares to one employee. The options can be exercised at a price of £1.50 per share and the right to option expires on 17 November 2029.

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.