

Company registration number 10906840 (England and Wales)

LINA ENERGY LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024
PAGES FOR FILING WITH REGISTRAR

LINA ENERGY LTD

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Balance sheet | 1 |
| Notes to the financial statements | 2 - 8 |

LINA ENERGY LTD

BALANCE SHEET

AS AT 31 MARCH 2024

| | | 2024 | | 2023 | |
|--|-------|------------------|-------------------------|------------------|-------------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 4 | | 185,749 | | 185,004 |
| Tangible assets | 5 | | 1,005,870 | | 1,071,215 |
| | | | <u>1,191,619</u> | | <u>1,256,219</u> |
| Current assets | | | | | |
| Stocks | | 143,684 | | 83,852 | |
| Debtors | 6 | 893,966 | | 578,373 | |
| Cash at bank and in hand | | 3,390,453 | | 4,250,888 | |
| | | <u>4,428,103</u> | | <u>4,913,113</u> | |
| Creditors: amounts falling due within one year | 7 | <u>(402,776)</u> | | <u>(194,812)</u> | |
| Net current assets | | | <u>4,025,327</u> | | <u>4,718,301</u> |
| Total assets less current liabilities | | | <u>5,216,946</u> | | <u>5,974,520</u> |
| Creditors: amounts falling due after more than one year | 8 | | <u>(2,000,000)</u> | | <u>-</u> |
| Net assets | | | <u><u>3,216,946</u></u> | | <u><u>5,974,520</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 9 | | 337 | | 196 |
| Share premium account | | | 11,037,944 | | 10,259,290 |
| Profit and loss reserves | | | <u>(7,821,335)</u> | | <u>(4,284,966)</u> |
| Total equity | | | <u><u>3,216,946</u></u> | | <u><u>5,974,520</u></u> |

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

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 11 November 2024 and are signed on its behalf by:

Mr J Morrish
Director

Company registration number 10906840 (England and Wales)

LINA ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

Company information

LiNa Energy Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Unit 8 Sharpes Mill, White Cross Business Park, South Road, Lancaster, LA1 4XQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared 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.

1.2 Going concern

The company made a net loss of £3,536,370 during the year ended 31 March 2024 (2023: Net loss £2,158,276) and at the balance sheet date the company's total assets exceeded its total liabilities by £3,216,946 (2023: £5,974,520).

In assessing the company's ability to continue as a going concern, the Directors have assumed they will successfully complete a fundraise in the final quarter of 2024 to supplement existing cash resources.

1.3 Intangible fixed assets other than goodwill

The intellectual property rights are valued at the cost of acquisition.

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

| | |
|-----------------------|---|
| Software | 33% Straight Line |
| Intellectual Property | 10% Straight Line |
| Patent Costs | Amortised over the useful life of the patent at the point when the product becomes sellable |

1.4 Tangible fixed assets

Tangible fixed assets 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 | Over the terms of the lease |
| Plant and equipment | 10%-33% Straight Line |
| Computers | 33% Straight Line |
| Plant and equipment - Modified | 100% Straight Line |

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 credited or charged to profit or loss.

LINA ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.5 Impairment of fixed 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Stocks

Stocks 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 stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

LINA ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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.

1.9 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

1.10 Equity instruments

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

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

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

LINA ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 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.

1.16 Research and development

Research and development expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

2 Judgements and key sources of estimation uncertainty

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Amorisation of intellectual property

Intellectual property which has been capitalised is amortised over the period explained in the relevant accounting policy.

Writing off development work

All development costs have been judged as true development costs with no immediate sales potential. At the point when it is deemed that a viable product can be sold, costs will be capitalised.

3 Employees

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

| | 2024 Number | 2023 Number |
|-------|----------------|----------------|
| Total | 28 | 25 |

LINA ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

4 Intangible fixed assets

| | Software | Intellectual Property | Patent Costs | Total |
|------------------------------------|----------|-----------------------|--------------|---------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 April 2023 | 27,796 | 199,962 | 45,786 | 273,544 |
| Additions | - | - | 27,395 | 27,395 |
| At 31 March 2024 | 27,796 | 199,962 | 73,181 | 300,939 |
| Amortisation and impairment | | | | |
| At 1 April 2023 | 12,876 | 74,985 | 679 | 88,540 |
| Amortisation charged for the year | 5,695 | 19,996 | 959 | 26,650 |
| At 31 March 2024 | 18,571 | 94,981 | 1,638 | 115,190 |
| Carrying amount | | | | |
| At 31 March 2024 | 9,225 | 104,981 | 71,543 | 185,749 |
| At 31 March 2023 | 14,920 | 124,977 | 45,107 | 185,004 |

5 Tangible fixed assets

| | Leasehold improvements | Assets under construction | Plant and equipment | Computers | Total |
|------------------------------------|------------------------|---------------------------|---------------------|-----------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 April 2023 | 620,985 | - | 1,371,914 | 55,739 | 2,048,638 |
| Additions | 11,550 | 51,367 | 329,122 | 8,018 | 400,057 |
| At 31 March 2024 | 632,535 | 51,367 | 1,701,036 | 63,757 | 2,448,695 |
| Depreciation and impairment | | | | | |
| At 1 April 2023 | 424,953 | - | 527,113 | 25,357 | 977,423 |
| Depreciation charged in the year | 201,212 | - | 247,916 | 16,274 | 465,402 |
| At 31 March 2024 | 626,165 | - | 775,029 | 41,631 | 1,442,825 |
| Carrying amount | | | | | |
| At 31 March 2024 | 6,370 | 51,367 | 926,007 | 22,126 | 1,005,870 |
| At 31 March 2023 | 196,032 | - | 844,801 | 30,382 | 1,071,215 |

LINA ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

| 6 Debtors | 2024 | 2023 |
|--------------------------------------|----------------|----------------|
| Amounts falling due within one year: | £ | £ |
| Corporation tax recoverable | 675,343 | 474,810 |
| Other debtors | 128,960 | 60,429 |
| Prepayments and accrued income | 89,663 | 43,134 |
| | <u>893,966</u> | <u>578,373</u> |

| 7 Creditors: amounts falling due within one year | 2024 | 2023 |
|--|----------------|----------------|
| | £ | £ |
| Trade creditors | 159,644 | 42,662 |
| Taxation and social security | 35,114 | 42,450 |
| Accruals and deferred income | 208,018 | 109,700 |
| | <u>402,776</u> | <u>194,812</u> |

| 8 Creditors: amounts falling due after more than one year | 2024 | 2023 |
|---|------------------|----------|
| | £ | £ |
| Convertible loans | 2,000,000 | - |
| | <u>2,000,000</u> | <u>-</u> |

On 1 March 2024, the Company issued a £2m non-interest bearing convertible loan note. If not redeemed, the principal will become due on 1 February 2028.

| 9 Called up share capital | 2024 | 2023 |
|--|------------|------------|
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 336,740 (2023: 195,670) Ordinary shares of 0.1p each | <u>337</u> | <u>196</u> |

In the current year, the company has issued a further 2,477 (2023: 17,740) shares at a nominal value of 0.1p each for a consideration of £31.86 (2023: £168.34).

The company also made a rights issue on 4th April 2024 totalling £740,643 (2023: £2,986,395), share premium in the current year has increased to £11,037,944 (2023: £10,259,290).

As at year end, £699,890 had been received and £139 has been treated as share capital and £699,751 has been treated as share premium.

LINA ENERGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

| | | | |
|----------|--------------------------------|-------------|--------------------|
| 9 | Called up share capital | | (Continued) |
| | | 2024 | 2023 |
| | | £ | £ |

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Statutory Auditor:

Darren Harding ACA, FCCA, DChA

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

| | |
|--------------------------|--------------------------|
| 2024 | 2023 |
| £ | £ |
| 116,149 | 21,717 |
| <u><u> </u></u> | <u><u> </u></u> |

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.