

Company Registration no. 07338748 (England and Wales)

Report of the Directors and  
Financial Statements for the Period 1 April 2022 to 31 December 2022  
for  
Faradion Limited



Faradion Limited

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for the Period 1 April 2022 to 31 December 2022

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Faradion Limited

Company Information

for the Period 1 April 2022 to 31 December 2022

**DIRECTORS:**

Dr C J Wright  
S Varghese  
J Quinn  
B Narayana  
S Mashruwala  
S Agarwal

**SECRETARY:**

Mr. O J Birkwood

**REGISTERED OFFICE:**

The Innovation Centre  
217 Portobello  
Sheffield  
S1 4DP

**REGISTERED NUMBER:**

07338748 (England and Wales)

**SENIOR STATUTORY AUDITOR:** Devender Arora ACA

**AUDITORS:**

PBG Associates Limited  
Chartered Accountants and Statutory Auditors  
65 Delamere Road  
Hayes, Middlesex  
UB4 0NN

## Faradion Limited

### Report of the Directors for the Period 1 April 2022 to 31 December 2022

The directors present their report with the financial statements of the company for the period 1 April 2022 to 31 December 2022.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company continued to be that of research and experimental development on natural sciences and engineering.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

C J Wright  
S Varghese  
J Quinn  
S Mashruwala  
S Agarwal  
B Narayana

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

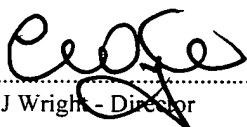
The auditors, PBG Associates Limited, will be proposed for re-appointment at the forthcoming Board Meeting.

Faradion Limited

Report of the Directors  
for the Period 1 April 2022 to 31 December 2022

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'C J Wright', is written over a horizontal dotted line.

Dr C J Wright - Director

Date: 21 July 2023

Report of the Independent Auditors to the Members of  
Faradion Limited

**Opinion**

We have audited the financial statements of Faradion Limited (the 'company') for the nine months period from 1st April 2022 to 31 December 2022 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 including provision of section 1A "Small Entities" The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of  
Faradion Limited

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditors' responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with those charged with governance of the company.

Our approach was as follows:

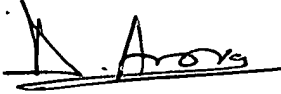
- We obtained a general understanding of the legal and regulatory frameworks that are applicable to the company and determined that there are no significant laws and regulations except for company's legislation and the financial reporting framework (UK GAAP). We obtained a general understanding of how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters of the Company.
- The Company's principal activity was that of development of Sodium-ion technologies. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- Enquiries with the management concerning any actual or potential litigation or claims; inspection of relevant legal correspondence if any; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of  
Faradion Limited

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Devender Arora ACA (Senior Statutory Auditor)  
for and on behalf of PBG Associates Limited  
Chartered Accountants and Statutory Auditors  
65 Delamere Road  
Hayes, Middlesex  
UB4 0NN

Date: 21/7/2023

Faradion Limited

Income Statement

for the Period 1 April 2022 to 31 December 2022

	Notes	Period 1.4.22 to 31.12.22 £	Year Ended 31.3.22 £
<b>TURNOVER</b>		458,665	482,567
Cost of sales		<u>29,613</u>	<u>602,749</u>
<b>GROSS PROFIT/(LOSS)</b>		429,052	(120,182)
Administrative expenses		<u>3,921,647</u>	<u>6,284,372</u>
		(3,492,595)	(6,404,554)
Other operating income		<u>57,033</u>	<u>19,265</u>
<b>OPERATING LOSS</b>	5	(3,435,562)	(6,385,289)
Interest payable and similar expenses		<u>304</u>	<u>168,967</u>
<b>LOSS BEFORE TAXATION</b>		(3,435,866)	(6,554,256)
Tax on loss	6	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<u>(3,435,866)</u>	<u>(6,554,256)</u>

The notes form part of these financial statements


Faradion Limited (Registered number: 07338748)

Balance Sheet  
31 December 2022

	Notes	31.12.22		31.3.22	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	7		946,782		410,795
Tangible assets	8		611,583		206,927
Investments	9		<u>1,208,167</u>		<u>1,536,864</u>
			2,766,532		2,154,586
<b>CURRENT ASSETS</b>					
Stocks	10	4,811		50,353	
Debtors	11	967,974		554,931	
Cash in hand		<u>19,694,098</u>		<u>24,142,632</u>	
		20,666,883		24,747,916	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>960,051</u>		<u>960,871</u>	
<b>NET CURRENT ASSETS</b>			<u>19,706,832</u>		<u>23,787,045</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			22,473,364		25,941,631
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		<u>-</u>		<u>32,401</u>
<b>NET ASSETS</b>			<u>22,473,364</u>		<u>25,909,230</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		129		129
Share premium	15		42,874,886		42,874,886
Retained earnings	15		<u>(20,401,651)</u>		<u>(16,965,785)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>22,473,364</u>		<u>25,909,230</u>

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

The financial statements were approved by the Board of Directors and authorised for issue on 21 July 2023 and were signed on its behalf by:

  
.....  
Dr C J Wright, Director

The notes form part of these financial statements

Faradion Limited

Statement of Changes in Equity  
for the Period 1 April 2022 to 31 December 2022

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
<b>Balance at 1 April 2021</b>	72	(10,524,999)	6,782,440	113,470	(3,629,017)
<b>Changes in equity</b>					
Deficit for the year	-	(6,554,256)	-	-	(6,554,256)
Issue of share capital	57	113,470	36,092,446	(113,470)	36,092,503
<b>Balance at 31 March 2022</b>	<u>129</u>	<u>(16,965,785)</u>	<u>42,874,886</u>	<u>-</u>	<u>25,909,230</u>
<b>Changes in equity</b>					
Deficit for the period	-	(3,435,866)	-	-	(3,435,866)
<b>Balance at 31 December 2022</b>	<u>129</u>	<u>(20,401,651)</u>	<u>42,874,886</u>	<u>-</u>	<u>22,473,364</u>

The notes form part of these financial statements

## Faradion Limited

### Notes to the Financial Statements for the Period 1 April 2022 to 31 December 2022

#### 1. **STATUTORY INFORMATION**

Faradion Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address is Innovation Centre, 217 Portobello, Sheffield, S1 4DP.

The immediate parent undertaking of the Company is Reliance New Energy Limited (formerly known as Reliance New Energy Solar Limited) and ultimate parent Company is Reliance Industries Limited

#### 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 in sterling, which is the functional currency of the company.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted as set out as below.

##### **Going Concern**

The company has cash resources and has no requirement for external funding. The directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They continue to believe that the going concern basis of accounting is appropriate in preparing the financial statements.

##### **Cash flow exemption**

The company, being member of the group wherein the parent company prepares consolidated financial statements which are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard 102.

##### **Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

##### **Group accounts**

The Company's financial statements present information about it as an individual undertaking and not about its group because the Company is a subsidiary of Reliance Industries Limited. The Company's and group's financial statement will be consolidated by Reliance Industries Limited, parent company, registered in India. The Company has taken the exemption from preparing group accounts under Companies Act 2006.

**2. ACCOUNTING POLICIES - continued**

**Turnover**

Turnover 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. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

**Intangible assets**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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:

Website - Straight Line Basis over 5 years.

**Development costs**

Development cost represent project not completed at the year end and therefore these assets have not been amortised.

Development costs are reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

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

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation 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:

Plant and Equipment - Straight line over 5 years

Furniture and fittings - Straight line over 4 years

Computers - Straight line over 7 years

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.

**Fixed assets investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

**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.

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.

**2. ACCOUNTING POLICIES - continued**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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.

**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 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.

**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.

2. **ACCOUNTING POLICIES - continued**

**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 and cash and bank balances, 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 abilities 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.

**Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares 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.

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.

**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

Paradion Limited

Notes to the Financial Statements - continued  
for the Period 1 April 2022 to 31 December 2022

2. **ACCOUNTING POLICIES - continued**

**Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, not of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no at the discretion of the company.

**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.

**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.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**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.

**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.

**Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2. **ACCOUNTING POLICIES - continued**

**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.

**Retirement Benefits**

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

**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. 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

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Share options are recognised at grant date fair value over the vesting period of the option.

Movements in fair value on employee share options are recognised as an expense in the period they vest with movements going to the Equity Reserve.

Exemption has been taken on recognising share-based payment transactions that have arisen prior to the first reporting period under FRS 102 as available to small companies.

**2. ACCOUNTING POLICIES - continued**

**Research and development expenditure**

Research 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.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use it or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

**Onerous Contract**

An onerous contract is one in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

**3. JUDGEMENTS AND KEY SOURCES ABOUT 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 the estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are 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.

**4. EMPLOYEES AND DIRECTORS**

The average number of employees during the period was 20 (2022 - 15).

**Faradion Limited**

**Notes to the Financial Statements - continued**  
**for the Period 1 April 2022 to 31 December 2022**

**5. OPERATING LOSS**

The operating loss is stated after charging:

	31.12.22	31.3.22
	£	£
Depreciation - owned assets	72,088	56,601
Website amortisation	254	339
Management recharge expenses	392,988	2,361,017
Audit fee	5,000	5,000
Exceptional legal and professional fees	-	1,432,661

**6. TAXATION**

Deferred tax is not recognised in respect of tax losses of £18,106,466 as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

The amount of unused tax losses is £18,106,466 (2022 - £13,894,129) and the amount of unused tax credits is £50,906 (2022 - £40,887). There is no expiry date on timing differences, unused tax losses or unused tax credits.

**7. INTANGIBLE FIXED ASSETS**

	Development costs £	Website £	Totals £
<b>COST</b>			
At 1 April 2022	405,347	11,242	416,589
Additions	<u>541,104</u>	<u>-</u>	<u>541,104</u>
At 31 December 2022	<u>946,451</u>	<u>11,242</u>	<u>957,693</u>
<b>AMORTISATION</b>			
At 1 April 2022	-	5,794	5,794
Amortisation for period	<u>-</u>	<u>5,117</u>	<u>5,117</u>
At 31 December 2022	<u>-</u>	<u>10,911</u>	<u>10,911</u>
<b>NET BOOK VALUE</b>			
At 31 December 2022	<u>946,451</u>	<u>331</u>	<u>946,782</u>
At 31 March 2022	<u>405,347</u>	<u>5,448</u>	<u>410,795</u>

Faradion Limited

Notes to the Financial Statements - continued  
for the Period 1 April 2022 to 31 December 2022

8. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>				
At 1 April 2022	729,853	12,695	33,003	775,551
Additions	<u>417,236</u>	<u>21,471</u>	<u>38,034</u>	<u>476,741</u>
At 31 December 2022	<u>1,147,089</u>	<u>34,166</u>	<u>71,037</u>	<u>1,252,292</u>
<b>DEPRECIATION</b>				
At 1 April 2022	544,510	10,078	14,036	568,624
Charge for period	<u>65,386</u>	<u>2,082</u>	<u>4,617</u>	<u>72,085</u>
At 31 December 2022	<u>609,896</u>	<u>12,160</u>	<u>18,653</u>	<u>640,709</u>
<b>NET BOOK VALUE</b>				
At 31 December 2022	<u>537,193</u>	<u>22,006</u>	<u>52,384</u>	<u>611,583</u>
At 31 March 2022	<u>185,343</u>	<u>2,617</u>	<u>18,967</u>	<u>206,927</u>

9. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 April 2022	1,536,864
Impairments	<u>(328,697)</u>
At 31 December 2022	<u>1,208,167</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>1,208,167</u>
At 31 March 2022	<u>1,536,864</u>

10. STOCKS

	31.12.22 £	31.3.22 £
Stocks	<u>4,811</u>	<u>50,353</u>

Stock is net of provision for impairment of inventory of GBP 312,156.

Faradion Limited

Notes to the Financial Statements - continued  
for the Period 1 April 2022 to 31 December 2022

**11. DEBTORS**

	31.12.22	31.3.22
	£	£
Amounts falling due within one year:		
Trade debtors	504,900	13,813
Provision for bad debts	(97,500)	-
Amounts owed by group undertakings	17,453	-
Other debtors	270,954	236,198
Corporation tax recoverable	99,691	148,786
VAT	<u>172,476</u>	<u>115,247</u>
	<u>967,974</u>	<u>514,044</u>
Amounts falling due after more than one year:		
Corporation tax recoverable	-	<u>40,887</u>
Aggregate amounts	<u>967,974</u>	<u>554,931</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.22	31.3.22
	£	£
Trade creditors	114,233	11,818
Amounts owed to group undertakings	96,220	36,274
Taxation and Social security	45,680	24,916
Other creditors	703,918	878,251
Bank loans	-	<u>9,612</u>
	<u>960,051</u>	<u>960,871</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.22	31.3.22
	£	£
Bank loans	-	<u>32,401</u>

In 2020, convertible loan notes with a nominal value of £2,000,000 were issued by the company. They incur interest charges at 8% per annum. There is also a redemption premium of 25% payable. The loans have a convertible option which automatically converts the debt into shares in the event of equity fundraising or an exit. The conversion price is at a 25% discount to the price paid per share upon the conversion event.

In 2021, convertible loan notes with a nominal value of £2,000,000 were issued by the company. They incur interest charges at 8% per annum. There is also a redemption premium of 100% payable. The loans have a convertible option which automatically converts the debt into shares in the event of equity fundraising or an exit. The conversion price is at a 20% discount to the price paid per share upon the conversion event.

During the previous year ended 31st March 2022, these loans were converted into equity. Refer Note 15

Faradion Limited

Notes to the Financial Statements - continued  
for the Period 1 April 2022 to 31 December 2022

14. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.22	31.3.22
			£	£
4,266	A Ordinary shares	£0.0001	0.43	0.43
10,234	Ordinary shares	£0.01	102.34	102.34
262,746	Deferred shares	£0.0001	<u>26.27</u>	<u>26.27</u>
			<u>129.04</u>	<u>129.04</u>

The A ordinary shares shall carry one vote per share. The A ordinary shares shall have attached to them full dividend and capital distribution rights, and do not confer any rights of redemption.

The Ordinary shares shall carry one vote per share. The ordinary shares shall have attached to them full dividend and capital distribution rights. The ordinary shares rank behind The A ordinary shares for their preferential return of capital. The ordinary shares do not confer any rights of redemption.

The Deferred shares carry no voting, dividend or redemption rights. The deferred shares do have very limited capital distribution rights up to an amount of £1 on a return of assets on liquidation or capital reduction or otherwise (except upon the redemption of shares or the purchase by the company of its own shares). The deferred shares may be purchased by the company at any time at its option for the aggregate sum of 1 penny for all the deferred shares without obtaining the sanction of the holder.

15. **RESERVES**

	Retained earnings	Share premium	Totals
	£	£	£
At 1 April 2022	(16,965,785)	42,874,886	25,909,101
Deficit for the period	<u>(3,435,866)</u>		<u>(3,435,866)</u>
At 31 December 2022	<u>(20,401,651)</u>	<u>42,874,886</u>	<u>22,473,235</u>

During the previous year March 2022, the Company had issued 1,612 A Ordinary shares £0.0001 each at a premium of £ 4,430,306 on conversion of unsecured loans into ordinary equity shares.

During the previous year March 2022, the Company had issued 4,041 Ordinary shares of £0.01 each at a premium of £ 31,594,804.

During the previous year March 2022, the Company has granted 1,599 share options at a premium of £ 67,336.

Faradion Limited

Notes to the Financial Statements - continued  
for the Period 1 April 2022 to 31 December 2022

16. **FUTURE LEASE COMMITMENTS**

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

	31.12.22	31.3.22
	£	£
<b>Expiring:</b>	<b>Office space</b>	<b>Office space</b>
Within one year	191,024	93,014
Between one and five years	420,884	231,091
More than five years	-	-

17. **SHARE BASED PAYMENT TRANSACTIONS**

	Number of share option		Weighted average exercise price	
	31.12.2022	31.03.2022	31.12.2022	31.03.2022
Outstanding as on 1 April	-	1,127	-	382.68
Granted	-	967	-	0.01
Cancelled/Lapsed	-	495	-	480.17
Exercised	-	1599	-	42.12
Outstanding as on 31 March	-	-	-	-

There were no options outstanding at 31 March 2022 and 31 December 2022.

The share option scheme adopted by the company is equity settled and a reversal of £ 113,470 has been transferred from other reserves to retained earnings during the year ended March 2022.

18. **PREVIOUS YEAR FIGURES**

The current financial year of the Company is for the nine months period from 1st April 2022 to 31st December 2022. The figures of the current financial year are therefore not comparable with those of the previous year. Previous year figures have been rearranged/regrouped/reclassified wherever considered necessary to facilitate comparison with current year figures.