REGISTERED NUMBER: 10673098 (England and Wales)

FINANCIAL STATEMENTS

FOR THE PERIOD

1 APRIL 2021 TO 31 DECEMBER 2021

FOR

QLM TECHNOLOGY LTD

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL 2021 TO 31 DECEMBER 2021

QLM TECHNOLOGY LTD

COMPANY INFORMATION
FOR THE PERIOD 1 APRIL 2021 TO 31 DECEMBER 2021

DIRECTORS:	X Ai D J Keen M K Reed S Nitin J Mccallion B J Bulkin
REGISTERED OFFICE:	Quest House St Mellons Business Park Cardiff CF3 0EY
REGISTERED NUMBER:	10673098 (England and Wales)
AUDITORS:	Thompson Taraz Rand Audit and Assurance Limited Chartered Accountants and Statutory Auditors 10 Jesus Lane Cambridge Cambridgeshire CB5 8BA

QLM TECHNOLOGY LTD (REGISTERED NUMBER: 10673098)

BALANCE SHEET
31 DECEMBER 2021

	Notes	2021 £	2021 as restated £
FIXED ASSETS			
Tangible assets	5	**63,812**	5,143
CURRENT ASSETS			
Debtors	6	**405,657**	667,175
Cash at bank		**1,218,376**	1,798,785
		1,624,033	2,465,960
CREDITORS			
Amounts falling due within one year	7	**(306,164)**	(40,749)
NET CURRENT ASSETS		**1,317,869**	2,425,211
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,381,681**	2,430,354
CREDITORS			
Amounts falling due after more than one year	8	**(39,691)**	(93,567)
PROVISIONS FOR LIABILITIES		**(12,124)**	-
NET ASSETS		**1,329,866**	2,336,787
CAPITAL AND RESERVES			
Called up share capital	10	**323**	290
Share premium		**3,379,815**	2,798,773
Retained earnings		**(2,050,272)**	(462,276)
SHAREHOLDERS' FUNDS		**1,329,866**	2,336,787

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

In accordance with Section 444 of the Companies Act 2006, the Profit and loss account has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 6 December 2022 and were signed on its behalf by:

X Ai - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL 2021 TO 31 DECEMBER 2021

1. STATUTORY INFORMATION

QLM Technology Ltd is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

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.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements
The financial statements have been prepared under the historical cost convention.

Turnover
Turnover is recognised to the extent that it is probable that economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured at the fair value of of the consideration received or receivable, excluding discounts, value added tax and other sales taxes

Turnover is recognised in respect of the provision of technological consultancy services which is recognised once the right to consideration has been earned and the supply of goods such as the sale of gas detection and imaging systems is recognised at the point significant risk and rewards of ownership are transferred to the buyer. This is usually on dispatch.

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 etc - 33.33% on cost and at varying rates on cost

Taxation
Taxation for the period comprises current and deferred tax. Tax is recognised in the Profit and loss account, 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 period 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.

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3. **ACCOUNTING POLICIES - continued**

Research and development costs
Research costs:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in the profit and loss account as the expense as incurred.

Developments costs - Intangible assets:

Development costs are capitalised as intangible assets at the point the company is reasonably certain of the commercial and technical feasibility of the product. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Development expenditure has an estimated useful life of five years and is written off on a straight-line basis from the date the product is fully developed.

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.

Going concern
The board of directors have adopted the going concern basis in preparing these financial statements after assessing the principal risks and having considered a period of 12 months from the date of approval of these financial statements.

The company is investment backed and secured further investment funding during the year under review, which ensured the company retained sufficient surplus cash to meet its working capital needs.

The expectation of the board of directors is one of continued development during the 2022 financial year. The board forecast a loss to 31st December 2022 due to the early-stage nature of the product and the continued product development costs, in addition to increasing costs of sale.

The Going Concern status of the company is therefore dependent on the ability to seek further funds from investors and third-party backers such as grant funding. The board has secured additional investment post year end of £11.8m which will ensure the company is able to continue its research projects for the foreseeable future.

The board of directors therefore believe that the company is well placed to manage its financing and other business risks satisfactorily and consider the business will have adequate financial resources to continue in operation for at least 12 months from the date of approving these financial statement

Grants
Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received using the performance model.

The grant will therefore be recognised in other income when the grant proceeds are received or receivable provided the terms of the grant do not impose future performance related conditions.

If the terms of the grant do impose future performance related conditions, the grant is only recognised in income when the performance related conditions are met.

Any grants that are received before the recognition criteria is met are recognised in the entity's financial statements as a liability.

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4. EMPLOYEES AND DIRECTORS

The average number of employees during the period was 11 (2021 - 7) .

5. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 April 2021	7,899
Additions	66,497
At 31 December 2021	74,396
DEPRECIATION	
At 1 April 2021	2,756
Charge for period	7,828
At 31 December 2021	10,584
NET BOOK VALUE	
At 31 December 2021	63,812
At 31 March 2021	5,143

6. DEBTORS

	2021 £	2021 as restated £
Amounts falling due within one year:		
Trade debtors	123,424	15,000
Other debtors	282,233	608,875
	405,657	623,875
Amounts falling due after more than one year:		
Other debtors	-	43,300
Aggregate amounts	405,657	667,175

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2021 as restated £
Bank loans and overdrafts	9,527	3,932
Trade creditors	63,635	22,046
Taxation and social security	31,642	9,125
Other creditors	201,360	5,646
	306,164	40,749

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8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2021 as restated
	£	£
Bank loans	**39,691**	46,067
Other creditors	**-**	47,500
	39,691	93,567

9. LEASING AGREEMENTS

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

	2021	2021 as restated
	£	£
Within one year	**88,574**	8,568
Between one and five years	**80,409**	-
	168,983	8,568

The operating lease relates to rental of office and laboratory premises.

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2021**	2021 as restated
			£	£
14,888,000	Ordinary.	0.001p	**113**	283
16,115,811	A Ordinary	0.001p	**203**	-
700	Deferred	1p	**7**	7
			323	290

The following shares were issued during the period for cash at par :

3,301,563 A Ordinary shares of 0.001p

11. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was qualified on the following basis:

Basis for qualified 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. Section 26 of FRS 102 requires that equity settled share options be recognised at fair value at the date the share options are granted with the expense recorded within the profit and loss account and a corresponding change recognised in equity. The board of directors had not made use of a recognised valuation model as set out in the fair value hierarchy requirements of section 26.11 of FRS 102 such as the Black Scholes model to determine the fair value of share options issued as part of a employee EMI scheme launched on the 22nd November 2019.

We have therefore been unable to obtain sufficient appropriate audit evidence concerning the fair value of the share options and the required adjustment to equity and staff costs in the profit and loss account and associated narrative disclosure at year ended 31st March 2021 and period ended 31st December 2021.

Matters required to report by exception
As detailed within the basis for qualified opinion the board of directors did not make use of a recognised valuation model concerning employee share options issued as part of EMI share scheme.

Andrew Rand (Senior Statutory Auditor)
for and on behalf of Thompson Taraz Rand Audit and Assurance Limited

15. RELATED PARTY DISCLOSURES

At the balance sheet date an amount of £nil (2021: £47,500) was owed to the directors. The amount bears no interest, is repayable on demand and is disclosed within other creditors.

16. RESEARCH AND DEVELOPMENT TAX CREDIT

At the balance sheet date the company had a tax credit of £87,342 (2021: £43,300) which is available for relief against future corporation tax liabilities. The credit has not been capitalised.

17. SHARE OPTIONS AND SHARE BASED PAYMENTS

Share Option Scheme:
The company operates an EMI scheme for employees. The options vest immediately but lapse in 10 years from the date of the agreement if unexercised. Once exercised the liability to the company will be settled through the issue of new share capital. The company reserves the right to sell any proportion of the shares required to cover employment related taxes.

The number of shares included in the EMI scheme in the previous and current period are 2,215,195 with an average exercise price of 17.6p.

Share based payments:
During the year 374,550 shares were issued to board members at an exercise price of 17.6p per share in compensation for services rendered. The exercise price is considered market rate based upon pre-year end and post-year end share issues to third party investors. This payment has been recorded as director salaries in the profit and loss statement.