

Registration number: 03266902

MINESTO UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



MINESTO UK LIMITED

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MINESTO UK LIMITED

COMPANY INFORMATION

Director Martin Edlund

Company secretary Goodwille Limited

Registered office Celtic House
41-43 Market Street
Holyhead
Anglesey
LL65 1UN

Independent auditor Harmer Slater Limited
Statutory Auditor
Salatin House
19 Cedar Road
Sutton
Surrey
SM2 5DA

MINESTO UK LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents his report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the company is that of research into the development of a novel tidal power plant.

Director of the company

The director who served throughout the year and up to the date of authorisation of this report was as follows:

Martin Edlund

Going concern

The director has considered the impact of Covid-19 on the company's financial position, liquidity and future performance together with financial projections for the company over the foreseeable future and has also reviewed the ongoing committed financial support from the company's parent undertaking and is confident that this will be available for the foreseeable future. After making enquiries, the director is satisfied that the company has sufficient resources to continue its operation for the foreseeable future, being at least 12 months from the date of signing the financial statements. Accordingly, he continues to adopt the going concern basis in preparing the financial statements.

Minesto UK Limited is reliant on the support of Minesto AB as the parent company which is committed to the UK market and has demonstrated its support through a letter of support.

Events after the financial period

There have been no significant events between the year end and the date of approval of these accounts which would require a change to, or disclosure in, the financial statements.

Disclosure of information to the auditors

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information (as defined by section 418 of the Companies Act 2006) and to establish that the company's auditors are aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditors are unaware.

Reappointment of auditors

Harmer Slater Limited are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continued in force under the Companies Act 2006.

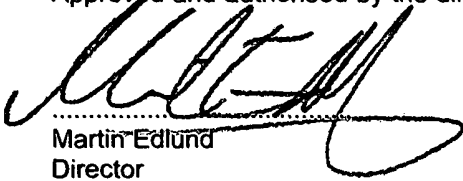
MINESTO UK LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

Small companies provision statement

The directors have taken advantage of the small companies exemptions provided by sections 414B and 415A of the Companies Act 2006 from the requirement to prepare a strategic report and in preparing the directors' report on the grounds that the company qualifies as a small company but for being a member of an ineligible group.

Approved and authorised by the director on 8 February 2022



Martin Edlund
Director

MINESTO UK LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director acknowledges his responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

MINESTO UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MINESTO UK LIMITED

Opinion

We have audited the financial statements of Minesto UK Limited (the 'company') for the year ended 31 December 2021, which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, 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 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 2021 and of its results for the year 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 auditor 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 director's 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 original financial statements were authorised for issue.

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

Other information

The director are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MINESTO UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MINESTO UK LIMITED (CONTINUED)

Opinion on other matter 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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.
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of the director

As explained more fully in the Statement of Director's Responsibilities [set out on page 4], the director is 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 director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

MINESTO UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MINESTO UK LIMITED (CONTINUED)

Auditor Responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations. We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements;
- we obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the laws and regulations applicable to the company through discussions with directors and other management, and from our cumulative audit and commercial knowledge and experience of the company and the manufacturing industry;
- we focused on specific laws and regulations which we considered may have a direct material effect on the determination of material amounts and disclosures the financial statements or the operations of the company, including the Companies Act 2006, The Equality Act 2010, taxation legislation, employment law and health and safety legislation. We also considered and identified laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty, including the Bribery Act and the Data Protection Act 2018;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal and regulatory correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

MINESTO UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MINESTO UK LIMITED (CONTINUED)

We are also required to perform specific procedures to respond to the risk of management bias and override of controls. To address this, we performed analytical procedures to identify any unusual or unexpected relationships; tested journal entries to identify unusual transactions; assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and investigated the business rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

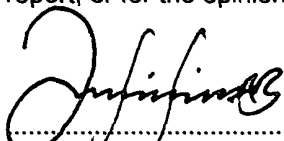
- agreeing financial statement to disclosures underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and Health and Safety Executive (HSE), analysing any legal costs to ascertain if there have been instances of non-compliance with laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member, 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 member those matters we are required to state to them in an auditor's report 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 member as a body, for our audit work, for this report, or for the opinions we have formed.



Rensford Agyei-Boamah (Senior Statutory Auditor)
For and on behalf of Harmer Slater Limited, Statutory Auditor

Salatin House
19 Cedar Road
Sutton
Surrey
SM2 5DA

8 February 2022

MINESTO UK LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Revenue	3	1,282,509	931,500
Research and development costs		(2,550,388)	(2,398,531)
Administrative expenses		(239,607)	(836,593)
Other operating income	4	<u>1,507,486</u>	<u>2,303,624</u>
Operating profit/(loss)	5	<u>-</u>	<u>-</u>
Profit/(loss) before tax		-	-
Taxation	9	<u>-</u>	<u>-</u>
Profit/(loss) for the financial year		-	-
Retained earnings brought forward		<u>(166,432)</u>	<u>(166,432)</u>
Retained earnings carried forward		<u><u>(166,432)</u></u>	<u><u>(166,432)</u></u>

Continuing operations

All results are derived wholly from continuing operations.

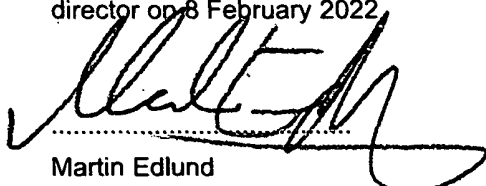
The notes on pages 11 to 20 form an integral part of these financial statements.

MINESTO UK LIMITED

(REGISTRATION NUMBER: 03266902)
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Non-current assets			
Property, plant and equipment	10	28,711	36,723
Current assets			
Receivables	11	1,892,770	1,492,209
Cash at bank and in hand	12	455,292	1,308,713
		2,348,062	2,800,922
Payables: Amounts falling due within one year	13	(2,372,853)	(2,833,725)
Net current liabilities		<u>(24,791)</u>	<u>(32,803)</u>
Net assets		<u>3,920</u>	<u>3,920</u>
Equity			
Called up share capital	15	2	2
Capital contribution reserve	15	170,350	170,350
Retained earnings	15	(166,432)	(166,432)
Total equity		<u>3,920</u>	<u>3,920</u>

The financial statements of Minesto UK Limited were approved and authorised for issue by the director on 8 February 2022.



Martin Edlund
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

MINESTO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 General information

Minesto UK Limited (the 'company') is a private company limited by share capital, registered in England and Wales under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the directors' report on page 2.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

The director has considered the impact of Covid-19 on the company's financial position, liquidity and future performance together with financial projections for the company over the foreseeable future and has also reviewed the ongoing committed financial support from the company's parent undertaking and is confident that this will be available for the foreseeable future. After making enquiries, the director is satisfied that the company has sufficient resources to continue its operation for the foreseeable future, being at least 12 months from the date of signing the financial statements. Accordingly, he continues to adopt the going concern basis in preparing the financial statements.

Minesto UK Limited is reliant on the support of Minesto AB as the parent company which is committed to the UK market and has demonstrated its support through a letter of support.

Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The financial statements are presented in sterling (£).

Summary of disclosure exemptions

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its parent, Minesto AB, which may be obtained from Vita Gavelns Väg 6, 426 71 Västra Frölunda, Sweden. Minesto AB is listed on NASDAQ First North Growth Market in Stockholm. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement, transactions with group entities and remuneration of key management personnel.

MINESTO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

Government grants - Government grants of a revenue nature are credited to other operating income so as to match them with the expenditure to which they relate. The company makes grant claims quarterly to the Welsh Government which then carry out a review of the claim as required by EU regulations before it is approved and paid to the company. As at 31 December 2021, the company's trade receivables included £545,626 (2020: £514,845) in respect of claims made to the Welsh Government which are subject to audit.

In addition to the above, an accrued grant income of £1,028,667 (2020: £804,169) was recognised at 31 December 2021. This accrual is an estimate based on previous grant claims and any difference between this accrual and the actual future income will be accounted for in the period in which the grant is received.

Deferred taxation - At 31 December 2021, the company had unrelieved tax losses of approximately £167,000 (2020: £175,000). No deferred tax asset has been recognised in respect of these tax losses. In the director's opinion, there may not be other future taxable profits against which the tax losses will be relieved and consequently have not recognised any deferred tax asset.

Property, plant and equipment - The company makes provision for depreciation of property plant and equipment; this provision requires estimates of the useful economic lives and residual values for the underlying assets. These estimates are based on a variety of factors which may be uncertain. The carrying amount at the year end is £28,711 (2020 £36,723).

Revenue recognition

Revenue represents the value of consideration receivable for the provision of research and development services to its parent undertaking, net of value added tax. Revenue from the provision of services is recognised when the services have been provided. Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the company.

Government grants

Government grants in respect of capital expenditure are deducted from the related assets, with a consequent reduction in the annual charge for depreciation/amortisation released to the statement of income and retained earnings over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to the income statement so as to match them with the expenditure to which they relate and are included in other operating income.

MINESTO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 Accounting policies (continued)

Research and development costs

The company expenses all research costs as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved processes, is capitalised as an intangible asset if the process is technically and commercially feasible and the company has sufficient resources and the intention to complete development. All other development expenditures and expenditures on research activities are recognised in the Statement of income and retained earnings.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Sterling at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the year end.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Property, plant and equipment

Property, plant and equipment are recorded at historical cost less accumulated depreciation and any provision for impairment. Cost comprises the purchase price together with all expenses directly incurred in bringing the asset to its location and condition ready for use.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Asset class	Depreciation method and rate
Equipment and tools	10 years straight line

MINESTO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

2 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise bank current accounts that are subject to an insignificant risk of change in value.

Receivables

Receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

The company operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the company. Contributions are recognised in the income statement in the period in which they become payable.

Share based payments

The company's parent undertaking, Minesto AB, operates an option rights plan for its key employees which entitles these employees (including the company's employees) to acquire shares in the parent undertaking. The required disclosures are therefore included in Minesto AB's consolidated financial statements.

Financial instruments

The company operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the company. Contributions are recognised in the income statement in the period in which they become payable.

MINESTO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

3 Revenue

In the opinion of the directors, the company's revenue, profit before taxation and net assets are attributable to the company's one principal business in the United Kingdom only and not attributable to classes of business or geographical segments which differ substantially from each other. Consequently, no segmental information has been presented. Turnover derive wholly from the provision of services.

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Government grants	1,506,612	2,303,203
Other income	874	421
	<u>1,507,486</u>	<u>2,303,624</u>

5 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	8,013	8,013
Foreign exchange (gains)/losses	(149,779)	293,133
Operating lease expense - properties	145,315	90,555
Operating lease expense - vehicles	<u>10,128</u>	<u>11,629</u>

6 Staff costs

The aggregate payroll costs (including director's remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	1,073,075	1,060,073
Social security costs	122,115	116,878
Pension costs, defined contribution scheme	<u>62,357</u>	<u>59,010</u>
	<u>1,257,547</u>	<u>1,235,961</u>

MINESTO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

6 Staff costs (continued)

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Administration and support	10	6
Research and development	15	19
	<u>25</u>	<u>25</u>

7 Director's remuneration

No remuneration was paid to the directors during the year (2020: £nil). They were remunerated by other group undertakings.

8 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>2,200</u>	<u>2,200</u>
Other fees to auditors		
All other non-audit services	<u>2,300</u>	<u>2,250</u>

9 Taxation

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	<u>-</u>	<u>-</u>
Corporation tax at standard rate	-	-
Effect of expense not deductible in determining taxable profit (tax loss)	-	5,315
Effect of tax losses	(1,522)	(6,837)
Tax increase from effect of capital allowances and depreciation	<u>1,522</u>	<u>1,522</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

MINESTO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

9 Taxation (continued)

The company has tax losses of £167,000 (2020: £175,000) which are available to be utilised against future profits. No deferred tax asset has been recognised in respect of these losses.

10 Property, plant and equipment

	Equipment and tools £
Cost or valuation	
At 1 January 2021	<u>80,125</u>
At 31 December 2021	<u>80,125</u>
Depreciation	
At 1 January 2021	43,402
Charge for the year	<u>8,012</u>
At 31 December 2021	<u>51,414</u>
Carrying amount	
At 31 December 2021	<u><u>28,711</u></u>
At 31 December 2020	<u><u>36,723</u></u>

11 Receivables

	2021 £	2020 £
Trade receivables	595,271	574,422
Other receivables	156,285	61,998
Prepayments and accrued income	<u>1,141,214</u>	<u>855,789</u>
	<u>1,892,770</u>	<u>1,492,209</u>

Included within other receivables is a decommissioning and restoration security deposit of £20,000 (2020: £20,000) which is recoverable after more than one year.

12 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	<u>455,292</u>	<u>1,308,713</u>

MINESTO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

13 Payables

	2021 £	2020 £
Due within one year		
Trade payables	158,742	57,432
Amounts owed to group undertakings	2,033,435	2,647,623
Social security and other taxes	31,488	33,717
Outstanding defined contribution pension costs	6,659	6,664
Accrued expenses	142,529	88,289
	<u>2,372,853</u>	<u>2,833,725</u>

The amount owed to parent undertaking disclosed as falling within one year is unsecured, payable on demand and is non-interest bearing.

14 Pension scheme

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £62,357 (2020 - £59,010). Contributions totalling £6,659 (2020 - £6,664) were payable to the scheme at the end of the year and are included in creditors.

15 Share capital and reserves

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

The company has one class of share capital which carries no right to fixed income.

MINESTO UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

15 Share capital and reserves (continued)

Reserves

The retained earnings reserve represents cumulative profit or losses net of dividends paid and other adjustments.

The capital contribution represents funding from the immediate parent that carries no rights to repayment or control over usage. This reserve forms part of the company's distributable reserves.

16 Obligations under leases contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	118,100	129,876
Later than one year and not later than five years	472,400	472,400
Later than five years	354,300	442,875
	<u>944,800</u>	<u>1,045,151</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £118,100 (2020 - £89,839).

17 Share-based payments

Scheme details

The company's parent undertaking, Minesto AB, operates an option rights plan for its key employees which entitles these employees (including the company's employees) to acquire shares in the parent undertaking. The aim of the programme is to create the prerequisites for retaining and recruiting competent employees to the Group, provide competitive remuneration and unite the interests of shareholders and employees.

The entity is part of a group share-based payment scheme and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The company has taken advantage of the disclosure exemptions provided by FRS 102 as the required disclosures are included in Minesto AB's consolidated financial statements. The company measures its share-based payment expense as a proportion of the expense recognised for the entire share-based payment scheme based on the entitlements of its employees participating in the scheme. The cost recognised by the company in the statement of income and retained earnings for the year amounted to £Nil (2020: £15,799). The scheme program is coming to a close during 2022.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

18 Parent and ultimate parent undertaking

The company's immediate parent is Minesto AB, incorporated in Vita Gavelns Väg 6 Västra Frölunda, 426 71, Sweden.

The most senior parent entity producing publicly available financial statements is Minesto AB. These financial statements are available upon request from Vita Gavelns Väg 6, 426 71 Västra Frölunda, Sweden. Minesto AB is listed on NASDAQ First North Growth Market in Stockholm.

The ultimate controlling party is Minesto AB.

19 Related party transactions

The company is a wholly owned subsidiary member of its group and has therefore taken advantage of the provisions of Section 33. 1A of FRS 102 the "The Financial Reporting Standard applicable in the UK and Republic of Ireland" not to disclose transactions with entities that are wholly owned members of the group.

There were no other related party transactions to disclose.

20 Events after the financial period

There have been no significant events between the year end and the date of approval of these accounts which would require a change to, or disclosure in, the financial statements.