
SILVERWELL ENERGY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



LAKIN ROSE
CHARTERED ACCOUNTANTS

SILVERWELL ENERGY LIMITED

COMPANY INFORMATION

Directors	D R Chapchal D P Johnson N F Penney P Watson
Registered number	04109347
Registered office	Pioneer House Vision Park Histon Cambridge CB24 9NL
Independent auditors	Lakin Rose Limited Chartered Accountants & Statutory Auditors Pioneer House Vision Park Histon Cambridge CB24 9NL

SILVERWELL ENERGY LIMITED

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SILVERWELL ENERGY LIMITED
REGISTERED NUMBER: 04109347

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	6	238,400	175,209
		<u>238,400</u>	<u>175,209</u>
Current assets			
Stocks		890,547	1,034,918
Debtors: amounts falling due after more than one year	7	1,450,357	311,476
Debtors: amounts falling due within one year	7	695,844	652,785
Bank and cash balances		145,341	15,748
		<u>3,182,089</u>	<u>2,014,927</u>
Creditors: amounts falling due within one year	8	(317,357)	(549,270)
Net current assets		<u>2,864,732</u>	<u>1,465,657</u>
Total assets less current liabilities		<u>3,103,132</u>	<u>1,640,866</u>
Creditors: amounts falling due after more than one year	9	(27,040,300)	(21,061,998)
Net liabilities		<u>£ (23,937,168)</u>	<u>£ (19,421,132)</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		(23,937,169)	(19,421,133)
		<u>£ (23,937,168)</u>	<u>£ (19,421,132)</u>

SILVERWELL ENERGY LIMITED
REGISTERED NUMBER: 04109347

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

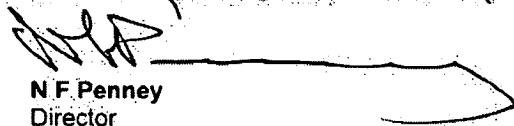
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

30 September 2019


N F Penney
Director

The notes on pages 3 to 10 form part of these financial statements.

SILVERWELL ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Silverwell Energy Limited ("the Company") is a private company limited by shares and is incorporated in England and Wales. The address of the registered office is St John's Innovation Park, Cowley Road, Cambridge, CB4 4WS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on the going concern basis which assumes that the Company will continue as a going concern for the foreseeable future.

Silverwell Energy Limited is a wholly owned subsidiary of Silverwell Technology Limited ("STL"). The Company continues to be supported by STL through a debt facility that will enable the Company to meet its liabilities as they fall due. STL's three major shareholders, Ki Corporation Limited, Lord Young of Graffham and Sir Lloyd Dorfman, have confirmed that they are collectively able to source, or in the event that funding cannot be sourced, are collectively willing to provide, such potential further funding to STL and the Company as is necessary to ensure that the companies remain going concerns for at least the next 12 months.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pound Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

SILVERWELL ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2.7 Pensions

The Company contributes to personal pension plans for employees and the pension charge represents the amount payable by the Company to such plans in respect of the period.

SILVERWELL ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.8 Taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations; when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 20% straight line
Plant and machinery	- 15% - 20% straight line
Fixtures and fittings	- 10% - 20% straight line
Computer equipment	- 10% - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

SILVERWELL ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

3. Other operating income

	2018 £	2017 £
Research and development expenditure credit	96,349	14,405
	<u>£ 96,349</u>	<u>£ 14,405</u>

4. Employees

The average monthly number of employees, including directors, during the year was 22 (2017 - 17).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on loss for the year	18,306	2,772
Adjustments in respect of previous periods	-	1,520
Total current tax	£ 18,306	£ 4,292
Deferred tax		
Total deferred tax	£ -	£ -
Taxation on profit on ordinary activities	£ 18,306	£ 4,292

Factors affecting tax charge for the year

The Company is eligible for research and development expenditure credit, and the tax charge for the year represents the restriction on the repayable tax credit.

Factors that may affect future tax charges

If the Company continues to be eligible for research and development expenditure credit then it is likely to suffer a tax charge in respect of the restriction on the repayable tax credit.

The Company has trading losses of approximately £21 million (2017 - approximately £16 million) carried forward which are available for relief against future trading profits.

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**NOTES TO THE FINANCIAL STATEMENTS
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6. Tangible fixed assets

	Leasehold property improvement £	Other fixed assets £	Total £
Cost or valuation			
At 1 January 2018	94,951	249,027	343,978
Additions	-	135,631	135,631
At 31 December 2018	<u>94,951</u>	<u>384,658</u>	<u>479,609</u>
Depreciation			
At 1 January 2018	56,096	112,673	168,769
Charge for the year on owned assets	8,905	63,535	72,440
At 31 December 2018	<u>65,001</u>	<u>176,208</u>	<u>241,209</u>
Net book value			
At 31 December 2018	<u>£ 29,950</u>	<u>£ 208,450</u>	<u>£ 238,400</u>
At 31 December 2017	<u>£ 38,855</u>	<u>£ 136,354</u>	<u>£ 175,209</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Debtors

	2018 £	2017 £
Due after more than one year		
Amounts owed by group undertakings	1,450,357	311,476
	<u>£ 1,450,357</u>	<u>£ 311,476</u>
Due within one year		
Other debtors	253,209	448,101
Prepayments and accrued income	442,635	204,684
	<u>£ 695,844</u>	<u>£ 652,785</u>

8. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	98,758	392,745
Other taxation and social security	66,693	66,305
Other creditors	19,285	17,264
Accruals and deferred income	132,621	72,956
	<u>£ 317,357</u>	<u>£ 549,270</u>

9. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Amounts owed to group undertakings	27,040,300	21,061,998
	<u>£ 27,040,300</u>	<u>£ 21,061,998</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2018 was unqualified.

The audit report was signed on 30/9/2019 by Christopher Dougherty (senior statutory auditor) on behalf of Lakin Rose Limited.