

Registered number: 04109347 (England and Wales)

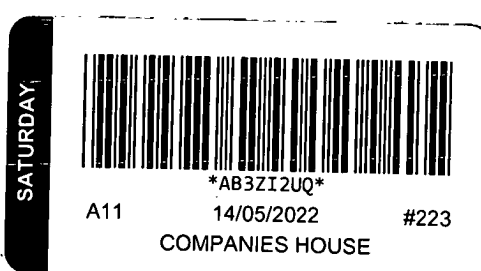
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**SILVERWELL ENERGY LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



# SILVERWELL ENERGY LIMITED

## COMPANY INFORMATION

<b>Directors</b>	D P Johnson J M M Sutherland (appointed 1 March 2021)
<b>Registered number</b>	04109347
<b>Registered office</b>	Pioneer House Vision Park Histon Cambridge CB24 9NL
<b>Independent auditor</b>	BDO LLP 16 The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ

# SILVERWELL ENERGY LIMITED

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# SILVERWELL ENERGY LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

### Dividends

The directors do not recommend payment of a dividend (2019 - £nil).

### Directors' responsibilities statement

The directors are responsible for preparing the directors' report 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website.

### Directors

The directors who served during the year and since the year end were:

D R Chapchal (resigned 14 June 2021)  
D P Johnson  
N F Penney (resigned 28 February 2021)  
P Watson (resigned 8 December 2020)

J M M Sutherland was appointed as a director on 1 March 2021

### Net liabilities

As at 31 December 2020, the Company had net liabilities of £31,370,308 (2019 - £28,339,813).

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**Disclosure of information to auditors**

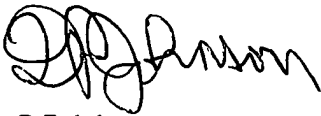
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 12 May 2022 and signed on its behalf.



**D P Johnson**  
Director

# SILVERWELL ENERGY LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SILVERWELL ENERGY LIMITED

### Qualified Opinion on the financial statements

In our opinion except for the possible effects of the matter described in the Basis for qualified opinion section: the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss 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.

We have audited the financial statements of Silverwell Energy Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the 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).

### Basis for qualified opinion

We were unable to attend the physical stock count on 31 December 2020. We were therefore unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 December 2020, which are included in the statement of financial position at £100,868 by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount or related amounts were necessary

The valuation of the Company's opening work in progress stock consists only of the raw material cost. No production costs or overheads were allocated to the recorded value as required by Financial Reporting Standard 102. We were unable to determine the value of additional costs that should have been included within the opening work in progress stock balance

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's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### *Independence*

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.

### Material uncertainty related to going concern

We draw your attention to note 2.2 of the financial statements which indicates that the Company will require additional funding in the next twelve months and that there is no certainty that sufficient funding will be secured within the necessary timescale. As stated in note 2.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter

**INDEPENDENT AUDITOR'S REPORT TO  
THE SHAREHOLDERS OF SILVERWELL ENERGY LIMITED (continued)**

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

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and financial statements 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. 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 course of 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. As described in the Basis for qualified opinion section of our report, our audit opinion is qualified for the valuation of the Company's opening work in progress and the inability to satisfy ourselves concerning the inventory quantities of £100,868 held at 31 December 2020. We have concluded that where the other information refers to the inventory balance, Work in progress or related balances such as cost of sales, it may be materially misstated for the same reason.

**Other Companies Act 2006 reporting**

Except for the possible effects of the matters described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

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

Except for the matters described in the basis for qualified opinion section of our report, 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 Directors' report.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the Company.

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

- 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
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SILVERWELL ENERGY LIMITED (continued)**

### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement, 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 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 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.

### **Auditor's 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

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.

- We obtained an understanding of the legal and regulatory framework applicable to the Company, through discussions with the Directors and management and from our general commercial experience. We determined which laws and regulations were of most significance in the context of the Company and which are directly relevant to specific assertions in the financial statements, being United Kingdom Accounting Standards (Financial Reporting Standard 102), and applicable law (the Companies Act 2006 and tax legislation).
- We understood how the Company is complying with those legal and regulatory frameworks, by making enquiries to management, and the Directors of known or suspected instances of non-compliance with laws and regulations. We corroborated our enquiries through our review of board minutes. We reviewed the financial statement disclosures to assess compliance with the relevant laws and regulations discussed above. We remained alert to any indications of non-compliance throughout the audit.
- We ensured that the audit engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.
- We obtained an understanding of the Company's current activities, including an understanding of its control environment.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by discussing with management and the Directors to understand where it is considered there was a susceptibility of fraud.
- We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.
- Audit procedures performed in response to the assessment above included: Discussions with management of known or suspected instances of fraud; Evaluation of management's controls designed to prevent and detect irregularities; Challenging assumptions made by management in their significant accounting estimates including, but not limited to, valuation of inventory, estimation of trade and intercompany debtor recoverability and the recognition of revenue; Identifying and testing the appropriateness of journal entries; Evaluating the business rationale of any significant transactions that were unusual or outside the normal course of business.



**• INDEPENDENT AUDITOR'S REPORT TO  
• THE SHAREHOLDERS OF SILVERWELL ENERGY LIMITED (continued)**

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://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 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed

DocuSigned by:

*Tracey Keeble*

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Tracey Keeble (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Ipswich, UK

Date 12 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# SILVERWELL ENERGY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover		129,403	1,579,355
Cost of sales		(129,403)	(1,580,459)
<b>Gross profit/(loss)</b>		-	(1,104)
Research and development expenses		(276,929)	(527,624)
Administrative expenses	5	(2,796,717)	(3,873,917)
Other operating income	7	43,151	-
<b>Operating loss before tax</b>		(3,030,495)	(4,402,645)
Tax on loss	8	-	-
<b>Loss for the financial year</b>		(3,030,495)	(4,402,645)

The result is from continuing operations.

There was no other comprehensive income for 2020 (2019: £nil).

The notes on pages 11 to 18 form part of these financial statements.

# SILVERWELL ENERGY LIMITED

Registered number: 04109347 (England and Wales)

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 £	2020 £	2019 restated £	2019 restated £
<b>Fixed assets</b>					
Tangible assets	9		247,883		145,906
			<u>247,883</u>		<u>145,906</u>
<b>Current assets</b>					
Stocks	10	100,868		129,683	
Debtors: amounts falling due within one year	11	3,709,340		4,473,875	
Bank and cash balances		24,405		113,081	
		<u>3,834,613</u>		<u>4,716,639</u>	
Creditors: amounts falling due within one year	12	(35,452,804)		(33,202,358)	
<b>Net current liabilities</b>			(31,618,191)		(28,485,719)
<b>Total assets less current liabilities</b>			<u>(31,370,308)</u>		<u>(28,339,813)</u>
<b>Net liabilities</b>			<u>(31,370,308)</u>		<u>(28,339,813)</u>
<b>Capital and reserves</b>					
Called up share capital			1		1
Profit and loss account			(31,370,309)		(28,339,814)
			<u>(31,370,308)</u>		<u>(28,339,813)</u>

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



**D P Johnson**

Director

12 May 2022

The notes on pages 11 to 18 form part of these financial statements.

# **SILVERWELL ENERGY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **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 Pioneer House, Vision Park, Histon, Cambridge, CB24 9NL.

#### **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 preparation of financial statements in compliance with FRS 102 Section 1A Small Entities requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

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. The directors have prepared annual budgets and cash flow projections that extend beyond twelve months from the date of this report. The Company will require further funding in the next twelve months and there is no certainty that the necessary funding can be secured within this timescale. A material uncertainty therefore exists concerning the Company's ability to continue as a going concern.

Silverwell Energy Limited is a wholly owned subsidiary of Silverwell Technology Limited ("STL") which continues to support the Company. Several of STL's major shareholders, Sir Lloyd Dorfman and connected parties and subsidiaries of Ki Corporation Limited, funded STL through 2020 and into 2021 under the terms of a series of loan agreements. In March 2021 STL secured a new \$8.0 million loan facility from certain of its shareholders and this was fully drawn in September 2021. Further shareholder loans of \$4.5 million have been received in 2021 but further funding will be needed to ensure that STL and the Company remain going concerns for at least the next twelve months. Discussions regarding further funding are continuing between STL and several parties, but there is no certainty the funding will be secured within the necessary timescale. These conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realise its assets and discharge its liabilities in the normal course of business.

Whilst acknowledging this material uncertainty, the directors remain confident of raising any additional funds required and therefore the directors consider it appropriate to prepare the financial statements on a going concern basis.

In 2020, the COVID-19 pandemic caused disruption due to travel restrictions, but this was mitigated by making more use of our in-country technical partners. Some disruption was experienced in 2021 but the problems have now receded. The withdrawal of the UK from the European Union on 31 January 2020 has had no effect on the Company or Group. The directors have considered current events in Ukraine and note that these have no effect on the going concern and operations of the Company or Group.

The financial statements do not include the adjustments which would arise if the Company was not considered to be a going concern.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

### **2. Accounting policies (continued)**

#### **2.3 Foreign currency translation**

##### **2.3.1 Functional and presentation currency**

The Company's functional and presentational currency is Pound Sterling

##### **2.3.2 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.

#### **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:

##### **2.4.1 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.

##### **2.4.2 Accrued and deferred income**

Accrued income is recognised in current assets on the statement of financial position and income is recognised as earned for sales where goods or services are supplied to a customer but not yet invoiced. Deferred income is recognised in current liabilities on the statement of financial position when payment is received from a customer for goods or services to be supplied in the future.

#### **2.5 Government grants**

Grant income, such as government Coronavirus Job Retention Scheme ("furlough") receipts, is recognised in other operating income in the periods in which the costs for which the grant is intended to compensate are recognised.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

#### **2. Accounting policies (continued)**

##### **2.6 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.

##### **2.7 Research and development**

Research and development expenditure is expensed in the year in which it is incurred. If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only. Claims for research and development tax reliefs or expenditure credits are recognised at the full amount of the claim in the year to which the claim relates.

##### **2.8 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.

##### **2.9 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.

##### **2.10 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.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

### **2. Accounting policies (continued)**

#### **2.10 Tangible fixed assets (continued)**

Depreciation is provided on the following basis:

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

#### **2.11 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. Cost of finished goods includes 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.

As noted in the audit opinion, the opening work in progress recorded by the Company does not include an attributed portion of production costs or attributable overheads which is contrary to the requirements of FRS 102.

#### **2.12 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.

#### **2.13 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.

At the end of each reporting period financial assets, including loans to subsidiaries, are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at a market rate of interest. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal amount is limited such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have determined whether there are indicators of impairment of amounts owed by group undertakings. Factors taken into consideration in reaching such a decision include the economic viability of the individual subsidiaries and the future ability to repay the cost of investment. The directors have reviewed the value of amounts owed by group undertakings at the year end and where appropriate, impaired the carrying value in the Company.

### 4. Prior Period adjustments

A prior period adjustment has been recognised to reclassify trade debtors of £65,231 which were incorrectly shown as intercompany debtors. This resulted in intercompany debtors being overstated by £65,231 while trade debtors were understated by the same amount. The impact on the profit for the comparative period is £Nil, and there is no impact on retained earnings.

A prior period adjustment has been recognised to reclassify intercompany creditors of £396,332 which were incorrectly shown as trade creditors. This resulted in intercompany creditors being understated by £396,332 while trade creditors were overstated by the same amount. The impact on the profit for the comparative period is £Nil, and there is no impact on retained earnings.

A prior period adjustment has been recognised to reclassify intercompany debtors of £3,688,465 and intercompany creditors of £32,756,130 which were incorrectly shown as balances due after more than one year. This resulted in intercompany debtors and creditors due after more than one year being overstated by £3,688,465 and £32,756,130 respectively, while Intercompany debtors and creditors due within one year were understated by the same amounts. The impact on the profit for the comparative period is £Nil, and there is no impact on retained earnings.

### 5. Administrative expenses

Administrative expenses include a £94,611 (2019: £410,717) impairment charge against loans to subsidiaries.

The auditors remuneration is borne by Silverwell Technology Limited, The parent company. A detailed analysis of audit fees has not been disclosed in accordance with exemption available to businesses which are included in consolidated accounts.

### 6. Employees

The average monthly number of employees, including directors, during the year was 13 (2019 - 19).

### 7. Other operating income

Other operating income comprises grant income received from the government Coronavirus Job Retention Scheme (furlough scheme).

	2020 £	2019 £
Job Retention Scheme income	43,151	-
<b>Total</b>	<b>43,151</b>	-



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

**8. Taxation**

**Factors affecting tax charge for the year**

None.

**Factors that may affect future tax charges**

The Company has tax losses of approximately £28 million (2019 - approximately £25 million) carried forward which are available for relief against suitable future taxable profits.

**9. Fixed assets**

	<b>Tangible</b>		
	<b>Leasehold property improvements</b>	<b>Other fixed assets</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 January 2020	<b>91,244</b>	<b>284,816</b>	<b>376,060</b>
Additions	269,229	18,658	287,887
Disposals	(94,951)	(217,639)	(312,590)
At 31 December 2020	<b>265,522</b>	<b>85,835</b>	<b>351,357</b>
<b>Depreciation</b>			
At 1 January 2020	<b>72,988</b>	<b>157,166</b>	<b>230,154</b>
Charge for the year	59,760	53,976	113,736
Disposals	(79,644)	(160,772)	(240,416)
At 31 December 2020	<b>53,104</b>	<b>50,370</b>	<b>103,474</b>
<b>Net book value</b>			
At 31 December 2020	<b>212,418</b>	<b>35,465</b>	<b>247,883</b>
At 31 December 2019	<b>18,256</b>	<b>127,650</b>	<b>145,906</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

### 10. Stocks

Stock comprises components for manufacture of finished goods.

### 11. Debtors

	2020	2019 <i>Restated</i>
	£	£
<b>Due within one year</b>		
Trade debtors	394	65,231
Other debtors	39,300	103,911
Prepayments and accrued income	306,230	616,268
Amounts owed by group undertakings	3,363,416	3,688,465
	<u>3,709,340</u>	<u>4,473,875</u>

Amounts owed by group undertakings are interest free and repayable on demand. After the balance sheet date the repayment date of the loans was revised to 31 December 2024.

### 12. Creditors: Amounts falling due within one year

	2020	2019 <i>Restated</i>
	£	£
Trade Creditors	287,387	143,454
Amounts owed to group undertakings	34,536,567	32,756,130
Other taxation and social security	550,638	105,718
Accruals and deferred income	78,212	197,056
	<u>35,452,804</u>	<u>33,202,358</u>

Amounts owed by group undertakings are interest free and repayable on demand. After the balance sheet date the repayment date of the loans was revised to 31 December 2024.

### 13. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £85,115 (2019 - £102,659). Contributions totalling £7,528 (2019 - £10,976) were payable to the fund at the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

### 14. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	142,415	82,605
Later than 1 year and not later than 5 years	138,123	280,538
	<u>280,538</u>	<u>363,143</u>

### 15. Related party transactions

The smallest group in which the results of the Company are consolidated is that headed by Silverwell Technology Limited, whose registered office address is the same as that of the Company.

The directors did not receive any dividends during 2020 (2019 - £nil).

The total remuneration paid to directors for services to the Company was £643,283 (2019 - £718,374).

### 16. Subsequent events

The Company is a wholly owned subsidiary of Silverwell Technology Limited ("STL") which continues to support the Company.

In March 2021 STL entered into a new secured loan facility for an amount of up to \$8.0 million with certain of its shareholders. The loan was fully drawn in September 2021. In 2022 to date STL has received further shareholder loans totalling \$4.5 million.