

Registered number: 07555858

**FIRST LIGHT FUSION LIMITED  
DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**First Light Fusion Limited**  
**Directors' Report and Financial Statements**  
**For The Year Ended 31 March 2021**

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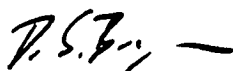
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**First Light Fusion Limited**  
**Statement of Financial Position**  
**As at 31 March 2021**

		2021	2020
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible Assets	5	2,610,351	870,965
		<u>2,610,351</u>	<u>870,965</u>
<b>CURRENT ASSETS</b>			
Stock	6	191,393	-
Debtors: amounts falling due after more than one year	7	390,217	321,268
Debtors: amounts falling due within one year	7	2,004,267	1,601,079
Cash in bank and in hand		13,282,229	1,427,574
		<u>15,868,106</u>	<u>3,349,921</u>
<b>Creditors: Amounts Falling Due Within One Year</b>	8	<u>(1,214,684)</u>	<u>(559,543)</u>
<b>NET CURRENT ASSETS (LIABILITIES)</b>		<u>14,653,422</u>	<u>2,790,378</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>17,263,773</u>	<u>3,661,343</u>
<b>Creditors: Amounts Falling Due After More Than One Year</b>	9	<u>(300,000)</u>	<u>(100,000)</u>
<b>NET ASSETS</b>		<u>16,963,773</u>	<u>3,561,343</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital		946	687
Share premium account		44,161,659	25,493,327
Other reserves		3,082,251	3,187,682
Income Statement		(30,281,083)	(25,120,353)
<b>SHAREHOLDERS' FUNDS</b>		<u>16,963,773</u>	<u>3,561,343</u>

These 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 **29 July 2021** by



D S Bryon (Director)

The notes on pages 2 – 8 form part of these financial statements

**First Light Fusion Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2021**

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## **1. General Information**

First Light Fusion Limited is a private company, limited by shares, incorporated in England & Wales, registered number 07555858. The registered office is Unit 10 Oxford Industrial Park, Mead Road, Yarnton, Oxfordshire, OX5 1QU.

## **2. Accounting Policies**

### **2.1. Basis of Preparation of Financial Statements**

The financial statements of the Company 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**

As at 30<sup>th</sup> June 2021 the company had £11.1 million in cash and deposits. The Directors have prepared forecasts through to 31 July 2022 (the going concern period) and the company is able to meet its' liabilities as they fall due during this period. The Directors have considered whether the planned expenditure might exceed the amounts forecast and have not identified any risks that this might occur. The Directors have considered the planned expenditure beyond the going concern period and note that under the current spending plans this is expected to last until at least the end of November 2022 whereupon additional funding shall be required. This funding expected to come from new equity investment. The interest in clean energy technologies is high, and this has been reflected in the high levels of actual and proposed investment into the sector. The company's progress is such, and the market demand strong enough, that the directors are confident that the company shall be able to raise additional investment within the next 12 months.

### **COVID 19**

The company has been affected by Covid-19, but due to agility and planning flexibility, the impact of this has been low. The company was well prepared for the pandemic and has considerable expertise in managing H&S and have more than adequate space to allow for social distancing. This allowed the physical work to continue on site, and no cases of COVID 19 transmission were recorded at the premises.

There has also been minimal financial impact from the lockdown, as there have been savings from reduced burn rate and staff furlough. Productivity has, though, been compromised slightly due to the restricted office working conditions, and considerable effort has gone in to enabling this transition, but the expected productivity loss is estimated to be between 3 weeks and a month in this financial year.

With the progress in vaccinations and the unlocking of restrictions within the UK, we do not expect the coming year to be impacted by COVID 19.

### **2.3. Tangible Fixed Assets and Depreciation**

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 attributed 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 over their estimated useful lives, using the straight-line method. Depreciation is provided on the following basis:

Leasehold	Straight line over 4 years
Plant & Machinery	Straight line over 4 years
Fixtures & Fittings	Straight line over 4 years
Computer Equipment	Straight line over 4 years

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

**First Light Fusion Limited**  
**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 March 2021**

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## **2.4. Operating Leases**

Rentals payable under operating leases, including incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

## **2.5. Financial Instruments**

The Company has elected to apply the provisions of Section 11 'Basic Finance Instruments' and Section 12 'Other Financial Instrument Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the Company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **Basic financial assets**

Basic financial assets which include debtor and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financial transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised as transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

## **2.6. Foreign Currency Translation**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of comprehensive income for the period.

**First Light Fusion Limited**  
**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 March 2021**

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## **2.7. Taxation**

Due to continuing losses, there is no charge to corporation tax. The Company recognises R&D Tax Credits on an accruals basis when an accurate precision can be made.

### **Deferred Tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

## **2.8. Pensions**

Payments to defined contribution retirement benefit schemes are charged as the service is provided.

## **2.9. Government Grant**

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

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

## **2.10. Share based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

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

## **2.11. Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

## **2.12. Research and development**

Research expenditure is written off against profits in the year in which it is incurred, identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated,

## **2.13. Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**First Light Fusion Limited**  
**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 March 2021**

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**2.14. Interest Income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**2.15. Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

**2.16. Registrar Filing Requirements**

The company has taken advantage of Companies Act 2006 section 444(1) and opted not to file the income statement, directors report, and notes to the financial statements relating to the income statement. The notes which are not included have been hidden but original note numbering has remained the same for those that are present.

**3. Operating Loss**

The operating loss is stated after charging:

	2021	2020
	£	£
Audit fees	35,000	35,000
Depreciation of tangible fixed assets	<u>584,785</u>	<u>718,167</u>

**4. Average Number of Employees**

Average number of employees, including directors, during the year was 46 (2020 – 42).

The directors have taken the exemption under section 1A of FRS 102 to not disclose director's remuneration as it was concluded under normal market conditions.

**First Light Fusion Limited**  
**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 March 2021**

**5. Tangible Assets**

	<b>Land &amp; Property</b>				
	<b>Leasehold</b>	<b>Plant &amp; Machinery</b>	<b>Fixtures &amp; Fittings</b>	<b>Computers</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
As at 1 April 2020	474,455	1,931,168	58,691	587,572	3,051,886
Additions	42,947	1,186,630	82,077	1,012,517	2,324,171
As at 31 March 2021	517,402	3,117,798	140,768	1,600,089	5,376,057
<b>Depreciation</b>					
As at 1 April 2020	381,034	1,393,989	42,873	363,025	2,180,921
Provided during the period	88,422	300,745	16,057	179,561	584,785
As at 31 March 2021	469,456	1,694,734	58,930	542,586	2,765,706
<b>Net Book Value</b>					
As at 31 March 2021	47,946	1,423,064	81,838	1,057,503	2,610,351
As at 1 April 2020	93,421	537,179	15,818	224,547	870,965

**6. Stock**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Consumables	191,393	-
	<b>191,393</b>	<b>-</b>



**First Light Fusion Limited**  
**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 March 2021**

**7. Debtors**

	2021	2020
	£	£
<b>Due within one year</b>		
Prepayments and accrued income	496,411	355,828
Other debtors	284,609	74,017
Corporation tax recoverable assets	1,223,247	1,171,234
	<u>2,004,267</u>	<u>1,601,079</u>
<b>Due after more than one year</b>		
Other debtors: amount falling due after more than one year	292,516	212,516
Prepayments: amount falling due after more than one year	97,701	108,752
	<u>390,217</u>	<u>321,268</u>

**8. Creditors: Amounts Falling Due Within One Year**

	2021	2020
	£	£
Trade creditors	501,669	213,960
Other taxes and social security	97,171	107,350
Other creditors	7,389	7,249
Accruals and deferred income	608,455	230,984
	<u>1,214,684</u>	<u>559,543</u>

**9. Creditors: Amounts Falling Due After More Than One Year**

	2021	2020
	£	£
Accruals and deferred income	300,000	100,000
	<u>300,000</u>	<u>100,000</u>

**First Light Fusion Limited**  
**Notes to the Financial Statements (continued)**  
**For the Year Ended 31 March 2021**

**10. Share Capital**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid	916	657
916,286 (2020 – 656,806) Ordinary shares of £0.001 each	30	30
29,529 (2020 – 29,529) Ordinary A shares of £0.001 each	<u>946</u>	<u>687</u>

During the year the Company has allotted and issued 259,480 ordinary shares of £0.001 for a total nominal value of £259.48 and consideration received of £18,863,905.20.

**11. Commitments under operating leases**

At 31 March 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

<b>2021</b>	<b>2020</b>
<b>£</b>	<b>£</b>
<u>1,743,570</u>	<u>325,050</u>

**12. Related party transactions**

The directors consider all transactions with related parties to have been concluded under normal market conditions.

**13. Audit Information**

The auditors' report on the account of First Light Fusion Limited for the year ended 31 March 2021 was unqualified. The auditors' report was signed on 29<sup>th</sup> July 2021 by David Hales (Senior statutory auditor) on behalf of Ernst & Young LLP.