

Company Registration No. 10008820 (England and Wales)

Freschfield PLC
Annual Report And Financial Statements
For The Period Ended 31 August 2018

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FRESCHFIELD PLC

COMPANY INFORMATION

Directors	Dr R A St James Ms J Hill	(Appointed 14 May 2018)
Secretary	@UKPLC Client Secretary Ltd.	
Company number	10008820	
Registered office	Triune Court Monks Cross Drive York YO32 9GZ	
Auditor	Garbutt & Elliott Audit Limited 33 Park Place Leeds LS1 2RY	

FRESCHFIELD PLC

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FRESCHFIELD PLC

STRATEGIC REPORT FOR THE PERIOD ENDED 31 AUGUST 2018

The directors present the strategic report for the period ended 31 August 2018.

Fair Review Company Business

Freschfield makes smart advanced building skins for sustainable building worldwide. By integrating the clean energy system into the structural envelope, any part of the structure can become part of the building's smart kinetic energy envelope collective, thereby, maximising energy generation and distribution to achieve a ZNE and/or NEP building outcome.

In the field of renewable energy, currently there is no solution offering a seamless integration of smart and sustainable energy systems throughout the entire exterior of a building, be it both for transparent and non-transparent surfaces, on all of the building facades, regardless of angle and shading.

Solar Panels are not efficient and flexible enough to offer such a solution. The current Solar Panel & Li-ion battery industries are still dependent on extremely "dirty" methods, using rare elements, whose extraction processes are extremely damaging to the environment, and precisely this issue is being often used as an argument against the so-called "green energy". Energy self-sustaining clusters in new and existing cities built with our SmartSkinz technology will mean phasing out of conventional power plants and not having to invest in such new costly polluting power infrastructure scenarios.

The advanced skins are now in the transition to commercial pilot development stage and the company is pre-revenue at the date of this report.

Company Objectives & Commercial Market Strategy

Freschfield offers a solution that's built from the ground up, having taken in mind all of the major industry problems, using an entirely "green" technology, not dependent on "dirty elements", focused on a set of fully-functional smart building elements, which can be installed on entire buildings without sacrificing their design or functionality.

Our Smart Skinz are using a cutting-edge quantum dot technology that offers both a transparent (iSkin) and opaque (iFiber) solutions, offering higher efficiency than all current technologies by capturing the spectrum of infrared and ultraviolet light.

The main objective is to manufacture prototypes and either license to manufacturers or to manufacture directly. R&D is being carried out to enable production and establishment of an intelligent supply chain and the costs in the accounts reflect this definitive spend.

In the last thirty years many buildings with innovative building skins have been built as prototypes. Since that time a lot of practical findings have emerged that should be considered in future product development, as well as in the process of planning, building and operating building skins. The building skin is mainly relevant for the buildings fitness for purpose and durability. The acceptance of new concepts for ZNE advanced building skins is closely linked to the quality of comfort, as well as the well being of people inhabiting the building space.

Further, an important part of this new holistic approach is the principle of convergence within modular component façade units that enables designers, producers and maintenance companies to achieve more sustainable solutions. In combination with advanced computational methods and a seamless digital process chain, this new approach not only eliminates the unnecessary and useless consumption of energy, material, time and money in design, construction, operation and maintenance, but also guarantees consistent quality of building outcomes.

Freschfield during the times relevant to this instant audit have achieved PPT patent protection in terms of the following technologies i SKIN, i FIBER, Plasma sonic Energy membrane and Nano core Reactor technologies, commonly referred to as "SMART Skinz".

Current trends affecting and directly impacting the business include government targets for reduced CO2 emissions and neutral zero carbon emission buildings. This is a high growth industry for suitable technology and products. There will be competition from clean energy firms, materials firms and construction firms and from new entrants to the market who will attempt to copycat the technology. Protection of the IP is paramount.

FRESCHFIELD PLC

STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

Performance During the Year

Currently R&D costs are the main cost driver included in the accounts necessary to build commercially viable prototypes. Development costs have been capitalised on the Balance Sheet as this investment is expected to generate future economic benefits.

R&D is essential before manufacture begins. Cashflow is all expenditure for this period.

Performance At The Year End

The current financial position is somewhat problematic as illustrated by the current Balance Sheet following the profitable first year of activity, largely due to the R&D tax credits generating profit and the development costs being capitalised.

There is no cash held and there is a loan due to Freschfield Corporation in the USA.

R&D will continue at an increased level for the following year. New offices and a manufacturing partnerships will come on line within the next 12 months. Once the product is available the turnover is expected to increase at a rapid pace and R&D costs will decrease. Therefore, profits are also expected to increase over the next 12 months as a result of new commercial market pilots and planned collaborations with large institutional partners in both the built world and renewable energy spaces.

Key Performance Indicators

Once the product is ready for commercialization, KPIs will include overall P&L accountability, focused quarterly performance outcomes, targeted turnover, gross profit, net profit before tax, return on investment, current ratio, employee turnover, earnings per employee, R&D milestones, debtors days, creditor days.

At the current development stage, the main KPIs are R&D milestones and progression in development of commercial market relationships, technology and prototypes.

Development costs are capitalised in the balance sheet as intangible assets and at the period end date these were £2,843,086 (28 February 2018 - £1,768,731).

Principal Risks and Uncertainties

Risk is identified and assessed by the Board and managed according to severity and likelihood of occurrence. There are a small number of risks and a large number of complex uncertainties.

Risk and uncertainty from market conditions are considered to be minimal. There are more risks from potential new competitors but there are high costs that act as a barrier to entry.

The growth plan is aggressive but the risk is minimal once the technology has been proved.

There is minimal risk from exchange rates as the only overseas transactions are with Freschfield Corporation in the USA and these will be transacted to match the sterling amounts in the accounts.

There are currently no supply chain or bad debts risks and this will be reviewed going forwards. Risks are mitigated according to the risk type. Insurance is the main mitigation.

On behalf of the board



Dr R A St James
Director

18 January 2019

FRESHFIELD PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 AUGUST 2018

The directors present their annual report and financial statements for the period ended 31 August 2018.

Principal activities

The principal activity of the company is the development of smart solar hydrogen advanced building skins.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Dr R A St James	
Ms J Bickerdyke	(Appointed 11 May 2018 and resigned 14 December 2018)
Ms J Hill	(Appointed 14 May 2018)
Mr K K Bhattacharya	(Resigned 14 May 2018)
Mr D Doganov	(Appointed 7 March 2018 and resigned 10 May 2018)
Mr K D Doganov	(Resigned 10 May 2018)

Results and dividends

The results for the period are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Garbutt & Elliott Audit Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Dr R A St James

Director

18 January 2019

FRESCHFIELD PLC

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2018

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then 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;
- 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 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.

FRESHFIELD PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FRESHFIELD PLC

Disclaimer of opinion

We were engaged to audit the financial statements of Freshfield PLC (the 'company') for the period ended 31 August 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements. Because of the significance of the matter described in the 'Basis for Disclaimer of Opinion' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The company's design development costs are carried as an intangible asset at £2,843,086 on the company's statement of financial position. We were unable to satisfy ourselves in regards to the appropriateness of the carrying value of this intangible asset as the product under development is still at an early stage such that we were unable to ascertain the commercial viability and accordingly what future economic benefits would be generated.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the strategic report and the directors' report.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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:

- 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.

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.

FRESHFIELD PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF FRESHFIELD PLC

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

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.

Garbutt & Elliott Audit Limited

Matthew Grant (Senior Statutory Auditor)
for and on behalf of Garbutt & Elliott Audit Limited

18 January 2019

Chartered Accountants
Statutory Auditor

33 Park Place
Leeds
LS1 2RY

FRESCHFIELD PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 AUGUST 2018

		Period ended 31 August 2018 £	Year ended 28 February 2018 £
	Notes		
Administrative expenses		(333,990)	(279,955)
Finance costs	5	(2,249)	-
Loss before taxation		(336,239)	(279,955)
Tax on loss	6	138,211	334,968
(Loss)/profit for the financial period		(198,028)	55,013

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

FRESCHFIELD PLC

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2018

	Notes	2018 £	£	2018 £	£
Non-current assets					
Intangible assets	7		2,843,086		1,768,731
Current assets					
Trade and other receivables	9	1,641,790		390,141	
Cash and cash equivalents		167,728		-	
		<u>1,809,518</u>		<u>390,141</u>	
Current liabilities	10	(790,466)		(2,053,859)	
Net current assets/(liabilities)			<u>1,019,052</u>		<u>(1,663,718)</u>
Total assets less current liabilities			<u>3,862,138</u>		<u>105,013</u>
Non-current liabilities	11		(3,955,153)		-
Net (liabilities)/assets			<u>(93,015)</u>		<u>105,013</u>
Equity					
Called up share capital	14	50,000		50,000	
Retained earnings		(143,015)		55,013	
Total equity			<u>(93,015)</u>		<u>105,013</u>

The financial statements were approved by the board of directors and authorised for issue on 18 January 2019 and are signed on its behalf by:



Dr R A St James
Director

Company Registration No. 10008820

FRESCHFIELD PLC

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 2018

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 March 2017		2	-	2
Period ended 28 February 2018:				
Profit and total comprehensive income for the period		-	55,013	55,013
Issue of share capital	14	49,998	-	49,998
Balance at 28 February 2018		50,000	55,013	105,013
Period ended 31 August 2018:				
Loss and total comprehensive income for the period		-	(198,028)	(198,028)
Balance at 31 August 2018		50,000	(143,015)	(93,015)

FRESCHFIELD PLC

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 AUGUST 2018

	Notes	2018 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	17	(214,268)		32,476	
Interest paid		(2,249)		-	
Income taxes refunded/(paid)		286,566		-	
Net cash inflow from operating activities		70,049		32,476	
Investing activities					
Development of intangible assets		(1,074,355)		(1,768,731)	
Net cash used in investing activities		(1,074,355)		(1,768,731)	
Financing activities					
Loan from connected company		1,172,034		1,736,255	
Net cash generated from financing activities		1,172,034		1,736,255	
Net increase in cash and cash equivalents		167,728		-	
Cash and cash equivalents at beginning of period		-		-	
Cash and cash equivalents at end of period		167,728		-	

FRESCHFIELD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies

Company information

Freschfield PLC is a private company limited by shares incorporated in England and Wales. The registered office is Triune Court, Monks Cross Drive, York, YO32 9GZ.

1.1 Accounting convention

These financial statements have been prepared in accordance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

In the period the company recorded a loss of £146,625 and at the balance sheet date had net liabilities of £41,612. During the year the company invested £1,074,355 in research and design development with regards to the Smart Skinz project. In addition to this expenditure, the operation of the company absorbed cash of £214,268 during the 6 month period. At the period end the company had cash of £167,728 and an estimated research and development tax credit due of £186,612. There is no certainty on what sales will be raised and what cash will be received from sales post year end as the company is still in a product development stage. In light of this, and the continued expansion of operations and the employment of an additional member of staff post year end, the company's ability to continue operating, and to continue its investment in design development, is dependent on access to additional funds. As per the last bank statement received, the company held £11,845 on the 19 November 2018.

A letter of support has been provided by a connected company, Freschfield Corporation, a company incorporated in the USA.

Future funding and capital is being sought from third party investors by a share offering, which is in line with the business cycle of similar clean technology start-ups. Per the company's business plan, \$17,600,000 of share capital is targeted to be raised, however none has been issued to date.

On the basis of the proposed future share sale, together with the connected company support, the directors are confident that the company is a going concern and has the ability to meet its liabilities as they fall due, and therefore believe it is appropriate to prepare the financial statements on a going concern basis. The accounts do not include any adjustments that would be necessary if the company was not a going concern.

1.3 Reporting period

The company has prepared its financial statements for the six month period ending 31 August 2018, while comparative amounts represent the twelve months ending 28 February 2018.

1.4 Research and development expenditure

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.

FRESHFIELD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

Intangible assets developed separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets developed on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Development costs

See below

No amortisation is charged in the year as the product relating to these development costs was not available for use at the year end. Amortisation is to be charged from the month the product becomes fully developed, and becomes available for use.

1.6 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position 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 trade and other receivables 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 financing 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2018**

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 the asset's original effective interest rate. 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 is 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 trade and other payables and loans from connected companies, are initially recognised at 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 payables are obligations to pay for goods or 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

FRESCHFIELD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

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

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 income statement, 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.

FRESCHFIELD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.10 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 non-current 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.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end 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 income statement for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Development costs capitalised

Development costs which have been identified as meeting the criteria of section 18 of FRS 102, specifically paragraph 8H, have been capitalised and recognised as an asset within the Statement of Financial Position. The directors have made a critical judgement by identifying expenses specifically relating to the development of the 'SmartSkinz' product developed by the company, to the extent that the technical, commercial and financial feasibility can be demonstrated. No amortisation is charged as the 'SmartSkinz' product was not available for use at the year end.

3 Operating loss

	2018	2018
	£	£
Operating loss for the period is stated after charging:		
Exchange losses	63,739	114
Fees payable to the company's auditor for the audit of the company's financial statements	2,500	2,500
Operating lease charges	10,773	55,552
	<u> </u>	<u> </u>

FRESCHFIELD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

4 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2018 Number	2018 Number
Directors	6	3

Their aggregate remuneration comprised:

	2018 £	2018 £
Wages and salaries	53,333	-
Social security costs	3,779	-
Pension costs	67	-
	57,179	-

The above figure includes non-executive directors

5 Finance costs

	2018 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	2,249	-

6 Taxation

	2018 £	2018 £
Current tax		
UK corporation tax on profits for the current period	(186,613)	(334,968)
Adjustments in respect of prior periods	48,402	-
Total current tax	(138,211)	(334,968)

FRESHFIELD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

6 Taxation (Continued)

The actual credit for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	2018 £	2018 £
Loss before taxation	(336,239)	(279,955)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.08%)	(63,885)	(53,415)
Unutilised tax losses carried forward	63,885	53,415
Research and development tax credit	(186,613)	(334,968)
Under/(over) provided in prior years	48,402	-
Taxation credit for the period	(138,211)	(334,968)

7 Intangible fixed assets

	Development costs £
Cost	
At 1 March 2018	1,768,731
Additions - separately developed	1,074,355
At 31 August 2018	2,843,086
Amortisation and impairment	
At 1 March 2018 and 31 August 2018	-
Carrying amount	
At 31 August 2018	2,843,086
At 28 February 2018	1,768,731

8 Financial instruments

	2018 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,207,825	50,000
Carrying amount of financial liabilities		
Measured at amortised cost	3,755,549	2,053,859

FRESCHFIELD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

9 Trade and other receivables

	2018 £	2018 £
Amounts falling due within one year:		
Trade receivables	990,097	-
Unpaid share capital	50,000	50,000
Corporation tax recoverable	186,613	334,968
Other receivables	19,728	5,173
Prepayments and accrued income	395,352	-
	<u>1,641,790</u>	<u>390,141</u>

10 Current liabilities

	2018 £	2018 £
Trade payables	100,879	14,510
Other taxation and social security	9,256	-
Other payables	137,382	1,740,907
Accruals and deferred income	542,949	298,442
	<u>790,466</u>	<u>2,053,859</u>

11 Non-current liabilities

	Notes	2018 £	2018 £
Deferred income	12	980,814	-
Other payables		2,974,339	-
		<u>3,955,153</u>	<u>-</u>

12 Deferred income

	2018 £	2018 £
Other deferred income	980,814	-
	<u>980,814</u>	<u>-</u>

13 Retirement benefit schemes

	2018 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	67	-
	<u>67</u>	<u>-</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

FRESCHFIELD PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2018

14 Share capital

	2018 £	2018 £
Ordinary share capital		
Issued and not fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

All 50,000 Ordinary shares of £1 each are issued but not fully paid.

15 Related party transactions

The following amounts were outstanding at the reporting end date:

	2018 £	2018 £
Amounts due to related parties		
Entities with common control	2,974,339	1,736,255

The above balance is included within non-current liabilities; other payables, and is payable within one year of the year end date.

16 Directors' transactions

At the year end, an amount of £137,382 (February 2018 - £4,652) was included in current liabilities in relation to loans received from the directors of the company.

17 Cash generated from operations

	2018 £	2018 £
(Loss)/profit for the period after tax	(198,028)	55,013
Adjustments for:		
Taxation credited	(138,211)	(334,968)
Finance costs	2,249	-
Movements in working capital:		
(Increase) in trade and other receivables	(1,400,004)	(5,173)
Increase in trade and other payables	538,912	317,604
Increase in deferred income	980,814	-
Cash (absorbed by)/generated from operations	(214,268)	32,476