

Registered Number: 13142426

OXECO LIMITED

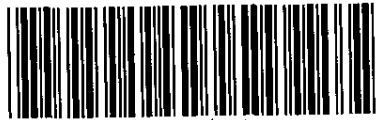
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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OXECO LIMITED

COMPANY INFORMATION

DIRECTORS

D C Bott
J L Ede-Golightly
J-P Griffiths
V Ragoussis

COMPANY SECRETARY

N M Cooper

REGISTERED NUMBER

13142426

REGISTERED OFFICE

C/O Dwf Company Secretarial Services Limited
1 Scott Place
2 Hardman Street
Manchester
M3 3AA

INDEPENDENT AUDITORS

Peters Elworthy & Moore
Chartered Accountants & Statutory Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA

OXECO LIMITED

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditors' Report	3 - 7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Company Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11 - 12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Company Statement of Cash Flows	15
Notes to the Financial Statements	16 - 45

OXECO LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

The financial statements were unaudited for the year ended 31 December 2020 as Oxeco Limited was only incorporated on 19 January 2021 and prior to joining the Group all subsidiary companies were eligible for small company audit exemption. Accordingly the comparative information has not been subject to audit.

PRINCIPAL ACTIVITY

The principal activity of the Group during the year was the design, development, manufacture and sale of advanced chemistry products to address the adhesion and material performance challenges in the global composites and engineering plastics markets.

The principal activity of the Company during the year was that of a holding company.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £670,000 (2020 - loss £570,000).

No dividends were paid or recommended in the current year or subsequent to the year end.

DIRECTORS

The directors who served during the year were:

D C Bott (appointed 19 July 2021)
J L Ede-Golightly (appointed 19 July 2021)
J-P Griffiths (appointed 19 January 2021)
V Ragoussis (appointed 15 September 2021)

The Group maintains directors' and officers' indemnity insurance for the benefit of the directors of the Group.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 period. Under that law the directors have prepared the Group and Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 Group and the Company and of the profit or loss of the Group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

OXECO LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

DIRECTORS' RESPONSIBILITIES STATEMENT (CONTINUED)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EVENTS AFTER THE REPORTING PERIOD

On 21 January 2022, the Company completed a funding round which resulted in the issuance of 62,295,779 Ordinary shares for total consideration of £8,410,000, of which £8,000,000 was received in cash and £410,000 was non-cash via the conversion of loan notes and associated accrued interest.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- as far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that 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.

AUDITORS

Peters Elworthy & Moore were appointed as auditor on 9 May 2022.

The auditors, Peters Elworthy & Moore, have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed.

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 and signed on its behalf by:

Vassilis Ragoussis

**V Ragoussis
Director**

Date: 28 September 2022

OXECO LIMITED

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

OPINION

We have audited the financial statements of Oxeco Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company 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 UK adopted international accounting standards, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021, and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

OXECO LIMITED

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us;
- the Parent Company financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

OXECO LIMITED

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- we identified the laws and regulations applicable to the Group and Parent Company through discussions with management and from our commercial knowledge and experience of research and development companies;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements, including IFRS, the Companies Act 2006 and relevant taxation legislation, or the operations of the Group including employment matters, health and safety and chemical regulations;
- we obtained an understanding of the Group and Parent Company's policies and procedures on compliance with laws and regulations, including documentation of any instances of non-compliance;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence available; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

OXECO LIMITED

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

We assessed the susceptibility of the Group and Parent Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of fraud through management bias and override of controls. In addressing the risk of fraud through management override of controls we:

- tested the appropriateness of journal entries and other adjustments;
- designed procedures to identify unexpected and unusual journal entries and performed testing to confirm the validity of such postings;
- assessed whether the significant accounting judgements and estimates made in the financial statements were indicative of potential bias; and
- evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

OXECO LIMITED

**INDEPENDENT AUDITORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

OTHER MATTERS - COMPARATIVES

The Group's financial statements for the year ended 31 December 2020 were not audited. Accordingly the comparative information in these financial statements has not been subject to audit.

USE OF OUR REPORT

This report is made solely to the Parent Company's members 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 Parent Company's members those matters we are required to state to them in an Auditors' 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 Parent Company and the Parent Company's members for our audit work, for this report, or for the opinions we have formed.

Callum Dunsmore (Senior Statutory Auditor)
for and on behalf of

Peters Elworthy & Moore

Chartered Accountants

Statutory Auditors

Salisbury House

Station Road

Cambridge

CB1 2LA

Date: 28 September 2022

OXECO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	Unaudited 2020 £'000
REVENUE	3	49	76
Cost of sales		(26)	(57)
GROSS LOSS		23	19
Research and development expenses		(220)	(284)
Administrative expenses		(469)	(371)
Other operating income	4	65	42
OPERATING LOSS		(601)	(594)
Finance charges	9	(106)	(8)
LOSS BEFORE TAX		(707)	(602)
Taxation	10	37	32
LOSS FOR THE YEAR		(670)	(570)
ATTRIBUTABLE TO:			
Owners of the parent		(670)	(570)

There was no other comprehensive income during the year ended 31 December 2021 (2020 - £NIL).

The accompanying notes form part of these financial statements.

OXECO LIMITED
REGISTERED NUMBER: 13142426

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £'000	Unaudited 2020 £'000	Unaudited 2019 £'000
NON-CURRENT ASSETS				
Intangible assets	11	103	112	230
Property, plant and equipment	12	163	245	80
TOTAL NON-CURRENT ASSETS		266	357	310
CURRENT ASSETS				
Inventories	14	40	19	10
Trade and other receivables	15	81	88	95
Cash and cash equivalents	16	119	347	109
TOTAL CURRENT ASSETS		240	454	214
CURRENT LIABILITIES				
Other loans	18	401	-	-
Lease liabilities	19	76	95	25
Trade and other payables	20	157	79	43
TOTAL CURRENT LIABILITIES		634	174	68
NET CURRENT (LIABILITIES)/ASSETS		(394)	280	146
NON-CURRENT LIABILITIES				
Provisions	17	-	13	13
Other loans	18	-	303	-
Lease liabilities	19	52	129	31
TOTAL NON-CURRENT LIABILITIES		52	445	44
NET (LIABILITIES)/ASSETS		(180)	192	412
EQUITY				
Share capital	21	994	721	651
Share premium		-	4,881	4,601
Merger reserve		4,905	-	-
Retained earnings		(6,079)	(5,410)	(4,840)
TOTAL EQUITY		(180)	192	412

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

Vassilis Ragoussis

V Ragoussis
Director

Date: 28 September 2022

The accompanying notes form part of these financial statements.

OXECO LIMITED
REGISTERED NUMBER: 13142426

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £'000
NON-CURRENT ASSETS		
Investments	13	200
TOTAL NON-CURRENT ASSETS		<u>200</u>
CURRENT ASSETS		
Trade and other receivables	15	393
Cash and cash equivalents	16	13
TOTAL CURRENT ASSETS		<u>406</u>
CURRENT LIABILITIES		
Other loans	18	401
Trade and other payables	20	89
TOTAL CURRENT LIABILITIES		<u>490</u>
NET CURRENT LIABILITIES		<u>(84)</u>
NET ASSETS		<u>116</u>
EQUITY		
Share capital	21	994
Merger reserve		(781)
Retained earnings		(97)
TOTAL EQUITY		<u>116</u>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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

Vassilis Ragoussis

V Ragoussis
Director

Date: 28 September 2022

The accompanying notes form part of these financial statements.

OXECO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
BALANCE AT 1 JANUARY 2021		721	4,881	-	(5,340)	262
Adjustment from the adoption of IFRS	2.27	-	-	-	(2)	(2)
Correction of prior period errors	2.27	-	-	-	(68)	(68)
ADJUSTED BALANCE AT 1 JANUARY 2021		721	4,881	-	(5,410)	192
COMPREHENSIVE LOSS FOR THE YEAR		-	-	-	(670)	(670)
Loss for the year		-	-	-	(670)	(670)
TOTAL COMPREHENSIVE LOSS		-	-	-	(670)	(670)
TRANSACTIONS WITH OWNERS						
Issue of shares	21	273	24	-	-	297
Transfer between reserves on group reorganisation		-	(4,905)	4,905	-	-
Share based payments expense	23	-	-	-	1	1
TOTAL TRANSACTIONS WITH OWNERS		273	(4,881)	4,905	1	298
BALANCE AT 31 DECEMBER 2021		994	-	4,905	(6,079)	(180)

The accompanying notes form part of these financial statements.

OXECO LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
(UNAUDITED)**

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
BALANCE AT 1 JANUARY 2020		651	4,601	-	(4,839)	413
Adjustment from the adoption of IFRS	2.27	-	-	-	(1)	(1)
ADJUSTED BALANCE AT 1 JANUARY 2020		651	4,601	-	(4,840)	412
COMPREHENSIVE LOSS FOR THE YEAR		-	-	-	(570)	(570)
Loss for the year		-	-	-	(570)	(570)
TOTAL COMPREHENSIVE LOSS		-	-	-	(570)	(570)
TRANSACTIONS WITH OWNERS						
Issue of shares	21	70	280	-	-	350
TOTAL TRANSACTIONS WITH OWNERS		70	280	-	-	350
BALANCE AT 31 DECEMBER 2020		721	4,881	-	(5,410)	192

The accompanying notes form part of these financial statements.

OXECO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
COMPREHENSIVE LOSS FOR THE YEAR						
Loss for the year		-	-	-	(98)	(98)
TOTAL COMPREHENSIVE LOSS		-	-	-	(98)	(98)
TRANSACTIONS WITH OWNERS						
Issue of shares	21	994	-	(781)	-	213
Share based payments expense	23	-	-	-	1	1
TOTAL TRANSACTIONS WITH OWNERS		994	-	(781)	1	214
BALANCE AT 31 DECEMBER 2021		994	-	(781)	(97)	116

The accompanying notes form part of these financial statements.

OXECO LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £'000	Unaudited 2020 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(707)	(602)
ADJUSTMENTS FOR:			
Depreciation of property, plant and equipment	5	109	52
Amortisation of intangible assets	5	12	32
Loss on disposal of property, plant and equipment	5	7	-
Loss on disposal of intangible assets	5	-	86
Research and development expenditure credit	4	(7)	(5)
Finance charges	9	106	8
Share based payment expense	23	1	-
Increase in inventories		(21)	(9)
Decrease/(increase) in trade and other receivables		15	(26)
Decrease in provisions		(13)	-
Increase in trade and other payables		78	36
Tax credits received		36	70
NET CASH USED IN OPERATING ACTIVITIES		(384)	(358)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of intangible assets	11	(3)	-
Acquisition of property, plant and equipment	12	(34)	(4)
NET CASH USED IN INVESTING ACTIVITIES		(37)	(4)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible loans	18	-	300
Payment of lease liabilities	19	(104)	(50)
Proceeds from issue of share capital (pre-reorganisation)	21	284	350
Proceeds from issue of share capital (post-reorganisation)	21	13	-
NET CASH FROM FINANCING ACTIVITIES		193	600
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(228)	238
Cash and cash equivalents at beginning of year		347	109
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	119	347

The accompanying notes form part of these financial statements.

OXECO LIMITED

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		(98)
ADJUSTMENTS FOR:		
Finance charges	9	46
Increase in trade and other receivables		(38)
Increase in trade and other payables		89
NET CASH FROM OPERATING ACTIVITIES		<u>(1)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	21	<u>13</u>
NET CASH FROM FINANCING ACTIVITIES		<u>13</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		12
Cash and cash equivalents at beginning of year		-
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	<u><u>12</u></u>

The accompanying notes form part of these financial statements.

OXECO LIMITED

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

1. GENERAL INFORMATION

Oxeco Limited is a private company limited by shares and incorporated in England and Wales. The address of its registered office is given on the company information page. The nature of the Group and Company's operations and principal activities are set out in the Directors' Report on pages 1 to 2.

The financial statements were unaudited for the year ended 31 December 2020 as Oxeco Limited was only incorporated on 19 January 2021 and prior to joining the Group all subsidiary companies were eligible for small company audit exemption. Accordingly the comparative information has not been subject to audit.

These financial statements are presented in GB Pounds Sterling (£) because that is the currency of the primary economic environment in which the Group operates and rounded to the nearest thousand (£'000) except when otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared under the historical cost convention and in accordance with UK adopted international accounting standards as applied in conformity with the provisions of the Companies Act 2006. This is the first year in which the financial statements have been prepared under IFRS.

Consolidation principles

These consolidated financial statements include the results of Oxeco Limited and all its subsidiary undertakings made up to the same accounting reference date. All intra-group balances and transactions are eliminated in full on consolidation. The results of subsidiary undertakings are included in the Statement of Comprehensive Income either on a merger or acquisition accounting basis depending on how the business combination arose. The results of subsidiary undertakings disposed of during the year are excluded from the Statement of Comprehensive Income from date of disposal. The results of subsidiary undertakings are adjusted, if required, to conform to Group accounting policies.

Merger accounting - combination with Oxford Advanced Surfaces Limited

On 14 July 2021, Oxeco Limited undertook a common control combination, through the issue of new Ordinary shares in exchange for 100% of the Ordinary shares in Oxford Advanced Surfaces Limited. The directors considered the business combination to be a common control combination, as the combining entities were ultimately controlled by the same parties both before and after the combination and the common control was not transitory. As a common control combination, the transaction was outside the scope of IFRS 3 ("Business Combinations") and the directors therefore considered the nature of the transaction and decided that the merger accounting method would be most appropriate for preparing these financial statements.

The merger accounting method results in presentation of the consolidated financial information for the Group as if the current structure had always existed, including comparative information for prior periods. This method involves accounting for the assets and liabilities of the acquired business using existing carrying values rather than at fair values and as a result no goodwill arises on the combination. The use of the merger accounting method also gives rise to a "merger reserve", which represents the share premium of the subsidiary on consolidation.

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)****Acquisition accounting - incorporation of Oxford Nanomaterials Limited**

On 6 July 2021, Oxford Nanomaterials Limited was incorporated with 100% of the Ordinary shares being issued to Oxeco Limited.

Parent company results

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account. The loss for the year dealt with in the accounts of the Company was £98,000.

2.2 GOING CONCERN

The directors have considered their obligation in relation to the assessment of the going concern status of the Group and Company and have reviewed the current cash flow forecasts and assumptions as well as the main risk factors facing the Group. The directors consider that the Group has a supportive shareholder base and access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in the preparation of the financial statements.

2.3 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has adopted the following new accounting pronouncements in its financial statements:

International Accounting Standard (IAS/IFRS)	Effective Date
<i>Amendments to:</i>	
IFRS 16 COVID-19 Related Rent Concessions	1 January 2021

These amendments have not had a material impact on the entity in the current year.

2.4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE GROUP

At the date of authorisation of these financial statements the following standards, amendments and interpretations to existing standards were in issue but not yet effective and have not been applied to these financial statements:

International Accounting Standard (IAS/IFRS)	Effective Date
<i>Amendments to:</i>	
IAS 1 'Presentation of Financial Statements' - Classification of Liabilities	1 January 2023

This amendment is not expected to have a material impact on the entity in future reporting periods.

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.5 REVENUE**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

2.6 GOVERNMENT GRANTS

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

2.7 RESEARCH AND DEVELOPMENT

Research costs are expensed as they are incurred. Certain development costs are capitalised as intangible assets, when it is probable that future economic benefits will flow to the Group. Such intangible assets are amortised on a straight line basis from the point at which the assets are ready for use over the period of the expected benefit, and are reviewed for impairment at each statement of financial position date. Other development costs are charged against income as incurred since the criteria for their recognition as an asset are not met. The criteria for recognising expenditure as an asset are:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the intangible asset and use or sell it;
- The Group has the ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits. Among many other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- The Group has available to it adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The Group can reliably measure the expenditure attributable to the intangible asset during its development.

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include; employee costs incurred on technical development, testing and certification, materials consumed and any relevant third party costs. The costs of internally generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.8 FINANCE CHARGES**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 TAXATION

The tax credit or charge represents the sum of the tax currently receivable or payable and deferred tax.

The tax currently payable/receivable is based on taxable profit/loss for the year. Taxable profit/loss differs from net profit/loss as reported in the statement of comprehensive income 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the date of the statement of financial position.

Any tax credit receivable under the small company R&D tax scheme is included against the tax charge when there is reasonable probability of receipt.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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 there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.10 INTANGIBLE ASSETS

Patent costs and licensing consist of capitalised registration fees which are capitalised at cost when they relate to identifiable assets expected to generate future economic benefits. These intangible assets are amortised over their estimated economic useful life which is generally 20 years from the priority (filing) date.

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Property, plant and equipment are stated at cost, net of depreciation and provision for any impairment. Depreciation is calculated to write off the cost of all plant and equipment to estimated residual value on a straight line basis over their expected useful lives as follows:

Plant & machinery	•	4 years
Fixtures & fittings	•	4 years
Computer equipment	•	3 years

2.12 IMPAIRMENT OF ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised as an expense immediately.

2.13 INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment. Cost is generally the price paid to acquire the shares except in group reorganisations where there is no overall change in ownership or control, under which circumstances cost is measured at the carrying amount of the Company's share of the equity items shown in the separate financial statements of the original entity at the date of the reorganisation.

2.14 INVENTORIES

Inventories 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. Finished goods include labour and attributable overheads. At each statement of financial position date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method less provision for expected credit losses. The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the expected credit loss, the Group uses its historical experience, external indicators and forward-looking information using a provision matrix based on ageing of the days past due.

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.16 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprises cash in hand and other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.17 PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

2.18 CONVERTIBLE LOANS

The Group has designated the convertible loan notes at initial recognition to be measured at fair value through the profit and loss. The loan notes are assessed as financial liabilities on the basis of the obligation to settle cash on an exit or maturity. The loan notes include a term whereby a 20% discount is given on conversion based on the latest investor share issue price and hence the potential number of shares which would be issued on conversion is unknown at the loan inception date.

The fair value measurement utilises observable inputs and data as far as possible. Inputs used are categorised into different levels based on the fair value hierarchy:

Level 1 - quoted prices in active markets.

Level 2 - observable direct or indirect inputs other than Level 1 inputs.

Level 3 - inputs that are not based on observable market data.

2.19 LEASES

Where the Group has substantially all of the economic benefits from use of a leased asset, leases are recognised on the statement of financial position in the form of a right-of-use asset and a lease liability.

Leases are recognised at their commencement date, being the date on which the underlying asset is available for use by the lessee. If the Group negotiates a lease before the underlying asset is available for use, costs relating to the construction or design are accounted for under IFRS 16 and payments for the right-of-use asset are recognised as an asset until such time as the right-of-use asset and lease liability are recognised, unless the terms of the contract are considered onerous.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to restore the underlying asset to its previous condition less any lease incentives received.

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.19 LEASES (CONTINUED)**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The estimated useful lives of right-to-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the Group's incremental borrowing rate.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options, or periods after termination options, are only included in the lease term if the lease is reasonably certain to be extended, or not terminated.

The lease liability is subsequently measured at amortised cost, using the effective interest method by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

Interest expenses on the lease liabilities are presented separately from the depreciation charge for the right-of-use asset. Interest expenses on the lease liabilities are components of finance costs, which is presented separately in the statement of comprehensive income.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases with a duration of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis.

2.20 TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost, which approximates fair value due to the short term nature of these liabilities. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.21 EQUITY

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Merger reserve for the Company represents the difference between the nominal value of shares issued and the equity of the subsidiary on the date of reorganisation, and for the Group represents the share premium of the subsidiary on consolidation.

Retained earnings includes all retained profits and accumulated losses.

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.22 FINANCIAL INSTRUMENTS**

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs and subsequently at amortised cost.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest-related charges and changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2.23 SHARE BASED PAYMENTS

All goods and services received in exchange for the grant of the any share-based payment are measured at their fair values. Where employees are rewarded using share based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

Share options are valued at the date of grant using the Black-Scholes option pricing model and are charged to the statement of comprehensive income over the expected vesting period of the award with a corresponding credit to accumulated losses. No separate share based payment reserve is maintained.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the expected vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Where an equity-settled award is forfeited, no expense is recognised and any expense recognised up to the date of the forfeiture is reversed through the statement of comprehensive income.

Upon exercise of share options the proceeds received, net of attributable transaction costs, are credited to share capital, and where appropriate, share premium.

2.24 SHORT-TERM EMPLOYEE BENEFITS

Short term employee benefits, including holiday entitlement, are current liabilities measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.25 POST-EMPLOYMENT BENEFITS**

The Group provides post-employment benefits through a defined contribution pension scheme.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Group contributes to several schemes for individual employees that are defined contribution plans. Contributions to the plans are recognised as an expense in the period that relevant employee services are received.

2.26 CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 of the revision and future periods if the revision affects both current and future periods. Key sources of estimation uncertainty relating to these financial statements are:

Capitalisation of product development costs (Group)

The capitalisation of product development costs requires judgement from the directors as to whether the six criteria for capitalisation as disclosed in note 2.7 have been met. The directors have assessed that, other than for certain costs associated with registration of process patents and licenses, no product specific development has met the relevant criteria for capitalisation to date and therefore no associated research and development costs have been transferred to the statement of financial position.

Carrying value of patents and licenses (Group)

A judgement has been made on the carrying value of the Group's intangible asset relating to patents and licenses. The carrying value has been deemed appropriate by the directors who have assessed that the intellectual property registered to date and held within the business has a value in excess of the costs capitalised to date. Therefore no impairment charge has been recognised in these financial statements.

Leases (Group)

Measurement of the right-of-use asset and corresponding lease liability requires the discounting of future cash outflows to arrive at an assessment of the net present value of the lease at inception. The incremental borrowing rate applied is based on the directors best estimate given that the Group has no equivalent borrowings and use of a different rate could affect the results of the Group.

Convertible loans (Group)

Management uses a valuation techniques to determine the fair value of the convertible loans notes since active market quotes are not available. This involves developing estimates and assumptions consistent with how investors would price the instrument, and includes assumptions about expected future events regarding investor funding, exit and the relevant discount rate.

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.26 CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS****Share based payments (Group)**

The recognition of a charge for share based payments requires the use of both judgements and estimates. The directors have made the judgement that certain employee share options will vest at a point in the future and therefore recognition of a share based payments charge is appropriate. The directors have calculated the charge for the year using the Black-Scholes option pricing model, which inherently involves estimation based on the selected inputs. The input assumptions used to calculate the charge for the year have been disclosed in note 23 and the selection of different assumptions could affect the results of the Group.

Carrying value of investment in subsidiaries (Company)

A judgement has been made on the appropriateness of the carrying value of the Company's investment in subsidiary. The carrying value has been deemed appropriate by the directors who have assessed that the underlying valuation of Oxford Advanced Surfaces Limited, which holds the Group's intellectual property, is in excess of the Company's investment to date. Therefore no impairment charge has been recognised in these financial statements.

Carrying value of intra-group receivables (Company)

A judgement has been made on the appropriateness of the carrying value of the Company's intra-group receivable. The carrying value has been deemed appropriate by the directors who have assessed that Oxford Advanced Surfaces Limited has the ability and intention to settle the loan in a future period. Therefore no impairment charge has been recognised in these financial statements.

2.27 FIRST-TIME ADOPTION OF IFRS

These financial statements, for the year ended 31 December 2021, are the first the Group and Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2020, the Company prepared its financial statements in accordance with Financial Reporting Standard 105 "The Financial Reporting Standard applicable to the Micro-entities Regime" ("FRS 105").

Accordingly, the Group has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2021, together with the comparative period data as at and for the year ended 31 December 2020, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening Statement of Financial Position was prepared as at 1 January 2020, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its FRS 105 financial statements, including the Statement of Financial Position as at 1 January 2020 and the financial statements as at and for the year ended 31 December 2020.

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.27 FIRST-TIME ADOPTION OF IFRS (CONTINUED)**

The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 1 January 2020 and at 31 December 2020 and are consistent with those made for the same dates in accordance with FRS 105, apart from the items listed below where application of FRS 105 did not require estimation.

CHANGES FOR TRANSITION TO IFRS

- 1 The Group leases laboratory and office space and on transition to IFRS has recognised a right-of-use asset of £55,000 and lease liability of £56,000 with a corresponding decrease in equity of £1,000 as at 1 January 2020. Additional leases were signed in the 2020 financial year and these have been brought onto the statement of financial position accordingly. The combined impact of the leases introduced on transition and the new leases taken out during 2020 was an increase in right-of-use assets of £222,000, an increase in lease liabilities of £224,000 and a corresponding decrease in equity of £2,000 as at 31 December 2020. This also resulted in a decrease in research and development expenses of £3,000 and an increase in finance charges of £5,000 for the year ended 31 December 2020.

CORRECTION OF PRIOR PERIOD ERRORS

- 2 A licence agreement granting the right to access certain patents was cancelled on 31 July 2020 but no disposal was processed in the 2020 financial statements. A prior period adjustment has been processed in these financial statements to write off this asset in the correct period, which has resulted in an increase in administrative expenses of £86,000 for the year ended 31 December 2020 and an equivalent decrease in reported intangible assets and equity as at 31 December 2020.
- 3 The Company receives research and development tax credits on qualifying expenditure and a prior year adjustment has been processed in these financial statements to true-up the reported position at 31 December 2020 to reflect the actual tax credit received, which has resulted in an increase in the taxation credit of £18,000 for the year ended 31 December 2020 and an equivalent increase in other debtors and equity at 31 December 2020.
- 4 The prior year comparatives have been restated to better reflect the nature of income and expenditure leading to an decrease in cost of sales of £42,000, an increase in research and development expenses of £44,000, a decrease in administrative expenses of £4,000, an increase in other operating income of £5,000, an increase in finance charges of £3,000 and a decrease in tax credit of £4,000, with no overall effect on reported equity at 31 December 2020.

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.27 FIRST-TIME ADOPTION OF IFRS (CONTINUED)****2.27.1 RECONCILIATION OF EQUITY AT 1 JANUARY 2020**

	Note	FRS 105 £'000	Adjustments £'000	IFRS £'000
NON-CURRENT ASSETS				
Property, plant and equipment	1	25	55	80
Intangible assets		230	-	230
TOTAL NON-CURRENT ASSETS		255	55	310
CURRENT ASSETS				
Inventories		10	-	10
Trade and other receivables		95	-	95
Cash and cash equivalents		109	-	109
TOTAL CURRENT ASSETS		214	-	214
CURRENT LIABILITIES				
Lease liabilities	1	-	25	25
Trade and other payables		43	-	43
TOTAL CURRENT LIABILITIES		43	25	68
NET CURRENT ASSETS		171	(25)	146
NON-CURRENT LIABILITIES				
Other loans		-	-	-
Lease liabilities	1	-	31	31
Provisions		13	-	13
TOTAL NON-CURRENT LIABILITIES		13	31	44
NET ASSETS		413	(1)	412
EQUITY				
Share capital		651	-	651
Share premium		4,601	-	4,601
Retained earnings	1	(4,839)	(1)	(4,840)
TOTAL EQUITY		413	(1)	412

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.27 FIRST-TIME ADOPTION OF IFRS (CONTINUED)****2.27.2 RECONCILIATION OF EQUITY AT 31 DECEMBER 2020**

	Note	FRS 105 £'000	Adjustments £'000	IFRS £'000
NON-CURRENT ASSETS				
Property, plant and equipment	1	23	222	245
Intangible assets	2	198	(86)	112
TOTAL NON-CURRENT ASSETS		221	136	357
CURRENT ASSETS				
Inventories		19	-	19
Trade and other receivables		70	18	88
Cash and cash equivalents		347	-	347
TOTAL CURRENT ASSETS		436	18	454
CURRENT LIABILITIES				
Lease liabilities	1	-	95	95
Trade and other payables		79	-	79
TOTAL CURRENT LIABILITIES		79	95	174
NET CURRENT ASSETS		357	(77)	280
NON-CURRENT LIABILITIES				
Other loans		303	-	303
Lease liabilities	1	-	129	129
Provisions		13	-	13
TOTAL NON-CURRENT LIABILITIES		316	129	445
NET ASSETS		262	(70)	192
EQUITY				
Share capital		721	-	721
Share premium		4,882	(1)	4,881
Retained earnings	1,2	(5,341)	(69)	(5,410)
TOTAL EQUITY		262	(70)	192

OXECO LIMITED

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.27 FIRST-TIME ADOPTION OF IFRS (CONTINUED)****2.27.3 RECONCILIATION OF LOSS FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	FRS 105 £'000	Adjustments £'000	IFRS £'000
REVENUE		76	-	76
Cost of sales		(99)	42	(57)
GROSS PROFIT		(23)	42	19
Research and development	1	(244)	(40)	(284)
Administrative expenses	2	(289)	(82)	(371)
Other operating income		37	5	42
OPERATING LOSS		(519)	(75)	(594)
Finance charges	1	-	(8)	(8)
LOSS BEFORE TAX		(519)	(83)	(602)
Taxation		18	14	32
LOSS FOR THE YEAR		(501)	(69)	(570)

There was no other comprehensive income in the year ended 31 December 2020.

OXECO LIMITED

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

3. REVENUE

The Group only operates one class of business which is the development and commercialisation of advanced materials and technology solutions. All revenue during the current and prior year related to this class of business. The Group's operations are based in the UK however all revenue during the current and prior year arose through sales to a customer in Turkey.

4. OTHER OPERATING INCOME

	2021 £'000	2020 £'000
Government grants receivable	58	37
Research and development expenditure credit	7	5
	<u>65</u>	<u>42</u>

Government grants receivable relates to amounts awarded by grant bodies in order to fund specific agreed research projects. There are no conditions or contingencies attached to the grants other than the proper performance of the work as agreed in the grant proposals.

5. OPERATING LOSS

	2021 £'000	2020 £'000
THIS IS STATED AFTER CHARGING:		
Research and development expenses	220	284
Depreciation of property, plant and equipment	109	52
Amortisation of intangible assets	12	32
Loss on disposal of property, plant and equipment	7	-
Loss on disposal of intangible assets	-	86
Short term lease rentals	1	16
Share based payment expense	1	-
Auditors' remuneration	19	-
Auditors' remuneration - non-audit	13	-
	<u>382</u>	<u>470</u>

6. EMPLOYEE EXPENSE

	2021 £'000	2020 £'000
Wages, salaries and benefits	356	274
Social security costs	29	25
Pension costs	7	6
Share based payment expense	1	-
	<u>393</u>	<u>305</u>

OXECO LIMITED

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

6. EMPLOYEE EXPENSE (CONTINUED)

The average monthly number of employees during the year was as follows:

	2021 No	2020 No
Research and development	4	4
Management & administration	4	3
	8	7

7. DIRECTORS' REMUNERATION

	2021 £'000	2020 £'000
Aggregate emoluments	138	120
Company pension contributions to defined contribution schemes	3	2
	141	122

During the year retirement benefits were accruing to 2 (2020 - 1) directors in respect of defined contribution pension schemes.

Two directors (2020 - 2) hold share options over shares in Oxeco Limited and no directors exercised share options in the year (2020 - NIL).

8. KEY MANAGEMENT REMUNERATION

	2021 £'000	2020 £'000
Wages, salaries and benefits	138	120
Social security costs	12	12
Pension costs	3	2
Share based payment expense	1	-
	154	134

The key management team who have the responsibility for planning, directing and controlling, directly or indirectly, the activities of the Group, are considered to be the directors.

9. FINANCE CHARGES

	2021 £'000	2020 £'000
Interest on convertible loans	98	3
Interest on lease liabilities	8	5
	106	8

OXECO LIMITED

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

10. TAXATION

	2021 £'000	2020 £'000
UK corporation tax credit - current year	37	32
UK corporation tax credit - prior year	-	-
TOTAL TAX CREDIT FOR THE YEAR	37	32

FACTORS EFFECTING TAX CREDIT FOR THE YEAR

The expected tax credit for the year based on the average UK tax rate for the period of 19.00% (2020 - 19.00%) and the reported tax credit for the year can be reconciled as shown below:

	2021 £'000	2020 £'000
Loss before tax	707	602
Tax on loss at standard UK tax rate of 19.00% (2020 - 19.00%)	134	114
EFFECTS OF:		
Expenses not deductible	(3)	-
Additional deduction for R&D expenditure	28	24
Surrender of losses for R&D tax credit refund	(12)	(10)
Movement in deferred tax not recognised	(110)	(96)
TOTAL TAX CREDIT FOR THE YEAR	37	32

The Group has unrelieved trading losses estimated at £1,112,000 (2020 - £515,000) and fixed asset and other short term timing differences estimated at £13,000 (2020 - £34,000) which remain available to offset against future taxable trading profits. No deferred tax asset has been recognised in respect of the tax losses or other timing differences due to uncertainty over the timing of their recovery.

FACTORS AFFECTING FUTURE TAX CHARGES

The closing deferred tax assets and liabilities have been calculated at 25% (2020 - 19%) in accordance with the rates enacted at the statement of financial position date. The Finance Act 2021, which announced the upcoming rise in headline rates of corporation tax to 25% from 1 April 2023, was substantively enacted on 24 May 2021.

OXECO LIMITED

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

11. INTANGIBLE ASSETS

	Patents & licenses £'000
GROUP	
COST	
At 1 January 2020	492
Additions	-
Disposals	(298)
At 31 December 2020	194
Additions	3
Disposals	-
At 31 December 2021	197
AMORTISATION	
At 1 January 2020	262
Charge for the year	32
On disposals	(212)
At 31 December 2020	82
Charge for the year	12
On disposals	-
At 31 December 2021	94
NET BOOK VALUE	
At 31 December 2021	103
At 31 December 2020	112
At 1 January 2020	230

As at 31 December 2021, there were no contractual commitments for the acquisition of intangible assets.

As at 31 December 2021, the directors assessed the Group's patents and licenses for impairment and after due consideration of the cash generating units business performance in the year, the directors determined that no impairment charges were deemed necessary.

OXECO LIMITED

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

12. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets £'000	Plant & machinery £'000	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
GROUP					
COST					
At 1 January 2020	76	465	7	53	601
Additions	213	4	-	-	217
Disposals	-	-	-	-	-
At 31 December 2020	289	469	7	53	818
Additions	-	15	2	17	34
Disposals	-	(32)	-	(4)	(36)
At 31 December 2021	289	452	9	66	816
DEPRECIATION					
At 1 January 2020	21	444	7	49	521
Charge for the year	46	5	-	1	52
On disposals	-	-	-	-	-
At 31 December 2020	67	449	7	50	573
Charge for the year	97	10	-	2	109
On disposals	-	(28)	-	(1)	(29)
At 31 December 2021	164	431	7	51	653
NET BOOK VALUE					
At 31 December 2021	125	21	2	15	163
At 31 December 2020	222	20	-	3	245
At 1 January 2020	55	21	-	4	80

As at 31 December 2021, there were no contractual commitments for the acquisition of property, plant and equipment.

The Group rents office and laboratory facilities in Oxford, UK, under multiple separate lease agreements. The lease terms are all three years but include termination provisions at one month's notice. The right-of-use asset is included for all leases on the basis that the office and laboratory facilities will be in use for the full lease term.

OXECO LIMITED

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

13. INVESTMENTS

	Investments in subsidiary companies £'000
COMPANY	
COST	
Additions	200
At 31 December 2021	<u>200</u>
NET BOOK VALUE	
At 31 December 2021	<u><u>200</u></u>

On 14 July 2021 the Company acquired the entire share capital (78,480,000 Ordinary shares of £0.125 each) of Oxford Advanced Surfaces Limited via a share for share exchange as disclosed in note 17.

The subsidiaries held by Oxeco Limited and consolidated into these financial statements are as follows:

Subsidiary name	Country of incorporation	Percentage shareholding	Principal activity
DIRECT SUBSIDIARIES			
Oxford Advanced Surfaces Limited	England	100%	Sale of chemistry products
Oxford Nanomaterials Limited	England	100%	Dormant company
INDIRECT SUBSIDIARIES			
Oxford Energy Technologies Limited	England	100%	Dormant company

14. INVENTORIES

	2021 £'000	2020 £'000	2019 £'000
GROUP			
Finished goods	<u>40</u>	<u>19</u>	<u>10</u>

OXECO LIMITED

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

15. TRADE AND OTHER RECEIVABLES

	2021 £'000	2020 £'000	2019 £'000
GROUP			
Trade receivables	1	21	1
Current tax receivable	44	36	69
Other receivables	15	14	8
Prepayments	21	17	17
	81	88	95
			2021 £'000
COMPANY			
Amounts owed by group undertakings			391
Prepayments			2
			393

The net carrying value of trade and other receivables is considered to be a reasonable approximation of their fair value and is all denominated in GB Pounds Sterling.

Amounts owed by group undertakings are unsecured, non-interest bearing and repayable on demand.

As at 31 December 2021, the Group did not recognise an allowance (2020 - £NIL, 2019 - £NIL) in respect of expected credit losses on receivables on the basis that any charge would be immaterial.

16. CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000	2019 £'000
GROUP			
Cash at banks and on hand	119	347	109
			2021 £'000
COMPANY			
Cash at banks and on hand			13

The net carrying value of cash and cash equivalents is considered to be a reasonable approximation of their fair value and is all denominated in GB Pounds Sterling.

OXECO LIMITED

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

17. PROVISIONS

	2021	2020	2019
	£'000	£'000	£'000
GROUP			
Brought forward	13	13	13
Released to profit or loss during the year	(13)	-	-
At 31 December	-	13	13

The entire provisions balance related to a dilapidations provision for anticipated costs payable under the terms of the Group's lease arrangements to return the office and laboratory space to their pre-lease condition. As at 31 December 2021, the directors have assessed that it is no longer probable that there will be a cash outflow arising from the lease arrangements and therefore the provision has been released to profit or loss during the year.

18. OTHER LOANS

	2021	2020	2019
	£'000	£'000	£'000
GROUP			
Convertible loans	401	303	-
PRESENTED AS:			
Loans expected to convert in less than one year	401	-	-
Loans expected to convert in more than one year	-	303	-
At 31 December	401	303	-
	2021	2020	2019
	£'000	£'000	£'000
COMPANY			
Convertible loans	401	-	-
PRESENTED AS:			
Loans expected to convert in less than one year	401	-	-
Loans expected to convert in more than one year	-	-	-
At 31 December	401	-	-

On 23 November 2020 Oxford Advanced Surfaces Limited issued £300,000 in convertible loan notes which carry a 10% interest rate. The loan notes are repayable on 23 November 2023 or convertible at a 20% discount to the latest investor share price based on the terms of the instrument. As part of the group reorganisation, the loan notes were novated to Oxeco Limited on 14 July 2021.

The loan notes were converted into equity in January 2022 further to receipt of new equity investment.

OXECO LIMITED

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

19. LEASE LIABILITIES

	2021	2020	2019
	£'000	£'000	£'000
GROUP			
Brought forward	224	56	-
Additions to right-of-use assets	-	213	-
Finance costs incurred	8	5	-
Payments made during the year	(104)	(50)	-
Recognised on transition to IFRS	-	-	56
At 31 December	128	224	56
PRESENTED AS:			
Lease liabilities payable in less than one year	76	95	25
Lease liabilities payable in more than one year	52	129	31
	128	224	56
CONTRACTUAL UNDISCOUNTED CASH FLOWS:			
Undiscounted cash flows due in less than one year	80	103	27
Undiscounted cash flows due in more than one year	53	133	32
	133	236	59

The depreciation charge for the year and carrying value of right-of-use assets is disclosed in note 11.

The total of short term leases expensed through the statement of comprehensive income on a straight-line basis during the current and prior year is disclosed in note 5.

There were no low value leases expensed through the statement of comprehensive income during the current or prior year.

OXECO LIMITED

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

20. TRADE AND OTHER PAYABLES

	2021	2020	2019
	£'000	£'000	£'000
GROUP			
Trade payables	22	17	15
Other taxation and social security	14	14	8
Other payables	74	15	
Accruals	47	33	20
	157	79	43
			2021
			£'000
COMPANY			
Other payables			68
Accruals			21
			89

The net carrying value of trade and other payables is considered to be a reasonable approximation of their fair value and is all denominated in GB Pounds Sterling.

Normal credit terms for most suppliers are 30 days and the Group tries to adhere to these terms where possible. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frames.

21. SHARE CAPITAL

	2021	2020	2019
	£'000	£'000	£'000
ALLOTTED, CALLED UP AND FULLY PAID			
79,480,000 Ordinary shares of £0.0125 each	994	-	-
14,424 (2019 - 13,019) Ordinary shares of £50 each	-	721	651
	994	721	651

On 19 January 2021, Oxeco Limited was incorporated and issued 1 Ordinary share of £1 each for total cash consideration of £1.

On 23 April 2021, Oxeco Limited redesignated the nominal value of its Ordinary Shares from £1 each to £0.0125 each, which resulted in the total number of Ordinary shares in issue increasing from 1 to 80.

On 14 July 2021, Oxeco Limited issued 78,479,920 Ordinary shares of £0.0125 each, with consideration being settled via a share-for-share exchange for the entire Ordinary share capital of Oxford Advanced Surfaces Limited.

On 18 October 2021, Oxeco Limited issued 1,000,000 Ordinary Shares of £0.0125 each at par value for total cash consideration of £12,500.

OXECO LIMITED

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

22. FINANCIAL RISK MANAGEMENT**22.1 SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY**

The carrying amounts of the financial assets and liabilities as recognised at the statement of financial position date of the periods under review may also be categorised as follows:

	2021	2020	2019
	£'000	£'000	£'000
GROUP			
Financial assets measured at amortised cost:			
Trade and other receivables	1	21	1
Cash and cash equivalents	<u>119</u>	<u>347</u>	<u>109</u>
	120	368	110
Financial liabilities measured at amortised cost:			
Lease obligation	128	224	56
Trade and other payables	<u>144</u>	<u>65</u>	<u>35</u>
	272	289	91
Financial liabilities measured at fair value through profit and loss:			
Other loans	<u>401</u>	<u>303</u>	<u>-</u>

2021
£'000

COMPANY

Financial assets measured at amortised cost:	
Trade and other receivables	391
Cash and cash equivalents	<u>13</u>
	404
Financial liabilities measured at amortised cost:	
Trade and other payables	<u>89</u>
Financial liabilities measured at fair value through profit and loss:	
Other loans	<u>401</u>

OXECO LIMITED

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

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

22.2 FINANCIAL RISK FACTORS

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, currency risk and credit risk.

22.2.1 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting its short term obligations associated with financial liabilities.

Liquidity needs are monitored by the Group to ensure it has sufficient funds to meet its liabilities when due, under normal and unexpected conditions, without incurring unacceptable losses.

22.2.2 INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will cause fluctuations to the fair values and cash flows of the Group's financial instruments.

The Group only has minimal exposure to changes in market interest rates as it does not hold significant funds in bank accounts, or have significant external borrowings, which are subject to variable interest rates.

22.2.3 CURRENCY RISK

Currency risk is the risk that changes in foreign exchange rates will cause fluctuations to the fair values of the Group's financial instrument holdings that are denominated in a currency other than the functional currency in which they are measured.

The Group is not significantly exposed to currency risk as it does not regularly transact in foreign currencies and therefore there is not considered a need to hedge anticipated cash flows. As the Group's international exposure increases the directors will continue to monitor any change in its exposure to foreign currencies and will consider implementing appropriate risk management strategies.

OXECO LIMITED

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

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

22.2.4 CREDIT RISK

Credit risk is the risk of financial loss to the Group if the counterparty fails to meet its obligation. Credit risk arises from the Group's operating activities from trade and other receivables, financing activities from cash and cash equivalents and deposits with banks and financial institutions.

Credit risk from trade and other receivables is minimised by establishing credit policies such as determining and monitoring customer credit limits, requiring credit approvals, and the monitoring of customer credit risks by grouping customers according to their credit characteristics. Other monitoring procedures are in place to recover overdue customer accounts and to assess impairment.

Credit risk from financing activities is minimised by establishing investment policies in liquid securities with high credit ratings and maintaining accounts in reputable financial institutions with high quality credit ratings.

22.3 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide adequate return to shareholders by balancing its trading performance with continuing investment to fund its activities and product development.

The Group considers capital to be shareholders' equity as shown in the Statement of Financial Position, as the Group is primarily funded by equity finance. To maintain or adjust the capital structure the Group may return capital to shareholders and issue new shares.

OXECO LIMITED

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

23. SHARE-BASED PAYMENTS

Oxeco Limited established a share option plan during the year ("new plan"), under which options may be granted to directors, officers, employees and consultants. Prior to the establishment of the new plan, Oxford Advanced Surfaces Limited operated its own share option plan ("old plan") with similar rules. Under the terms of the group reorganisation undertaken on 14 July 2021, which resulted in Oxford Advanced Surfaces Limited becoming a wholly owned subsidiary of Oxeco Limited, all options held by employees under the old plan were surrendered and new options were granted to certain employees under the terms of the new plan.

Under both the new and old plans all options granted were equity-settled with a maximum term of 10 years from the grant date. The vesting conditions attached to the options include revenue targets, market valuation targets and completion of an 'exit event'.

The Group recognised total expenses in the period of £1,000 (2020 - £NIL) in respect of equity-settled share based payment transactions.

The number of Ordinary shares for which the Group employees hold options and the period for which the options are exercisable, and their weighted average exercise prices are as follows:

Oxeco Limited Share Option Plan

	As at 31 December 2021	
	Options No	Weighted average exercise price per share £
Options granted	9,342,000	0.0125
Outstanding carried forward	9,342,000	0.0125
Exercisable at 31 December	660,000	0.0125
The inputs into the Black-Scholes model are as follows:		2021
Share price, £		0.0125
Exercise price, £		0.0125
Expected volatility		8.92%
Expected option life, years		1 - 4
Expected dividend yield		0%
Risk free interest rate		0.53%

As the Company's shares are not traded, the expected volatility has been estimated with reference to comparable companies.

OXECO LIMITED

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

23. SHARE-BASED PAYMENTS (CONTINUED)**Oxford Advanced Surfaces Limited Share Option Plan**

	As at 31 December 2021		As at 31 December 2020	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	No	per share £	No	per share £
Outstanding brought forward	1,400	107.1429	1,400	107.1429
Options exercised	(80)	50.0000	-	-
Options forfeit	(90)	50.0000	-	-
Options sub-division	4,918,770	0.0288	-	-
Options surrendered	(4,920,000)	0.0288	-	-
Outstanding carried forward	-	-	1,400	107.1429
Exercisable at 31 December	-	-	400	250

The inputs into the Black-Scholes model are as follows:

	2021	2020
Share price, £	50	N/A
Exercise price, £	50	N/A
Expected volatility	14%	N/A
Expected option life, years	5	N/A
Expected dividend yield	0%	N/A
Risk free interest rate	0.43%	N/A

As the Company's shares are not traded, the expected volatility has been estimated with reference to comparable companies.

OXECO LIMITED

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

24. POST EMPLOYMENT BENEFIT PLANS

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost represents contributions payable by the Group to the fund and amounted to £7,000 (2020 - £6,000) during the year. No contributions (2020 - £NIL) were payable to the pension scheme at the statement of financial position date.

25. RELATED PARTY TRANSACTIONS

Oxford Advanced Surfaces Limited

Under the terms of the group restructure undertaken on 14 July 2021, convertible loans with a total fair value of £355,000 were novated from Oxford Advanced Surfaces Limited to Oxeco Limited. During the year Oxford Advanced Surfaces Limited has settled in cash various administrative expenses on behalf of Oxeco Limited. The combination of these transactions has resulted in the creation of an intra-group balance between the two members of the Group. As at 31 December 2021, Oxeco Limited was owed £391,000 by Oxford Advanced Surfaces Limited.

26. EVENTS AFTER THE REPORTING PERIOD

On 21 January 2022, the Company completed a funding round which resulted in the issuance of 62,295,779 Ordinary shares for total consideration of £8,410,000, of which £8,000,000 was received in cash and £410,000 was non-cash via the conversion of loan notes and associated accrued interest.

27. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The Company is under the control of its shareholders and no single shareholder exercises overall control.