

COMPANY REGISTRATION NUMBER: 08449586

**SulNOx Group PLC**  
**Financial Statements**  
**31 March 2019**

# **SulNOx Group PLC**

## **Financial Statements**

**Period from 1 July 2018 to 31 March 2019**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Independent auditor's report to the members	7
Consolidated statement of comprehensive income	11
Consolidated statement of financial position	12
Company statement of financial position	13
Consolidated statement of changes in equity	14
Company statement of changes in equity	15
Consolidated statement of cash flows	16
Notes to the financial statements	17

# SulNOx Group PLC

## Officers and Professional Advisers

### **The board of directors**

Mr S J Bamford  
Mr R B Weinberg (Resigned 31 May 2019)  
Mr G A Bostock  
Mr R F Florescu (Resigned 14 May 2019)  
Mr J A Redman MBE (Resigned 12 November 2018)  
Mr N C P Nelson (Appointed 12 November 2018)  
Ms I M K Peterson (Appointed 14 November 2018)  
Mr S J Retter (Appointed 11 April 2019)

### **Registered office**

10 Orange Street  
Haymarket  
London  
United Kingdom  
WC2H 7DQ

### **Auditor**

Shipleys LLP  
Chartered accountants & statutory auditor  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

# SulNOx Group PLC

## Strategic Report

Period from 1 July 2018 to 31 March 2019

### Principal activities

Under a technology licence agreement with Nouryon BV, from May 2019 the principal activity has changed to that of the procurement of orders from customers wishing to use two fuel emulsifier products previously developed by the Group and now owned under licence to Nouryon BV. Nouryon BV will manufacture and deliver the products exclusively to SulNOx's customers anywhere in the world.

The Group plans to conduct trials with customers who are bulk users of heavy fuel oil such as those in shipping and power generation and also large users of diesel such as mine operators and other large scale commercial users.

More information may be found on the company's website: [www.sulnoxgroup.com](http://www.sulnoxgroup.com).

### Business review

The period under review is a nine month period given the necessity to bring the Group's year end date forward to March. This changed year end date is linked to our application for Admission to the NEX Exchange Growth Market which requires audited accounts to be published as part of the Admission Document.

The nine month period has been a hive of activity as we advanced negotiations with chemical manufacturing giant Nouryon BV. The Group had been approached by Nouryon BV which had identified our emulsifier technology and its commercial prospects as being sufficiently strong to warrant inclusion in Nouryon's catalogue of surfactant products. After considerable examination and negotiation, Nouryon's interest resulted in a technology licence and agency agreement and we both made announcements at the end of April.

The deal with Nouryon BV is perfect for SulNOx in that our proprietary fuel emulsifier and fuel conditioner products can now be manufactured and distributed reliably and with the accreditations which come with such a reputable chemicals company. With this in mind, the Group was able to continue with its central task of bringing customers to the table and we target August as being the start of sales in the UK, followed in ensuing months by customers in the near Middle East and South Africa.

As part of our preparations to move into public life through our planned NEX Exchange listing, a number of board changes were made which can be seen on page 1 of these accounts. Behind the scenes, we have identified sales and marketing professionals to join Gary Bostock in SulNOx Fuel Fusions Limited which is our sales and marketing division and holds the Agency Agreement with Nouryon BV. The team is actively building a book of new customers in readiness for the start of production by Nouryon BV at end of July.

A more complete overview and description of our planned activities can be found in our Admission Document which has been announcement concurrently with this set of accounts and will be made available on our website.

### Future developments

The corporate structure, including management, is in place and ready to take the Group into commercial life. We expect to announce positive news in relation to customer procurement during the coming year and thoroughly look forward to proceeding as a NEX Exchange Growth Market member company.

We believe that our story is unique and that ours is the most efficacious fuel emulsifier in the world. In collaboration with Nouryon, end customers may look forward to trouble free supply of products with the accreditations expected of a chemicals giant such as Nouryon.

# SulNOx Group PLC

## Strategic Report *(continued)*

Period from 1 July 2018 to 31 March 2019

### Principal risks and uncertainties

Whilst using its best endeavours to attain the investment objective, the Company cannot guarantee the extent to which this objective will be achieved. The investments of the Company are subject to normal fluctuations and other inherent risks and there can be no assurance that any appreciation in share value will occur. The value of investments, and therefore the value of the Shares relating to these, can go down as well as up and an investor may not realise the amount originally invested. The following factors contribute to the risk inherent in any investment in the Company:

#### No Assurance of any Return to Shareholders

There can be no assurance of any return or benefits to the shareholders with respect to their investment in the Company. Any return or benefits to the shareholders with respect to their investment in the Company. Any return to the holders of Shares can depend upon economic factors and conditions beyond the control of the Company, commonly referred to as 'Force Majeure' or 'Act of God'. The level of return to the shareholders will also depend upon the ability of the Company to successfully manage the assets and business of the company.

#### Share Price Fluctuations

The Company's profits and/or Net Asset Value will fluctuate, reflecting fluctuations in the market in general and the world's economic outlook and climate. The value of the Company's business can be adversely affected by a number of factors. Such factors can include: interest rate movements, changes in the actual and perceived creditworthiness of the Company's customers, changes in any applicable foreign currency rates. Social, economic or political factors, factors affecting the fuel and transport industry in general and many other contributory elements.

#### Regulatory Risks

Due to the nature of the Company's business in fuel technology, it is subject to significant regulatory requirements and licensing factors which are not always in the Company's control.

#### Tax Risks

The tax consequences of an investment in the Company are subject to certain risks outlined below. Each potential investor should carefully consider the tax effects of their own investment in the Company since the tax consequences of an investment in the Company are complex and certain of them would not be the same for all taxpayers. In view of the complexity of the tax aspects of investing in the Company, and particularly in view of the fact that the tax situation of each investor will differ, all prospective investors should consult their own tax advisors with specific reference to their own tax situation prior to making an investment in the Company.

### Key performance indicators

The key financial KPI is based upon internal sales forecasts.

# SulNOx Group PLC

## Strategic Report *(continued)*

**Period from 1 July 2018 to 31 March 2019**

This report was approved by the board of directors on 2 August 2019 and signed on behalf of the board by:

A handwritten signature in black ink that reads "Nicholas Nelson". The signature is written in a cursive, slightly slanted style.

Mr N C P Nelson  
Director

Registered office:  
10 Orange Street  
Haymarket  
London  
United Kingdom  
WC2H 7DQ

# SulNOx Group PLC

## Directors' Report

### Period from 1 July 2018 to 31 March 2019

The directors present their report and the financial statements of the group for the period ended 31 March 2019.

#### Directors

The directors who served the company during the period were as follows:

Mr S J Bamford	
Mr R B Weinberg	
Mr G A Bostock	
Mr R F Florescu	
Mr N C P Nelson	(Appointed 12 November 2018)
Ms I M K Peterson	(Appointed 14 November 2018)
Mr J A Redman MBE	(Resigned 12 November 2018)

The following directors resigned after the period-end.

Mr R B Weinberg (Resigned 31 May 2019)  
Mr R F Florescu (Resigned 14 May 2019)

Whilst the above J A Redman MBE resigned as director during the period, the directors acknowledge his position as President of the company.

#### Dividends

The directors do not recommend the payment of a dividend.

#### Disclosure of information in the strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

#### Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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 group and the company and 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 judgments 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 company will continue in business.

# SulNOx Group PLC

## Directors' Report *(continued)*

### Period from 1 July 2018 to 31 March 2019

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.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 2 August 2019 and signed on behalf of the board by:



Mr N C P Nelson  
Director

Registered office:  
10 Orange Street  
Haymarket  
London  
United Kingdom  
WC2H 7DQ

# **SulNOx Group PLC**

## **Independent Auditor's Report to the Members of SulNOx Group PLC**

**Period from 1 July 2018 to 31 March 2019**

### **Opinion**

We have audited the financial statements of SulNOx Group PLC (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 March 2019 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, 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).

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 March 2019 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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. 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# SulNOx Group PLC

## Independent Auditor's Report to the Members of SulNOx Group PLC *(continued)*

Period from 1 July 2018 to 31 March 2019

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### Opinions 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 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

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 strategic report or 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; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

# SulNOx Group PLC

## Independent Auditor's Report to the Members of SulNOx Group PLC *(continued)*

Period from 1 July 2018 to 31 March 2019

### 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.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# SulNOx Group PLC

## Independent Auditor's Report to the Members of SulNOx Group PLC *(continued)*

### Period from 1 July 2018 to 31 March 2019

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### 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.



Stewart Jell (Senior Statutory Auditor)

For and on behalf of  
Shipleys LLP  
Chartered accountants & statutory auditor  
10 Orange Street  
Haymarket  
London  
WC2H 7DQ

5 August 2019

# SulNOx Group PLC

## Consolidated Statement of Comprehensive Income

Period from 1 July 2018 to 31 March 2019

	Note	Period from 1 Jul 18 to 31 Mar 19 £	Year to 30 Jun 18 £
<b>Turnover</b>	<b>4</b>	–	90,630
<b>Gross profit</b>		–	90,630
Distribution costs		<b>4,290</b>	1,924
Administrative expenses		<b>547,804</b>	363,536
<b>Operating loss</b>	<b>5</b>	<b>(552,094)</b>	(274,830)
<b>Loss before taxation</b>		<b>(552,094)</b>	(274,830)
Tax on loss	<b>8</b>	<b>(13,168)</b>	–
<b>Loss for the financial period and total comprehensive income</b>		<b>(538,926)</b>	(274,830)

All the activities of the group are from continuing operations.

The notes on pages 17 to 27 form part of these financial statements.

# SulNOx Group PLC

## Consolidated Statement of Financial Position

31 March 2019

	Note	31 Mar 19 £	30 Jun 18 £
<b>Fixed assets</b>			
Intangible assets	9	9,089,078	9,418,885
Tangible assets	10	6,272	4,553
		<u>9,095,350</u>	<u>9,423,438</u>
<b>Current assets</b>			
Debtors	12	9,297	6,886
Cash at bank and in hand		206,841	7,667
		<u>216,138</u>	<u>14,553</u>
<b>Creditors: amounts falling due within one year</b>	13	610,933	198,510
<b>Net current liabilities</b>		<u>394,795</u>	<u>183,957</u>
<b>Total assets less current liabilities</b>		<u>8,700,555</u>	<u>9,239,481</u>
<b>Net assets</b>		<u>8,700,555</u>	<u>9,239,481</u>
<b>Capital and reserves</b>			
Called up share capital	14	1,631,118	1,631,118
Share premium account	15	9,389,155	9,389,155
Profit and loss account	15	(2,319,718)	(1,780,792)
<b>Shareholders funds</b>		<u>8,700,555</u>	<u>9,239,481</u>

These financial statements were approved by the board of directors and authorised for issue on 2 August 2019, and are signed on behalf of the board by:



Mr N C P Nelson  
Director

Company registration number: 08449586

The notes on pages 17 to 27 form part of these financial statements.

# SulNOx Group PLC

## Company Statement of Financial Position

31 March 2019

	Note	31 Mar 19 £	30 Jun 18 £
<b>Fixed assets</b>			
Intangible assets	9	9,079,545	9,400,000
Investments	11	408,150	408,150
		<u>9,487,695</u>	<u>9,808,150</u>
<b>Current assets</b>			
Debtors	12	176,675	3,609
<b>Creditors: amounts falling due within one year</b>	13	<u>230,000</u>	<u>56,935</u>
<b>Net current liabilities</b>		<u>53,325</u>	<u>53,326</u>
<b>Total assets less current liabilities</b>		<u>9,434,370</u>	<u>9,754,824</u>
<b>Net assets</b>		<u>9,434,370</u>	<u>9,754,824</u>
<b>Capital and reserves</b>			
Called up share capital	14	1,631,118	1,631,118
Share premium account	15	9,389,155	9,389,155
Profit and loss account	15	(1,585,903)	(1,265,449)
<b>Shareholders funds</b>		<u>9,434,370</u>	<u>9,754,824</u>

The loss for the financial period of the parent company was £320,455 (2018: £190,000).

These financial statements were approved by the board of directors and authorised for issue on 2 August 2019, and are signed on behalf of the board by:



Mr N C P Nelson  
Director

Company registration number: 08449586

The notes on pages 17 to 27 form part of these financial statements.

# SulNOx Group PLC

## Consolidated Statement of Changes in Equity

Period from 1 July 2018 to 31 March 2019

	Called up share capital £	Share premium account £	Profit and loss account £	<b>Total £</b>
<b>At 1 July 2017</b>	1,631,118	9,389,155	(1,505,962)	9,514,311
Loss for the period			(274,830)	(274,830)
<b>Total comprehensive income for the period</b>	—	—	(274,830)	(274,830)
<b>At 30 June 2018</b>	1,631,118	9,389,155	(1,780,792)	<b>9,239,481</b>
Loss for the period			(538,926)	<b>(538,926)</b>
<b>Total comprehensive income for the period</b>	—	—	(538,926)	<b>(538,926)</b>
<b>At 31 March 2019</b>	<u>1,631,118</u>	<u>9,389,155</u>	<u>(2,319,718)</u>	<u><b>8,700,555</b></u>

The notes on pages 17 to 27 form part of these financial statements.

# SulNOx Group PLC

## Company Statement of Changes in Equity

Period from 1 July 2018 to 31 March 2019

	Called up share capital £	Share premium account £	Profit and loss account £	<b>Total £</b>
<b>At 1 July 2017</b>	1,631,118	9,389,155	(1,075,449)	9,944,824
Loss for the period			(190,000)	(190,000)
<b>Total comprehensive income for the period</b>	—	—	(190,000)	(190,000)
<b>At 30 June 2018</b>	1,631,118	9,389,155	(1,265,448)	<b>9,754,825</b>
Loss for the period			(320,455)	<b>(320,455)</b>
<b>Total comprehensive income for the period</b>	—	—	(320,455)	<b>(320,455)</b>
<b>At 31 March 2019</b>	<u>1,631,118</u>	<u>9,389,155</u>	<u>(1,585,903)</u>	<u><b>9,434,370</b></u>

The notes on pages 17 to 27 form part of these financial statements.

# SulNOx Group PLC

## Consolidated Statement of Cash Flows

Period from 1 July 2018 to 31 March 2019

	31 Mar 19 £	30 Jun 18 £
<b>Cash flows from operating activities</b>		
Loss for the financial period	(538,926)	(274,830)
<i>Adjustments for:</i>		
Depreciation of tangible assets	520	6,916
Amortisation of intangible assets	331,992	208,685
Loss on disposal of tangible assets	-	5,069
Tax on loss	(13,168)	-
Accrued income	(34,739)	(34,113)
<i>Changes in:</i>		
Trade and other debtors	(2,411)	22,275
Trade and other creditors	345,181	24,581
Cash generated from operations	<u>88,449</u>	<u>(41,417)</u>
Tax received	13,168	-
Net cash from/(used in) operating activities	<u>101,617</u>	<u>(41,417)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(2,239)	(6,637)
Purchase of intangible assets	(2,185)	-
Net cash used in investing activities	<u>(4,424)</u>	<u>(6,637)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	101,981	14,558
Net cash from financing activities	<u>101,981</u>	<u>14,558</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>199,174</b>	<b>(33,496)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>7,667</b>	<b>41,163</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>206,841</u></b>	<b><u>7,667</u></b>

The notes on pages 17 to 27 form part of these financial statements.

# SulNOx Group PLC

## Notes to the Financial Statements

### Period from 1 July 2018 to 31 March 2019

#### 1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 10-12 Orange Street, London, England WC2H 7DQ.

#### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

#### 3. Accounting policies

##### Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

##### Going concern

The Group at the period end is in a significant net asset position of £8,700,555, down from £9,239,481 in the prior year. Forecasts have been prepared for the next 12 months which show trading profits and positive cashflow. For this reason the directors believe that the Group is a going concern for at least 12 months from the date these accounts are signed.

##### Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

##### Consolidation

The financial statements consolidate the financial statements of SulNOx Group PLC and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the period are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

# SulNOx Group PLC

## Notes to the Financial Statements *(continued)*

### Period from 1 July 2018 to 31 March 2019

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

##### **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 reviewed where the revision affects only that period, or in the period of the revision and future periods where the revision affect both current and future periods.

The only judgemental area identified in the financial statements is in the depreciation and amortisation of fixed assets, and only the amortisation is considered to have a material impact on figures as presented. This is considered below.

##### **Critical judgements**

The following judgements have had the most significant effect on amounts recognised in the financial statements.

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Impairment reviews are also performed annually. These reviews require an estimation of the value in use of the cash generating units. The value in use calculation requires the entity to estimate future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value.

There are no further judgements employed in the preparation of the financial statements.

##### **Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

##### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

# SulNOx Group PLC

## Notes to the Financial Statements *(continued)*

### Period from 1 July 2018 to 31 March 2019

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

##### Taxation *(continued)*

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

##### Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	20% straight line
Development Costs	-	4% straight line
Trademarks	-	25% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

During the year, the straight line amortisation of development costs changed from 2% per annum to 4% per annum to reflect the commercial substance of the underlying asset. As noted above, this is applied prospectively as a change of accounting estimate.

##### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

# SulNOx Group PLC

## Notes to the Financial Statements *(continued)*

### Period from 1 July 2018 to 31 March 2019

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

##### Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

##### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Research & Development	-	25% reducing balance
Fixtures & Fittings	-	25% reducing balance
Computer Equipment	-	25% reducing balance
Leasehold Property	-	25% reducing balance

##### Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

##### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

##### Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

# SulNOx Group PLC

## Notes to the Financial Statements *(continued)*

### Period from 1 July 2018 to 31 March 2019

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

##### Financial instruments *(continued)*

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### 4. Turnover

Turnover arises from:

	<b>Period from 1 Jul 18 to 31 Mar 19 £</b>	Year to 30 Jun 18 £
Rendering of services	—	90,630

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

# SulNOx Group PLC

## Notes to the Financial Statements *(continued)*

### Period from 1 July 2018 to 31 March 2019

#### 5. Operating profit

Operating profit or loss is stated after charging:

	<b>Period from 1 Jul 18 to 31 Mar 19 £</b>	Year to 30 Jun 18 £
Amortisation of intangible assets	<b>331,992</b>	208,685
Depreciation of tangible assets	<b>520</b>	6,916
Loss on disposal of tangible assets	<b>–</b>	4,960
Impairment of trade debtors	<b>288</b>	75,342
	<u><u>          </u></u>	<u><u>          </u></u>

#### 6. Auditor's remuneration

	<b>Period from 1 Jul 18 to 31 Mar 19 £</b>	Year to 30 Jun 18 £
Fees payable for the audit of the financial statements	<b>10,000</b>	10,000
	<u><u>          </u></u>	<u><u>          </u></u>

#### 7. Employees and staff

During the period, the average number of staff employed by both the group and the company was nil (2018: nil).

#### 8. Tax on loss

##### Major components of tax income

	<b>Period from 1 Jul 18 to 31 Mar 19 £</b>	Year to 30 Jun 18 £
<b>Current tax:</b>		
Adjustments in respect of prior periods	<b>(13,168)</b>	–
<b>Tax on loss</b>	<b>(13,168)</b>	–
	<u><u>          </u></u>	<u><u>          </u></u>

# SulNOx Group PLC

## Notes to the Financial Statements *(continued)*

### Period from 1 July 2018 to 31 March 2019

#### 8. Tax on loss *(continued)*

##### Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the period is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	Period from 1 Jul 18 to 31 Mar 19 £	Year to 30 Jun 18 £
Loss on ordinary activities before taxation	<b>(552,094)</b>	(274,830)
Loss on ordinary activities by rate of tax	<b>(104,898)</b>	(52,218)
Adjustment to tax charge in respect of prior periods	<b>13,168</b>	–
Effect of expenses not deductible for tax purposes	<b>591</b>	755
Effect of capital allowances and depreciation	<b>99</b>	1,253
Unused tax losses	<b>14,794</b>	10,560
Amortisation	<b>63,078</b>	39,650
Tax on loss	<b>(13,168)</b>	–

#### 9. Intangible assets

Group	Goodwill £	Development costs £	Patents, trademarks and licences £	Total £
<b>Cost</b>				
At 1 July 2018	43,424	10,045,984	–	<b>10,089,408</b>
Additions	–	–	2,185	<b>2,185</b>
<b>At 31 March 2019</b>	<u>43,424</u>	<u>10,045,984</u>	<u>2,185</u>	<u><b>10,091,593</b></u>
<b>Amortisation</b>				
At 1 July 2018	34,740	635,783	–	<b>670,523</b>
Charge for the period	8,684	323,005	303	<b>331,992</b>
<b>At 31 March 2019</b>	<u>43,424</u>	<u>958,788</u>	<u>303</u>	<u><b>1,002,515</b></u>
<b>Carrying amount</b>				
<b>At 31 March 2019</b>	<u>–</u>	<u>9,087,196</u>	<u>1,882</u>	<u><b>9,089,078</b></u>
At 30 June 2018	<u>8,684</u>	<u>9,410,201</u>	<u>–</u>	<u><b>9,418,885</b></u>

# SulNOx Group PLC

## Notes to the Financial Statements *(continued)*

Period from 1 July 2018 to 31 March 2019

### 9. Intangible assets *(continued)*

Company	Development costs £
<b>Cost</b>	
At 1 July 2018 and 31 March 2019	<u>10,000,000</u>
<b>Amortisation</b>	
At 1 July 2018	600,000
Charge for the period	320,455
<b>At 31 March 2019</b>	<u>920,455</u>
<b>Carrying amount</b>	
At 31 March 2019	<u>9,079,545</u>
At 30 June 2018	<u>9,400,000</u>

Previously, the company acquired from Technologies & Systems, the exclusive rights to a suite of Emulsion Technologies developed over the previous 25 years, for a consideration of £10,000,000 in cash, to be paid at the rate of £1,000,000 per year for 10 years, subject to terms and conditions.

In a subsequent agreement dated 18 October 2013, the outstanding consideration was satisfied by the placement of shares at value of £1.50 each and the company assumed unencumbered ownership of the Emulsification Technologies.

### 10. Tangible assets

Group	Computer Equipment £	Research & Development £	Total £
<b>Cost</b>			
At 1 July 2018	6,098	174,157	180,255
Additions	2,239	–	2,239
<b>At 31 March 2019</b>	<u>8,337</u>	<u>174,157</u>	<u>182,494</u>
<b>Depreciation</b>			
At 1 July 2018	1,545	174,157	175,702
Charge for the period	520	–	520
<b>At 31 March 2019</b>	<u>2,065</u>	<u>174,157</u>	<u>176,222</u>
<b>Carrying amount</b>			
At 31 March 2019	<u>6,272</u>	–	<u>6,272</u>
At 30 June 2018	<u>4,553</u>	–	<u>4,553</u>

# SulNOx Group PLC

## Notes to the Financial Statements *(continued)*

### Period from 1 July 2018 to 31 March 2019

#### 10. Tangible assets *(continued)*

Company	Research & Development £	Total £
<b>Cost</b>		
At 1 July 2018 and 31 March 2019	174,157	<u>174,157</u>
<b>Depreciation</b>		
At 1 July 2018 and 31 March 2019	174,157	<u>174,157</u>
<b>Carrying amount</b>		
At 31 March 2019	—	<u>—</u>
At 30 June 2018	—	<u>—</u>

#### 11. Investments

The group has no investments.

Company	Shares in group undertakings £
<b>Cost</b>	
At 1 July 2018 and 31 March 2019	<u>408,150</u>
<b>Impairment</b>	
At 1 July 2018 and 31 March 2019	<u>—</u>
<b>Carrying amount</b>	
At 1 July 2018 and 31 March 2019	<u>408,150</u>
At 30 June 2018	<u>408,150</u>

#### Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

Subsidiary undertakings	Class of share	Percentage of shares held
Sulnox Research & Development Limited, 10 Orange Street, London, WC2H 7DQ	Ordinary	100
Sulnox Fuel Fusions Ltd, 10 Orange Street, London, WC2H 7DQ	Ordinary	100
Sulnox Retail Limited, 10 Orange Street, London, WC2H 7DQ	Ordinary	50.1

# SulNOx Group PLC

## Notes to the Financial Statements *(continued)*

### Period from 1 July 2018 to 31 March 2019

#### 11. Investments *(continued)*

On 1 July 2014 Sulnox Fuel Fusions PLC acquired the entire share capital of Sulnox Research and Development Limited.

The book value of the assets and liabilities acquired were as follows:

	Fair value and book value £
Cash	30,216
Tangible Fixed Assets	32,790
Debtors	14,811
Creditors	121,240
	<u>43,423</u>
Goodwill	43,424
Satisfied by: Considered satisfied by cash	<u>1</u>

The book value of the assets acquired are not considered to be materially different from their value.

The aggregate amount of capital and reserves at the period end was £(290,925) (2018: £(81,138)). Loss for the financial period amounted to £209,787 (2018: Loss of £76,145).

#### 12. Debtors

	Group		Company	
	31 Mar 19 £	30 Jun 18 £	31 Mar 19 £	30 Jun 18 £
Amounts owed by group undertakings	–	–	173,065	–
Other debtors	9,297	6,886	3,610	3,609
	<u>9,297</u>	<u>6,886</u>	<u>176,675</u>	<u>3,609</u>

#### 13. Creditors: amounts falling due within one year

	Group		Company	
	31 Mar 19 £	30 Jun 18 £	31 Mar 19 £	30 Jun 18 £
Trade creditors	100,275	89,652	–	–
Amounts owed to group undertakings	–	–	–	31,935
Accruals and deferred income	35,000	69,739	25,000	25,000
Director loan accounts	116,539	14,558	–	–
Share subscription received in advance	205,000	–	205,000	–
Other creditors	154,119	24,561	–	–
	<u>610,933</u>	<u>198,510</u>	<u>230,000</u>	<u>56,935</u>

# SulNOx Group PLC

## Notes to the Financial Statements *(continued)*

### Period from 1 July 2018 to 31 March 2019

#### 14. Called up share capital

##### Issued, called up and fully paid

	31 Mar 19		30 Jun 18	
	No.	£	No.	£
Ordinary shares of £0.02 each	<u>81,555,920</u>	<u>1,631,118</u>	<u>81,555,920</u>	<u>1,631,118</u>

#### 15. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

#### 16. Directors' advances, credits and guarantees

During the period, G Bostock paid expenses on behalf of the company totalling £123,908 (2018: £18,911). Repayment of £13,958 (2018: £12,322) was made and £116,539 (2018: £6,589) was owed to the Director at the period-end.

During the period, R Weinberg paid expenses on behalf of the company totalling £121,107 (2018: £20,688). Repayment of £10,390 (2018: £12,720) was made and £118,685 (2018: £7,968) was owed to the Director at the period-end.

#### 17. Related party transactions

##### Group

During the period, expenses totalling £31,500 (2018: £40,200) were paid to Mr J Redman who is the son of Mr J Redman MBE, one of the directors. These expenses related to consultancy fees and at the period end £nil (2018: £nil) remained outstanding to J Redman.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 102.

##### Company

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 102.

#### 18. Controlling party

In the opinion of the directors there is no ultimate controlling party by virtue of a majority shareholding.

# **SulNOx Group PLC**

## **Management Information**

**Period from 1 July 2018 to 31 March 2019**

**The following pages do not form part of the financial statements.**

# SulNOx Group PLC

## Consolidated Detailed Income Statement

Period from 1 July 2018 to 31 March 2019

	Period from 1 Jul 18 to 31 Mar 19 £	Year to 30 Jun 18 £
<b>Turnover</b>	—	90,630
<b>Gross profit</b>	—	90,630
<b>Overheads</b>		
Distribution costs	4,290	1,924
Administrative expenses	547,804	363,536
	<u>552,094</u>	<u>365,460</u>
<b>Operating loss</b>	<u>(552,094)</u>	<u>(274,830)</u>
<b>Loss before taxation</b>	<u>(552,094)</u>	<u>(274,830)</u>

# SulNOx Group PLC

## Notes to the Consolidated Detailed Income Statement

Period from 1 July 2018 to 31 March 2019

	Period from 1 Jul 18 to 31 Mar 19 £	Year to 30 Jun 18 £
<b>Distribution costs</b>		
Research & Development	<u>4,290</u>	<u>1,924</u>
<b>Administrative expenses</b>		
Rent	14	–
Insurance	200	507
Motor expenses	–	1,912
Travel and subsistence	14,355	10,809
Telephone	792	1,364
Office expenses	2,564	2,361
Subscriptions	24,323	–
Equipment repairs and renewals	9,812	–
Printing, stationery and postage	17,047	4,406
Sundry expenses	–	3,123
Advertising	–	367
Entertaining	3,109	3,971
Legal and professional fees (allowable)	34,715	12,446
Other professional fees	93,205	22,200
Accountancy fees	4,500	4,000
Auditors remuneration	10,039	–
Amortisation of intangible assets	331,992	208,685
Depreciation of tangible assets	520	6,916
(Gain)/loss on disposal of tangible assets	–	4,960
Bad debts written off	288	75,342
Bank charges	329	167
	<u>547,804</u>	<u>363,536</u>