Registered in England and Wales number 10114644

Verditek PLC

Group Annual Report and Financial Statements

Year Ended 31 December 2021

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2021 HIGHLIGHTS

- During 2021 Verditek launched its next generation panel with a power output of 340W
- Verditek worked with partners to manufacture solutions that incorporate its semi-flexible solar panel product
- Verditek agreed a new joint development project with Paragraf, with a focus on commercialization of graphene solar cells
- Revenues for the year were £107,632 (2020: £21,521) with a loss after tax of £974,079 (2020: £2,324,121)
- Corporate bonds issued during the year contributed £353k cash

CHAIRMAN'S STATEMENT

The year to 31 December 2021 was one of commercial challenge for Verditek. Although there has been a modest growth in sales and a focus on building repeat customer relationships, the conversion of pipeline projects was lower than anticipated, as customer capital projects were either postponed or cancelled due to the ongoing impact of the global pandemic. Production was correspondingly scaled back at the start of the year in order to focus on fulfilling orders.

Operationally there was a focus on developing the lightweight semi-flexible solar panel product, improving the quality of manufacturing processes, and strengthening the skills of the production team through recruitment and training. As a result, the Group achieved ISO9001 in Quality Management for its manufacturing facility in Milan towards the end of the year.

Following product developments in the year, the Group launched its next generation solar panel with an enhanced power output of 340W on a 60-cell panel. This represents a higher power output than the previous product offering, along with a higher efficiency rating. Verditek's solar modules are particularly lightweight compared to conventional PV modules. The Group sees its key markets as both on-grid and off-grid projects that otherwise cannot consider solar energy to address their power requirements. A stronger, more reliable product leaves the Group well placed for commercial growth in 2022.

The Group had hoped to achieve international certification on its this enhanced product during the year, which would have allowed the Group to market its product more widely for on-grid applications, but this was not concluded in the period and is expected to be confirmed in due course. The Group therefore concentrated its sales efforts on off-grid markets during the period and other projects that do not require panel certification.

An exciting area of focus with a great deal of potential are collaborations with partners to incorporate Verditek panels into their products. We have worked closely with strategic partners to develop solar roofing solutions. We were delighted to have delivered our first integrated solar roof-panel system through our partnership with UK company Bradclad Group, and also an integrated solar roof tile product in partnership with Belgian company Metrotile. These solutions can be used on a wide variety of buildings, and significantly expands the potential reach of Verditek's product offering.

Verditek's commitment to pioneering research in solar cell technology continues. Towards the end of the year, a new joint development arrangement was signed with Paragraf, an innovative company producing graphene. This project builds on previous joint development projects, with a particular focus on exploring the future commercialisation of graphene in silicon solar cells. This is an exciting area of research which has the potential to transform the durability and performance of solar cells.

In 2021 the Group entered into a debt arrangement with Crowd for Angels. Corporate bonds of £353,000 were issued with a term of 2 years, along with associated warrants, which provided working capital for the Group.

2021 was a frustrating year for Verditek. Ongoing uncertainty from the pandemic and rising fuel costs have resulted in delays of capital projects and increasing price pressure. In response, Verditek has streamlined its operational production and focussed efforts on product quality and strategic solution partnerships. The near-term outlook for clean technology in general and Verditek in particular is very positive. A renewed global focus on green energy following the 2021 IPCC report and COP26 summit has meant companies and public sector bodies are scrutinising their green strategy and being challenged to invest. As a result, the Group has seen a growing number of enquiries and pilot projects towards the end of the year and in early 2022, which point to promising signs of commercial growth for 2022.

The Rt Hon. Lord David Willetts FRS
Non-Executive Chairman

CHIEF EXECUTIVE'S REVIEW

Overview

The year to December 2021 has been a frustrating one for Verditek. The Group has focussed on commercializing its flexible, lightweight solar panels, but conversion of the sales pipeline was lower than anticipated as customers have delayed their transition to green energy as a result of the ongoing tough economic environment.

Verditek has however spent time investing in its solar product and building partnerships with solutions providers, and is confident that this enhanced offering leaves Verditek well placed for commercial growth in 2022.

Strategy

The Group's historic strategy has been to identify early-stage business opportunities in the clean technology sector, invest in them and see them through to commercial success. Whilst this remains the Group's long-term objective, the focus during 2021 was on refining the Group's solar offering and working to build and convert the sales pipeline.

The Group solar strategy is to manufacture high quality panels with a focus on B2B sales through engaging distributors and sales representatives in different regions. The Group also aims to partner with solutions providers, who develop and bring to market innovative solutions with integrated solar panels.

In light of the climate emergency, the world needs to evolve from its dependency on hydrocarbon-based energy sources to cleaner, more environmentally friendly energy. We believe the Verditek Solar product is extremely well positioned to become a market leader in the ultra-lightweight, flexible solar market. The Company's TUV approved basic product has numerous potential applications that are not available to the traditional, heavy and fragile solar panel technology. We believe major new market opportunities for our lightweight product will open up in areas such as military, transportation, cellular telecoms masts, new build homes (as part of an integrated roof tile system), and warehousing (where roofing structures are less rigid). Here the advantages of a highly durable, efficient ultra-lightweight solar solution can now be embraced.

We believe the trend in the world moving from burning hydrocarbons as a primary energy source towards utilising solar solutions will accelerate.

Operations

The Group's solar operations are based in a modern 2,000 square meter factory located in Lainate on the outskirts of Milan, Italy, with a production capacity in excess of 80MW per annum. From here a core staff together with a further flexible contract labour team manufacture Verditek's flexible lightweight solar panels using the latest components sourced from around the world.

The technology used in cells continues to evolve and the Group has developed its 'Generation 1.2' panel during the year, where a standard sized panel (with 60 cells) has a power output of 340W. Whilst the Group has significant stock of its first-generation panel with a power output of 288W per panel, these are still suitable for most applications as solar solutions are sold by power output and not per panel.

Although the certification process for the next-generation panels commenced in 2021, the process unfortunately did not conclude in 2021 and is still ongoing at the date of publication of this report, but the Company hopes to confirm such certification in due course. This certification covers the panels over a broad range of applications and covers temperature, fire, hail damage and wind as well as durability.

The Group is currently developing its Generation 2 panels with enhanced fire-resistance, with a target of producing the world's first lightweight semi-flexible Class-A rated fire-resistant solar panel. This will open up potential markets for solar roof-top applications in the UK, Italy and Australia.

During the year Verditek Solar was unfortunately the victim of theft from its factory in Milan, carried out by a former contractor. The Group is pursuing criminal charges and has commenced legal proceedings to recover civil damages. There is an expense of £346,841 within Direct Costs in the year relating to theft of goods.

Sales and Marketing

The Group has various routes to market, including commission only sales agents, employed sales consultants, distributors and solutions partners. Their efforts have led to a significant pipeline, however many of these have been slow to close for various reasons including the ongoing effects of the pandemic and tough trading conditions.

Verditek continue to supply panels for various marine applications including conventional yachts, electric powered yachts, and canal boats.

The Group has two highly promising partnerships with roofing providers. Verditek Solar has collaborated with Bradclad Group, a UK supplier of standing seam roofs, and is pleased to report that they have launched their Energi-Roof concept which integrates Verditek panels onto various roofing materials using proprietary bonding techniques. Verditek Solar are also currently collaborating with Metrotile, who are developing Verditek solar panel solutions for their roof tile products. Both these opportunities enhance the potential for commercial growth in the lucrative roofing sector.

Other Opportunities

We are in discussions to license our manufacturing technology to a larger scale, automated plant and we have received expressions of interest from others to build similar plants elsewhere in the world.

We have an exciting relationship in place with Paragraf, a Cambridge (UK) based start-up which has developed world-leading graphene technology. Together we have completed two Joint Development Projects ("JDP"), and have recently committed to a third.

The objectives of JDP 1 and 2 were for Verditek and Paragraf to grow large scale (e.g. 3x3cm) graphene surfaces directly on photovoltaic ("PV") Proof of Concept ("PoC") chips and eventually entire industrial PV wafers (15x15cm). The advantages of adding graphene to PV cells include:

- increased efficiency by removing the topside busbar shading of the PV surface
- increased efficiency by harvesting electrons from the entire topside surface
- improved robustness of the wafer due to the physical resilience of graphene

This technology has the potential to transform the durability and performance of PV cells, opening up new applications of solar technology. In the course of JDP 1 and 2 we successfully designed conditions to grow graphene on an industrial grade mono-silicon PV wafer PoC with good adhesion, reliable conductivity and control over deposition of graphene layers.

JDP3 has recently commenced in 2022, which builds on the previous JDPs and aims to explore the performance and scalability of test structures. The ultimate aim of JDP3 is to build a viable PoC for commercialisation of graphene PV cells.

Finance

For the year to 31 December 2021 the Group had revenues of £107,632 and recorded a loss after tax of £1.0m.

During the year the Group entered into a bond arrangement with Crowd for Angels, issuing bonds of £353,253 during the year. At the year-end the business had debt of £277,080 (Principal balance of £324,858, net of bond issue costs of £47,778). The bonds mature in 2023 and have an associated coupon of 7%.

During the year the overhead base of the Group has been reduced in order to conserve cash balances as the conversion period for prospects to become fee paying customers has taken longer than expected.

Outlook and Conclusion

We are excited about the outlook for Verditek and believe the future remains positive despite the modest commercial growth in 2021.

Verditek was established with the vision of building a leading clean technology Group and delivering game changing technological solutions. Whilst the business remains early stage, we believe our significant investment into the development of our flexible, lightweight solar panels will prove fruitful.

I would like to take this opportunity to thank my fellow Board members, staff, valued shareholders and advisers for their support. We look forward to delivering on the vision of building a cash-generative and profitable clean technology company together.

Rob Richards,
Chief Executive Officer
29 June 2022

STRATEGIC REPORT

Verditek is a cleantech company with its principal interest being the manufacture and commercialistion of leading-edge solar technologies. Verditek Solar Italy (100% owned subsidiary) operates from a modern factory in Lainate, Italy and has manufacturing capacity to produce over 80MW innovative lightweight solar modules per annum.

Verditek's light weight solar modules offer several innovations including: interconnectivity of individual PV cells, increased flexibility, and are particularly light weight compared to conventional PV modules.

The market for Verditek's solar products covers both on grid and off grid installations and has applications from single panel use such as in Tuk Tuks in Thailand to large projects which deliver power where conventional fossil fuel power production is both expensive and logistically difficult to manage. For such large rural projects, Verditek has developed its PowerMat concept where circa 250kw of panels are connected by one of two systems and are stored when not in use in a shipping container for easy transportation and re-use in different locations.

Verditek has recently partnered with specialist roofing solution providers to bring to market integrated solar products, which broaden the reach of Verditek's solar offering.

Verditek has entered into a series of joint development programmes with Paragraf, a pioneer in graphene technology, in order to develop potentially transformative PV cell technology.

In addition to its solar business the Group has investments in two other clean tech businesses, BBR and ICSI. Post year end however, the Group sold its stake in ICSI to an external buyer, see Note 25 to the financial statements.

For a full review of the business during the year, please refer to the Chief Executive's Review on page 3. For an analysis of financial performance indicators, please refer to the Finance Review on page 8.

Principal risks and uncertainties facing the business

A full review of principal risks and uncertainties facing the business is given on pages 9 to 12.

COVID-19

We have considered the impact of the COVID-19 pandemic on the businesses of the Group both in terms of experience to date and our assessment of its potential impact on the markets which Verditek expects to commercialise its products in.

Europe continued to see the ongoing impact of COVID-19 in 2021. Fortunately, our factory in Italy was able to operate at required levels for all of the year with minimal interruptions. However, a number of pipeline projects we had expected to close during the year have been postponed, often due to the economic uncertainty created by the pandemic and budgetary pressures which has meant capital projects are delayed.

The Group has prepared financial forecasts to model management's assessment of going concern, including ongoing delays in pipeline projects being signed off as orders due to COVID-19, see Note 2.4 of the financial statements. Steps have been taken by the Directors to protect and manage the business during the coming period, including the introduction of temporary pay deferrals at Board level and further overhead reductions.

S172 Statement

As required by Section 172 of the Companies Act, a director of a company must act in the way he or she considers, in good faith, would likely promote the success of the company for the benefit of the shareholders. In doing so, the director must have regard, amongst other matters, to the following issues:

• the likely consequences of any decisions in the long term (see Corporate Governance Report, pages 15 to 19);

• the interests of the company's employees (see Corporate Social Responsibility report on page 23)

• the need to foster the company's business relationships with suppliers/customers and others (see Corporate Governance Report, pages 15 to 19);

• the impact of the company's operations on the community and environment (see Corporate Social Responsibility report on page 23);

• the company's reputation for high standards of business conduct (see Corporate Governance Report, pages 15 to 19); and

• the need to act fairly between members of the company (see Corporate Governance Report, pages 15 to 19).

On behalf of the Board

R J Richards

Rob Richards
Chief Executive Officer
29 June 2022

FINANCIAL REVIEW

Income statement

During the year 2021 the Group's loss after taxation was £974,079 (2020: £2,324,121). The administration expenses incurred for the year ended 31 December 2021 were £1,501,942 (2020: £1,971,662).

Loss per share

The basic and diluted loss per share was 0.3p (2020: 0.8p).

Financial Position

At 31 December 2021, the Group's net assets were £1,870,713 (2020: net assets of £2,738,483). This comprised total assets of £2,719,430 and total liabilities of £848,717. The total assets included property, plant and equipment of £300,082 (2020: £586,612).

Cashflow

The Group's cash balance at the period end was £237,613 (2020: £1,711,761). During the period the net cash outflow from operating activities was £1,656,332 (2020: 2,752,360) with financing activities generating net proceeds of £204,264 (2020: £4,388,219).

Dividends

No dividend is recommended (2020: £nil) due to the development stage of the Group.

Capital management

The Board's objective is to maintain a statement of financial position that is both efficient and delivers long term shareholder value. The Group had cash balances of £237,613 as at 31 December 2021 (2020: £1,711,761). The Board continues to monitor the balance sheet to ensure it has an adequate capital structure.

Key Performance Indicators

As the Group's revenues are still at an early stage, the main measures of performance are the level of expenditure compared to budget and forecast expectations. Going forward the Board will look to develop KPIs to monitor and report performance.

Events after the reporting period

Events after the reporting period are described in Note 25 to the financial statements.

Vicki Johnson
Chief Financial Officer

PRINCIPAL RISKS AND UNCERTAINTIES

The Board is committed to protecting and enhancing our reputation and assets, while safeguarding the interests of our shareholders. It has overall responsibility for the Group's system of risk management and internal control.

The Board assesses the Company's principal risks and monitors the risk management process at least twice a year. Over the course of the year, the Board has also considered specific risks of intellectual property and physical asset security, fluctuations in exchange rates and liquidity.

Accepting that it is not possible to identify, anticipate or eliminate every risk that may arise and that risk is an inherent part of doing business, our risk management process aims to provide reasonable assurance that we understand, monitor and manage the main uncertainties that we face in delivering our objectives. Our principal risks are shown in the table below.

Risk Framework

Managing risk is an inherent part of any vital commercial enterprise. The Company has prepared a risk review using an established framework that assists the recognition and mitigation of risk. Ranking risk and opportunity is critical to any successful business and assists the executive in managing priorities to extract the maximum value from our investments, while maintaining vigilance on those aspects which most influence an outcome.

Over the course of the year we have continued to focus on the risk framework developed in our first year of operation to maintain and enhance a fit for purpose governance model and to ensure compliance. Financial control continues to figure prominently in this overall framework.

Risk Review

The key risks identified per business are as follows:

	RISK	MITIGATION and MANAGEMENT	ASSESSMENT
Market conditions	The solar marketplace continues to have increased efficiency (power output) and increased competition.	Verditek continues to monitor the efficiency of cells used in production of its solar panels, and seeks to remain at the forefront of technical advancements at all times.	Medium risk

	RISK	MITIGATION and MANAGEMENT	ASSESSMENT
Commercial Success	Our products are considered too expensive versus traditional glass solar panels or other semi-flexible panels on the market. Our products are not competitive on cost as we cannot scale up manufacturing with the existing manufacturing facilities. Establishing sales leads is slow. Limited ability to negotiate bulk discounts.	In our solar business we are focused on both off-grid and on-grid, where traditional solar panels cannot be used. In its marketing materials, the Group distinguishes between traditional glass solar panels, versus its semi-flexible, lightweight solar panels. The Group's lightweight solar panel product is distinguished from other semi-flexible panel competitors on customizability and efficiency. As the business scales, costs of raw materials will reduce. The Group constantly assesses its costs, and is considering collaborations to scale up manufacturing or direct investments in new manufacturing sites.	High risk

	RISK	MITIGATION and MANAGEMENT	ASSESSMENT
License to Operate	Failure to meet AIM corporate governance requirements.	The executive benchmarked its corporate governance, policies and procedures against published QCA guidelines to ensure compliance. The Company has regular discussions with its nominated advisor and external counsel.	Low risk
	HSE violations in Group operating companies.	The Group is directly responsible for installing and auditing an HSE culture. Documented operating procedures are in place at the manufacturing facility, which have been reviewed by an external body.	Medium risk
Financial	Failure to secure cashflow and remain a going concern, also growth ambitions might outpace cash reserves.	The Board reviews medium to long term cashflow forecasts, and aims to ensure sufficient funding is in place to meet requirements.	High risk
Operational	Factory output levels reduce, poor quality, other operational issues including Board members not being able to visit the factory during pandemic.	The Group has systems in place for testing of each panel, and daily production levels are monitored and reported on regularly by local management.	Medium risk
Legal	Poorly constructed sales contracts expose the company to punitive commercial conditions. Partnering relationships expose the Company to unlimited liabilities.	The Company has secured Peachey & Co. LLP as their single corporate counsel and have developed a suite of proforma contracts to ensure commercial negotiations begin soundly.	Low risk
COVID-19	Adverse global trading conditions due to the COVID-19 pandemic, with companies and countries reducing their spend on capital projects.	Contingency plans to control costs, through flex of production staff and supply chain streamlining.	High risk

	RISK	MITIGATION and MANAGEMENT	ASSESSMENT
LEGISLATIVE	Non-compliance with the UK's anti-bribery and corruption legislation given the Company's potential operations in high-risk countries.	The Company has an Ethics policy which is referenced in third party contracts and there is annual mandatory training for directors, employees and contractors.	Medium risk

GOVERNANCE

BOARD OF DIRECTORS

The Board of Directors of Verditek plc ("Verditek" or the "Company") as at the date of signing the report and accounts comprised:

Rob Richards (Chief Executive Officer)

Rob is the Chief Executive Officer of Verditek plc. Rob is a chartered electrical engineer with over 20 years' experience in the Oil and Gas and Energy Industry. Rob joined Verditek plc, having held senior management positions in Ecolog International, FZE, Penspen Ltd, Thailand, KNM Process Systems Sdn Bhd in Malaysia, Siemens Oil and Gas, Singapore and Alstom Power.

The Rt Hon. Lord David Willetts FRS (Non-Executive Chairman)

The Rt Hon. Lord David Willetts FRS is the Chairman of Verditek plc. He is also the President of the Resolution Foundation. He served as the Member of Parliament for Havant (1992-2015), as Minister for Universities and Science (2010-2014) and previously worked at HM Treasury and the No. 10 Policy Unit.

Lord Willetts is a visiting Professor at King's College London, a Board member of UK Innovation and Research (UKRI) and of the Biotech Growth Trust. He is an Honorary Fellow of Nuffield College Oxford.

George Katzaros (Non-Executive Director)

George is the founder of Verditek plc, identifying the three core technologies and leading the company to IPO on AIM. George has over 30 years' experience in advisory and asset management as well as investment banking and venture capital particularly for cleantech companies.

Gavin Mayhew (Non-Executive Director)

Gavin was formerly the CEO of Energy Savers FZE, a UAE consultancy providing energy saving solutions to commercial and industrial clients. Before that Gavin was president of Zubair Terminal Company in Iraq, which was set up to finance, develop and operate a new commercial port in Iraq and a 38 year port concession was signed with the Iraqi government in 2018. He has over 20 years of business management experience in Latin America, Europe and the Middle East. Gavin has an MBA from INSEAD and undergraduate degree from Brown University in the USA.

The Board and responsibilities

The Board hold monthly meetings to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals. There is an Audit Committee and a Remuneration Committee in place with formally delegated duties and responsibilities and with specific terms of reference. From time to time separate committees may be set up by the Board to consider specific issues when the need arises. Due to the size of the Group, the Directors have decided that issues concerning the nomination of directors will be dealt with by the Board rather than a committee but will regularly reconsider whether a nominations committee is required.

Details of board meetings held, and attendance of Board directors is shown below:

Board Members	Eligible to attend	Attended
Executive Directors		
Rob Richards	11	11
Non-Executive Directors		
The Rt Hon. Lord David Willetts FRS	11	11
George Francis Katzaros	11	11
Gavin Mayhew	11	11

The Audit Committee

The Audit Committee comprises The Rt Hon. Lord David Willetts FRS as chairman and Gavin Mayhew.

The Audit Committee determines the terms of engagement of the Group's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee receives and reviews reports from management and the Group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee has unrestricted access to the Group's auditors.

The Audit Committee Report is presented on page 20.

The Remuneration Committee

The Remuneration Committee comprises George Katzaros as chairman and Gavin Mayhew.

The Remuneration Committee reviews the scale and structure of the executive Directors' and senior employees' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive Directors are set by the entire Board.

The Directors' Remuneration Report is presented on pages 21 - 22.

Investor relations

The General Meeting is the principal forum for dialogue with shareholders. Updates on the progress of the business are regularly published on the Group's website.

On behalf of the Board

RJ Richards

Rob Richards
Chief Executive Officer

CORPORATE GOVERNANCE REPORT

The Directors recognise that good corporate governance is a key foundation for the long-term success of the Group. As the Company is listed on the AIM market of the London Stock Exchange and is subject to the continuing requirements of the AIM Rules. The Board has therefore adopted the principles set out in the Corporate Governance Code for small and midsized companies published by the Quoted Companies Alliance ("QCA Code").

The principles are listed below with an explanation of how the Company applies each principle, and what we do and why.

QCA Code Principle	**Application** (as set out by QCA)	**What we do and why**
1. **Establish a strategy and business model which promote long-term value for shareholders**	The board must be able to express a shared view of the company's purpose, business model and strategy. It should go beyond the simple description of products and corporate structures and set out how the company intends to deliver shareholder value in the medium to long-term. It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	The Company's strategy is explained fully within the Chief Executive's Report section of our Report and Accounts for the year ended 31 December 2021. Our strategy is focused on reviewing manufacturing capabilities to optimise the cost of production and ensure a competitively priced product, and developing a "go to market strategy" by advancing partnerships with solutions providers to incorporate our panels and deliver readily saleable solutions. The key challenges to the business and how these are mitigated are detailed on pages 9 to 12 of our Report and Accounts for the year ended 31 December 2021.
2. **Seek to understand and meet shareholder needs and expectations**	Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base.	Whilst the company is early stage, the Board is committed to returning value to our shareholders through execution of our strategy.
	The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.	Verditek plc encourages two-way communication with its investors and responds quickly to all queries received. The Board recognises the AGM as an important opportunity to meet shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM. The people responsible for shareholder liaison are: The Chief Executive Officer The Chief Financial Officer Nomad (W.H. Ireland Limited) The Chief Executive Officer is responsible for shareholder liaison and he can be contacted using the "contact" link on the Company website.

QCA Code Principle	Application (as set out by QCA)	What we do and why
3. **Take into account wider stakeholder and social responsibilities and their implications for long-term success**	Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The board needs to identify the company's stakeholders and understand their needs, interests and expectations.	The executive maintains communications with trade and interest groups working in the markets where our products are sold and applied.
	Where matters that relate to the company's impact on society, the communities within which it operates, or the environment have the potential to affect the company's ability to deliver shareholder value over the medium to long-term, then those matters must be integrated into the company's strategy and business model.	The Company is committed to developing green technology, and this forms the backbone to decision making.
	Feedback is an essential part of all control mechanisms, and is welcomed from all stakeholder groups.	Our website maintains a channel to receive feedback from all stakeholders.
4. **Embed effective risk management, considering both opportunities and threats, throughout the organisation**	The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy; companies need to consider their extended business, including the company's supply chain, from key suppliers to end-customer.	Risk Management on pages 9 to 12 of our Report and Accounts for the year ended 31 December 2021 details the risks to the business and how these are mitigated.
	Setting strategy includes determining the extent of exposure to the identified risks that the company is able to bear and willing to take (risk tolerance and risk appetite).	The Board considers risk to the business at its monthly meetings and reviews the principal risks to the business and the risk register quarterly.
5. **Maintain the Board as a well-functioning, balanced team led by the chair**	The Board members have a collective responsibility and legal obligation to promote the interests of the company and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board.	The Company is controlled by the Board of Directors. The Rt Hon. Lord David Willetts FRS, the Non-executive Chairman, is responsible for the running of the Board and Rob Richards, the Chief Executive, has executive responsibility for running the Group's business and implementing Group strategy.
	The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.	All Directors receive regular and timely information on the Group's operation and financial performance. Relevant information is circulated to the Directors in advance of meetings. All Directors have direct access to the advice and services of the Company Secretary and are able to take independent professional advice in the furtherance of the duties, if necessary, at the Company's expense.

QCA Code Principle	**Application** (as set out by QCA)	**What we do and why**
	The Board should have an appropriate balance between executive and non-executive directors and should have at least two independent non- executive directors. Independence is a board judgement.	The Board comprises one Executive Director and three Non-Executive Directors. The Board considers that all the Non-Executive Directors bring an independent judgement to bear.
	The Board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.	The Executive Director is full time and the Non-Executive Directors provide such time as is required to fully and diligently perform their duties.
	Directors must commit the time necessary to fulfil their roles.	The Board holds monthly Board meetings. Details of the attendance record of each Director at Board meetings is included in the Governance report of the Annual Report.
6. **Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**	The board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The board should understand and challenge its own diversity, including gender balance, as part of its composition.	The Directors have attended professional NED instruction and have proven track-records of serving on boards previously.
	The Board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.	The Board will work to increase the diversity of the Directors.
	As companies evolve, the mix of skills and experience required on the board will change, and board composition will need to evolve to reflect this change.	Further information about the Board's skillset, including each Director's experience and CV, is set out on the Company website and additional information is shown on page 13 of the Annual Report for the year ending 31 December 2021.
7. **Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**	The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.	The Company was admitted to trading on AIM in August 2017. Since that time there has been a greater than 50% turnover in Board membership. A board performance evaluation will be carried out in the second half of 2022 to look critically at what we do and to identify areas of improvement. An appraisal is scheduled to be carried out each year with the Executive Director.

QCA Code Principle	**Application** (as set out by QCA)	**What we do and why**
	The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.	The Company is early stage and as such the Board has been focussed on ensuring that sufficient capital is in place to execute its strategy: first sales; investing in longer term development opportunities and developing the organisation. It is against the performance of this strategy that the Board is currently assessed.
	It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for boards. No member of the board should become indispensable.	No formal succession plans are currently in place, but the Board will continue to review this position.
8. **Promote a corporate culture that is based on ethical values and behaviours**	The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage. The policy set by the board should be visible in the actions and decisions of the chief executive and the rest of the management team.	The Corporate and Social Responsibility section on page 23 of our Report & Accounts for the year ended 31 December 2021 details the ethical values of the Company.
	Corporate values should guide the objectives and strategy of the company. The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the company. The corporate culture should be recognisable throughout the disclosures in the annual report, website and any other statements issued by the company.	The Company's policies and procedures on Data Protection; Disciplinary, Dismissal and Grievance; Ethics; Share Dealing; Social Media; and Speak-Up were reviewed, updated and approved by the Board during the year. These policies and procedures are made available to staff and consultants and anti-bribery and anti-corruption training and data protection training is mandatory. Staff and consultants are encouraged to ask questions and seek clarifications from senior members of the team on these policies and procedures.
9. **Maintain governance structures and processes that are fit for purpose and support**	The Company should maintain governance structures and processes in line with its corporate culture and appropriate to its:	The Corporate Governance Report on pages 15 to 19 of our Report & Accounts for the year ended 31 December 2021 details the Company's governance

QCA Code Principle	Application (as set out by QCA)	What we do and why
good decision-making by the board	• size and complexity; and • capacity, appetite and tolerance for risk.	structures and why they are appropriate and suitable for the Company.
	The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the company.	The Board has a formal schedule of matters reserved to it and is supported by the Audit and Remuneration Committees. Due to the size of the Company, the Directors have decided that issues concerning the nomination of directors will be dealt with by the Board rather than a committee but will regularly reconsider whether a nominations committee is required The Audit Committee and a Remuneration Committee have formally delegated duties and responsibilities and with specific terms of reference and these are available on request.
10. **Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.**	A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company.	The Company encourages two-way communication with its investors and responds quickly to all queries received. The Board recognises the AGM as an important opportunity to meet private shareholders. The Directors are available to listen to the views of shareholders informally immediately following the AGM.
	Appropriate communication and reporting structure should exist between the Board and all constituent parts of its shareholder base. This will assist: • the communication of shareholders' views to the board; and • the shareholders' understanding of the unique circumstances and constraints faced by the company.	The Chairman and the Chief Executive Officer are responsible for ensuring appropriate communication and reporting to shareholders. A range of corporate information (including all Company announcements, historical annual reports and other governance related material since the company was admitted to AIM in August 2017) is also available to shareholders, investors and the public on the Company's website.
	It should be clear where these communication practices are described (annual report or website).	The Company will disclose outcomes of all votes at shareholder meetings in a clear and transparent manner by either publishing a market announcement or by reporting it on the Company website. If a considerable proportion of votes (20%) have been cast against a resolution at any meeting of shareholders, the Company will include an explanation of what actions it intends to take to understand the reasons behind that vote result and, where appropriate, any different action it has taken, or will take, as a result of the vote.

AUDIT COMMITTEE REPORT

The Audit Committee helps the Board discharge its responsibilities regarding financial reporting, external and internal audits and controls as well as reviewing the Group's annual and half-year financial statements, other financial information and internal Group reporting.

This includes:

- considering whether the Company has followed appropriate accounting standards and, where necessary, made appropriate estimates and judgments taking into account the views of the external auditors;
- reviewing the clarity of disclosures in the financial statements and considering whether the disclosures made are set properly in context;
- where the audit committee is not satisfied with any aspect of the proposed financial reporting of the Company, reporting its view to the Board of Directors;
- reviewing material information presented with the financial statements and corporate governance statements relating to the audit and to risk management; and
- reviewing the adequacy and effectiveness of the Company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the Board itself, review the Company's internal control and risk management systems and, except where dealt with by the Board or risk management committee, review and approve the statements included in the annual report in relation to internal control and the management of risk.

The Audit Committee assists by reviewing and monitoring the extent of non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the Annual Report and financial statements and the half-yearly reports remains with the Board.

For the year under review, there were no non-audit services rendered to the Group and the Company. The audit committee considered the nature and scope of engagement and remuneration paid were such that the independence and objectivity of the auditors were not impaired. Fees paid for audit services are provided in Note 6.

During the financial year, the Audit Committee met twice with the auditor, Crowe U.K. LLP, to review audit planning and findings with regard to the Annual Report and the review of the interim financial statements.

Significant reporting issues considered during the year included the following:

Going concern

The Committee considered the Going Concern basis on which the accounts have been prepared and can refer shareholders to the Group's accounting policy set out in Note 2.4. The directors are satisfied that the going concern basis is appropriate for the preparation of the financial statements.

The Rt Hon. Lord David Willetts FRS

Chairman – Audit committee

DIRECTORS' REMUNERATION REPORT

This report sets out the remuneration policy operated by the Company in respect of the Executive and Non-Executive Directors. The remuneration policy is the responsibility of the Remuneration Committee, a sub-committee of the Board. No Director is involved in discussions relating to their own remuneration.

Remuneration policy

The objective of the proposed remuneration policy is to attract, retain and motivate high calibre executives to deliver outstanding shareholder returns and at the same time maintain an appropriate compensation balance with the other employees of the Group.

Directors' remuneration

The normal remuneration arrangements for Executive Directors consists of base salary, performance bonuses and other benefits as determined by the Board. The Company currently has one Executive Director, the Chief Executive Officer, who has a service agreement that can be terminated at any time by either party giving to the other three months' written notice. Compensation for loss of office is restricted to base salary and benefits only.

The remuneration packages for Executive Directors are detailed below:

- **Base Salary:**
  Annual review of the base salaries of the Executive Directors are concluded after considering the Executive Directors' role, responsibilities and contribution to the Group performance.

- **Performance Bonus:**
  Bonus arrangements are discretionary and are payable depending on the performance of the Executive Directors in meeting their key performance indicators and in the wider context with the performance of the Group.

- **Benefits:**
  Benefits include payments for provident funds that are mandatory and statutory pension payments as required by laws of the resident countries of the Executive Directors, health insurance and other benefits.

- **Longer term incentives:**
  In order to further incentivise the Directors and employees, and align their interests with shareholders, the Company has granted share options in the current year. The share options will vest at various future dates as described in the Note 22 to the financial statements. In addition to service conditions, the vesting of the share options granted to the Executive Director and the Chairman are subject to an earnings before interest, tax, depreciation and amortisation (EBITDA) performance condition.

Non-Executive Directors are remunerated solely in the form of Directors' fees and shares options determined by the Board and are not entitled to pensions, annual bonuses or employee benefits.

DIRECTORS' REMUNERATION REPORT (Continued)

Re-election of Directors

One-third of continuing Directors stand for re-election on an annual basis and all Directors are aware of the need to maintain their independence and to demonstrate their continued commitment to the role. Succession planning at the current time is limited due to the current size of the Board.

The remuneration of the Directors in Verditek plc who held office during the year to 31 December 2021 and 2020 were as follows:

The emoluments of the Directors were as follows (Audited):					
	Year ended 31 December 2021				Year ended 31 December 2020
	Salary & Directors' fees	Pension Contributions	Share based payment	Total	Total
	£	£	£	£	£
Executive directors					
Robert Richards	151,374	-	33,707	185,081	123,912
Geoff Nesbitt (resigned 7 May 2020)	-	-	-	-	136,037
Tim Lord (resigned 5 August 2020)	-	-	-	-	71,043
Non-executive directors					
The Rt Hon. Lord David Willetts FRS	50,000*	-	10,984	60,984	63,024
George Katzaros	25,000*	-	-	25,000	25,000
Gavin Mayhew	30,000*	-	-	30,000	55,000
Total	**256,374**	**-**	**44,691**	**301,065**	**473,784**

*The salaries and fees for Non-executive directors were paid until April 2021. From May 2021 the Non-executive directors waived payment of their fees, and these were accrued at the balance sheet date, see Note 24 for more information.

There are 4,500,000 share options held by The Rt Hon. Lord David Willetts FRS and 14,000,000 share options held by Robert Richards: details are shown in Note 22. No options were exercised in the year.

George Katzaros

Chairman – Remuneration committee

CORPORATE AND SOCIAL RESPONSIBILITY

The Company understands that its impact reaches beyond that of its core business and into the environment and society in which it operates. With integrity at the heart of our corporate social goals our aim is to make a lasting positive contribution to all our stakeholders.

In view of the limited number of stakeholders, the Company has not adopted a specific policy on Corporate Social Responsibility. However, it does seek to protect the interests of stakeholders in the Company through its policies, combined with ethical and transparent business operations. The Company has adopted an Ethics Policy which covers anti-bribery and anti-corruption, environmental sustainability, social responsibility, health and safety and tax evasion.

Environment

Verditek Plc is sensitive to the environment in which it operates and has established well defined operating guidelines with some of the manufacturing partners where it seeks their compliance with ISO14001 when relevant, to ensure certain environmental standards are complied with.

Human Rights

Verditek plc is committed to socially and morally responsible research, development and manufacturing processes for the benefit of all stakeholders. The activities of the Company are in line with applicable laws on human rights.

Employees

Our employees are key to achieving the business objectives of the Company. The Board’s priority is to provide a working environment in which our employees can develop to achieve their full potential and have opportunities for both professional and personal development. We aim to invest time and resource to support, engage and motivate our employees to feel valued, to be able to develop rewarding careers and want to stay with us. The Company embraces employee participation in issue raising and resolution through regular meetings with managers and values contributions from all levels regardless of their position in the business.

Shareholders

The Board of Directors actively encourage communication and they seek to protect the interest of shareholders at all times. The Company updates shareholders regularly through regulatory news, financial reports and research notes. The Company also engages directly with investors at our Annual General Meeting or investor events.

Health and Safety

Company activities are carried out in accordance with its health and safety policy which adheres to all applicable laws and are audited both internally and by an external organisation.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for Verditek plc ("Verditek" or the "Company") for the year ended 31 December 2021.

The preparation of financial statements is in compliance with UK adopted International Accounting Standards and the Companies Act 2006. The Group financial statements comprise of the financial information of the parent Company and its subsidiaries (together the "Group"). The parent Company's financial statements present information about the Company as a separate entity and not about its Group.

Principal activities

Verditek plc is a holding company based in UK. The principal activity of the Group is to develop and commercialise clean technologies.

A detailed review of the business activities of the Group is contained in the Strategic Report.

Business review and future developments

The review of the business's operations, future developments and key risks is contained in the Strategic Report. The Directors do not recommend a final ordinary dividend for the year (2020: £nil).

Directors and directors' interests

The directors who held office during the year and subsequently were as follows:

The Rt Hon. Lord David Willetts FRS
George Francis Katzaros
Gavin Mayhew
Robert Richards

With regard to the appointment and replacement of Directors, the Company is governed by its articles of association, the Companies Act and related legislation. The articles themselves may be amended by special resolution of the shareholders.

DIRECTORS' REPORT (Continued)

Directors' interests

The Directors held the following beneficial interests in the shares of Verditek plc at 31st December 2021:

	Note	Ordinary shares of £0.0004 each	Issued share capital %
Gavin Mayhew	1.1	27,157,381	7.94%
George Katzaros	1.2	26,166,675	7.65%
Robert Richards		2,437,833	0.71%

Notes

1.1 Shares held by Gavin Mayhew		
- through Platform Securities Nominees Limited		27,157,381
1.2 Shares held by George Katzaros		
- through BBHISL NOMINEES LIMITED A/c 120165		10,550,000
- through MF Limited		5,900,000
- directly		9,000,000
- family member		716,675
		26,166,675

There has been no change between the end of the reporting period and the reporting date.

Directors' indemnities

The Company has taken out Directors' and Officers' indemnity insurance for the benefit of its Directors.

Post Balance Sheet Events

There are no material post balance sheet events to disclose, other than those disclosed in Note 25 of the accounts.

Research and Development Activities

Verditek continues to invest in research and development activities such as the joint development project with Paragraf Limited to research the application of graphene onto solar devices. Research and development seeks to develop and enhance the existing product portfolio and new products that will compliment and expand the product offering. Additional research and development has been made on further generations of the semi-flexible, lightweight solar panels. The Company also signed a new joint development arrangement with Paragraf in the year to explore commercialization of graphene

Financial Risk management

Details of financial risk management are provided in Note 3 to the accounts.

Political and charitable contributions

The Group made no charitable or political contributions during the year.

DIRECTORS' REPORT (Continued)

Going Concern

As described in note 2.4, the Directors, have made appropriate enquiries regarding going concern. Having considered base case and worst case scenarios, the Group has secured additional funding by placing of new shares as announced on 30 June 2022, the Directors believe that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. There is a risk that the Group may need to raise additional funding in the next 18 months to fund ongoing operations, and therefore acknowledge that there is material uncertainty around going concern in this respect. On balance, they continue to adopt the going concern basis in preparing the financial statements.

Substantial shareholdings:

The Company has been advised of the following interests in more than 3% of its ordinary share capital as at 31 December 2021:

Shareholder	No. of Shares	%
Hargreaves Lansdown (Nominees) Limited	63,143,301	18.45%
Platform Securities Nominees Limited	39,119,322	11.43%
Interactive Investor Services Nominees Limited	22,409,511	6.55%
The Bank Of New York (Nominees) Limited	21,152,995	6.18%
JIM Nominees Limited	19,261,469	5.63%
HSDL Nominees Limited	17,402,887	5.09%
Pershing Nominees Limited	16,704,157	4.88%
Vidacos Nominees Limited	13,849,550	4.05%
Apollo Nominees LTD	11,414,273	3.34%
Lynchwood Nominees Limited	11,395,000	3.33%

Statement of Disclosure to the Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors appointment

Crowe U.K. LLP has indicated its willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

RJ Richards

Rob Richards
Chief Executive Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 Group and Company financial statements for each financial year. Under that law the Directors have elected to prepare the Group consolidated financial statements in accordance with UK adopted International Accounting Standards (UK IFRSs) and elected to prepare the parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 101 Reduced Disclosure Framework).

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 each of the Group and Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK IFRSs or UK Accounting Standards have been followed, subject to any material departures disclosed and explained;
- Prepare the Strategic Report and Directors' report which comply with the requirements of the Companies Act 2006; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also generally responsible for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Each of the directors confirms that, to the best of their knowledge:

The Group financial statements, which have been prepared in accordance with UK IFRSs and Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC

Opinion

We have audited the financial statements of Verditek plc (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, Company statement of financial position, company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards (UK IFRSs). The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (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 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 United Kingdom Generally Accepted Accounting Practice; 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the parent Company and 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 as applied to listed entities, 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.

Material uncertainty relating to going concern

We draw attention to note 2.4 in the financial statements, which indicates that the Group and the parent Company may need to seek additional funding to support working capital requirements over the next 24 months period. The financial statements have been prepared on the going concern basis, which rely on the secured equity fundraising of £1.5million on 30 June 2022 and the generation of the increased revenues. These conditions, along with the other matters explained in note 2.4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group and the parent Company's ability to continue as a going concern. The financial statements do not include the adjustments that would results if the Group and the parent Company were unable to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC (Continued)

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and the parent Company's ability to continue to adopt the going concern basis of accounting included:

- Tested accuracy of the models used by management in their assessment;
- Challenged with management whether the assumptions are realistic, achievable and consistent when compare to past performance and other forecast information used during the audit;
- Discussed the going concern assumption with management and evaluated their assessment of the Group and the parent Company's liquidity requirements; and
- Assessed the reasonableness of management's budget/forecasts, including comparison to actual results achieved in the year and the evaluation of downside sensitivities.

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

Our audit approach

Overview of the scope of our audit

Our audit approach was developed by obtaining a thorough understanding of the Group's activities and is risk based. Based on this understanding we assessed those aspects of the Group and subsidiary companies' transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly. We undertook a combination of analytical procedures and substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks. We used a local sub-contractor to attend the year end physical inventory count at Italy warehouse under our direction and supervision. All Group companies were within the scope of our testing.

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £80,000 based on approximately 5% of Group's normalised loss for the year (2020: £100,000), which is the most appropriate measure for an entity which has yet to net cash generative. On completion, we considered that the level of materiality identified at planning remained appropriate. The materiality is rounded to nearest thousand. Materiality for the parent Company's financial statements as a whole was set at £30,000 (2020: £80,000).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC (Continued)

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We determined Group's performance materiality to be £56,000 (2020: £70,000) and the parent Company's performance materiality to be £21,000 (2020: £56,000).

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £3,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the material uncertainty in relation to going concern section above, we have determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Carrying value of inventory (Note 15 to the consolidated financial statements) The carrying value of the inventory at 31 December 2021 was £0.66 million (2020: £0.64 million). There is a risk that there would be a material misstatement relating to the existence of inventories, or that the valuation of inventories is impaired.	We performed a number of audit procedures over inventory existence and valuation as follow: • We reviewed and evaluated the design and implementation of the key controls pertaining to the existence and valuation of the inventories. • We attended the year end physical inventory counts process at Italy warehouse and reconciled the underlying records with the accounting records of the Group; • Tested on a sample basis the accuracy of costs for inventory by verifying the actual production costs, and testing the net realizable value by comparing to the most recent selling price.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC (Continued)

For the parent Company we identified one key audit matter:

Key audit matter	*How the scope of our audit addressed the key audit matter*
Carrying value of investments and intercompany receivables – parent Company (see Note 3 to the parent Company financial statements) The carrying value of investments in subsidiaries (including the intercompany receivables) in the parent Company financial statements at 31 December 2021 was £4.02 million (2020: £2.87 million). The valuation of these investments and the recovery of the intercompany balance are almost entirely dependent on the successful execution of the business plan. A failure to execute the business plan would likely result in an impairment to the carrying value of the investments in and loans to subsidiaries.	We discussed with management whether any indications of impairment existed. We considered the existence of any indication of discontinued operating activities, management's future plans for the business and the ability of the business to continue to raise new investment. We challenged the assumptions used by management in assessing the ability of the subsidiary companies to generate cash and remit that to the Parent. We also considered the market capitalisation of the Group, which is greater than the carrying value.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 year 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC (Continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and 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.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement on page 27, 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 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.

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

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant company law and taxation legislation in the UK and Italy jurisdictions in which the Group operates.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC (Continued)

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent 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 parent Company and the parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Glasby (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

29 June 2022

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Revenue	4	107,632	21,521
Direct costs		(609,213)	(320,473)
Administrative expenses		(1,501,942)	(1,971,662)
Operating loss	6	**(2,003,523)**	**(2,270,614)**
Other income	5	966,354	-
Finance income		335	70
Finance costs	8	(60,553)	(152,025)
Loss before tax		**(1,097,387)**	**(2,422,569)**
Income Tax	9	123,308	98,448
Loss for the period		**(974,079)**	**(2,324,121)**
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Translation of foreign operations		(36,036)	38,656
Total comprehensive loss for the period from continuing operations		**(1,010,115)**	**(2,285,465)**
Loss for the period attributable to:			
Owners of the Company		(988,479)	(2,231,105)
Non-controlling interest		14,400	(93,016)
		(974,079)	**(2,324,121)**
Total comprehensive loss for the period attributable to:			
Owners of the Company		(1,024,515)	(2,194,053)
Non-controlling interest		14,400	(91,412)
		(1,010,115)	**(2,285,465)**
Loss per ordinary share - basic and diluted (£)	10	(0.003)	(0.008)

The accompanying notes are an integral part of these financial statements.

All amounts are derived from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2021 £	31 December 2020 £
Assets			
Non-current assets			
Investments	11	990,000	23,405
Property, plant and equipment	12	300,082	586,612
Right of use assets	14	142,391	207,104
Total non-current assets		**1,432,473**	**817,121**
Current assets			
Inventories	15	657,151	636,041
Trade and other receivables	16	392,193	423,853
Cash and cash equivalents	17	237,613	1,711,761
Total current assets		**1,286,957**	**2,771,655**
TOTAL ASSETS		**2,719,430**	**3,588,776**
Equity and liability			
Non-current liabilities			
Loans and borrowings	19	277,080	-
Lease liabilities	20	90,687	149,051
Total non-current liabilities		**367,767**	**149,051**
Current liabilities			
Trade and other payables	18	411,213	585,359
Loans and borrowings	19	-	70,000
Lease liabilities	20	69,737	45,883
Total current liabilities		**480,950**	**701,242**
TOTAL LIABILITIES		**848,717**	**850,293**
Equity			
Share capital	21	136,883	136,470
Share premium account	21	10,761,055	10,733,073
Share based payment reserve	22	213,134	99,184
Accumulated losses		(9,098,300)	(8,109,821)
Foreign exchange reserve		(35,172)	864
Equity attributable to equity holders of the parent		**1,977,600**	**2,859,770**
Non-controlling interests	23	(106,887)	(121,287)
Total shareholder's equity		**1,870,713**	**2,738,483**
TOTAL EQUITY AND LIABILITIES		**2,719,430**	**3,588,776**

These financial statements were approved and authorised for issue by the Board of directors on 29 June 2022 and were signed on its behalf by:

Rob Richards
Chief Executive Officer

Company Registration Number: 10114644

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Share capital	Share Premium	Share based payment reserve	Accumulated losses	Foreign Exchange reserve	Non-Controlling interests	Total
	£	£		£	£	£	£
Balance as at 1-Jan-20	**91,666**	**5,466,376**	**21,703**	**(5,878,716)**	**(36,189)**	**(29,874)**	**(365,035)**
Loss for the year	-	-	-	(2,231,105)	-	(93,016)	(2,324,121)
Translation of subsidiary	-	-	-	-	37,053	1,603	38,656
Total comprehensive loss				**(2,231,105)**	**37,053**	**(91,413)**	**(2,285,465)**
Issue of shares net of expenses	44,804	5,266,697	-	-	-	-	5,311,501
Share based payment	-	-	77,481	-	-	-	77,481
Balance as at 31-Dec-20	**136,470**	**10,733,073**	**99,184**	**(8,109,821)**	**864**	**(121,287)**	**2,738,483**
Loss for the year	-	-	-	(988,479)	-	14,400	(974,079)
Translation of subsidiary	-	-	-	-	(36,036)	-	(36,036)
Total comprehensive loss	-	-	-	**(988,479)**	**(36,036)**	**14,400**	**(1,010,115)**
Issue of shares net of expenses	413	27,982	-	-	-	-	28,395
Issue of warrants – corporate bond	-	-	65,903	-	-	-	65,903
Share based payment	-	-	48,047	-	-	-	48,047
Balance as at 31-Dec-21	**136,883**	**10,761,055**	**213,134**	**(9,098,300)**	**(35,172)**	**(106,887)**	**1,870,713**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Cash flows from operating activities		
Loss before tax from continuing operations	(1,097,387)	(2,422,569)
Adjustments for:		
Finance costs	60,553	152,025
Finance income	(335)	(70)
ICSI revaluation	(966,354)	-
Depreciation	306,915	164,566
Loss on disposal of assets	1,582	-
Share based payment	48,047	77,481
	(1,646,979)	**(2,028,567)**
Working capital adjustments		
(Increase) / Decrease in inventory	(21,109)	(601,003)
(Increase) / Decrease in trade and other receivables	158,455	638,595
Increase / (Decrease) in trade and other payables	(146,699)	(761,385)
Cash used in operations	**(1,656,332)**	**(2,752,360)**
Taxation	-	-
Net cash outflow from operating activities	**(1,656,332)**	**(2,752,360)**
Investing activities		
Sale of property, plant and equipment	2,048	-
Purchase of property, plant and equipment	(7,001)	(33,215)
Net cash outflow from investing activities	**(4,954)**	**(33,215)**
Financing activities		
Proceeds from issue of ordinary share capital (net of expenses)	28,395	5,076,047
Proceeds from corporate green bonds issued (Refer note 20)	353,253	-
Loan interest paid	(27,372)	(162,894)
Interest received	334	62
Repayments of loans (Refer note 20)	(98,395)	(455,076)
Payments of lease liabilities	(51,950)	(69,920)
Net cash inflows from financing activities	**204,264**	**4,388,219**
Net (decrease)/increase in cash and cash equivalents	**(1,457,022)**	**1,602,644**
Cash and cash equivalents at the beginning of the year	1,711,761	107,243
Exchange gains on cash and cash equivalents	(17,126)	1,874
Cash and cash equivalents at the end of the year	**237,613**	**1,711,761**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Verditek plc ("Verditek", "Company") is a public limited company incorporated, registered and domiciled in England and Wales (registration number 10114644), whose shares are quoted on the Alternative Investment Market on the London Stock Exchange. Its registered office is located at 29 Farm Street, London W1J 5RL. This is changing as of 1 July 2022, to 5 Chancery Lane, London, WC2A 1LG.

Verditek is the holding company of a group of companies engaged in the clean technology sector.

The consolidated financial statements comprised of the Company and its subsidiaries (together referred to as "the Group") as at and for the year to 31 December 2021. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

The comparative financial information is for the year ended 31 December 2020.

2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1. Basis of preparation

The financial statements have been prepared in accordance with UK adopted International Accounting Standards (UK IFRSs) and the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for certain assets which are stated at their fair value.

The consolidated financial statements are presented in GBP, which is also the Company's functional currency.

2.2. Basis of consolidation

The financial information consolidates the financial statements of Verditek plc and the entities controlled by the Company.

2.2.1. Subsidiaries

Subsidiaries are all entities (including special purpose entities) over whose financial and operating policies the Group has the power to govern, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of the potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3. Changes in accounting policies and disclosures:

2.3.1. New standards, interpretations and amendments adopted in these financial statements:

The following standards, amendments and interpretations became effective from 1 January 2021, however none of these new standards has had an impact on the Group financial statements:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business) Conceptual Framework for Financial Reporting (Revised)
- IBOR Reform and its Effects on Financial Reporting
- COVID-19 Related Rent Concessions – Amendment to IFRS 16

2.3.1. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company in the 31 December 2021 financial statements:

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- References to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS17 Insurance contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 2 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The Directors do not expect that their adoption will have a material impact on the financial statements of the company in future years.

The Directors continue to monitor the impact of future changes to the reporting requirements but do not believe the proposed changes will significantly impact the financial statements.

2.4. Going concern

The Going concern review has been based on current cash resources, expected costs and expected revenues. The Directors have prepared a cash flow forecast covering a period of 24 months period ended 30 June 2024.

COVID-19 has not significantly impacted production capabilities. However, the pandemic and tough economic environment have affected global trading conditions, which has resulted in delays of expected sales and lower revenues than anticipated. This correspondingly resulted in a reduction in production activity at the Group's manufacturing facility in Lainate, Italy, in 2021. Despite challenging conditions, the Group has grown a substantial pipeline of commercial opportunities, which management are working to convert into sales. As a result, there has been moderate growth in orders in the first half of 2022. Since the year end, the Group has been financed by cash receipts for orders, the initial payment received upon completion of the ICSI transaction (see Note 11), and also receipt of an R&D tax credit.

In order to perform a meaningful Going concern review, the Management's cash flow forecast contains both the base case and worst case models of working capital requirements over the next 24 months period. The worst case model includes assumptions such as selling existing inventory at cost and suspending production at the factory in Lainate. The model included reduction in variable costs and fixed overheads, and factored in assumptions for fuel-cost inflation. The model also included an assumption about the requirement of additional fundings to support working capital requirements. On 30 June 2022 the Company announced a raise of an additional £1.5m by way of a subscription for ordinary shares (see Note 25 for details). This, along with the positive trading outlook and cost reduction options available, indicates that the Group is a going concern and will enable the Group to continue to trade for at least the next 12 months. In the event that trading does not grow as envisaged, sufficient cost reductions are not made, or if there are unforeseen costs, then it is possible that the Company may need to seek additional funding in the next 18 months. Management has successfully raised money in the past, but there is no guarantee that adequate funds will be available when needed in the future. As there can be no guarantee that any required future funding can be raised in the necessary timeframe, a material uncertainty exists that may cast significant doubt on the Company's future ability to continue as a going concern.

The Directors are aware of the risks and uncertainties facing the business and the assumptions used are the Directors' best estimate of the future development of the business.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these potential adjustments has not been reflected in the consolidated financial statements.

2.5. Foreign currency

The Group's consolidated financial statements are presented in Sterling. The functional currencies of the Group's subsidiaries include the Euro and the US dollar. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the reporting date. Income and expenses are translated at weighted average exchange rates for the period. The exchange differences arising on translation for consolidation are recognized in Other Comprehensive Income.

2.6. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the two main directors and two non-executive directors.

The Board considers that the Group's activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Company by reference to total results against budget.

The total profit measures are operating profit and profit for the period, both disclosed on the face of the income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group's financial information.

2.7. Share-based payments

The Group has issued share options to one Non-Executive Director, in return for which the Group receives services from the Non-Executive Director. The fair value of the services received in exchange for the grant of the options is recognised as an expense. The Group valued the options at the grant date using the Black Scholes valuation model to establish the relevant fair values.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions (for example the Group's share price) but excluding the impact of any service or non-market performance vesting conditions (for example the requirement of the grantee to remain an employee of the Group).

Non-market vesting conditions are included in the assumptions regarding the number of options that are expected to vest. The total expense is recognised over the vesting period. At the end of each period the Group revises its estimates of the number of options expected to vest based on the non-market vesting conditions. It recognises the impact of any revision in the income statement with a corresponding adjustment to equity.

2.8. Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities.

2.9. Property, plant and equipment

Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is provided to write off cost, less estimated residual values, of all property, plant and equipment, evenly over their expected useful lives, when the asset is available for use, and calculated at the following rates:

Property improvements	- straight line over 5 years
Plant and machinery	- straight line over 7-10 years
Computer equipment	- straight line over 3 years

The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset, then the asset is impaired and its value reduced by recognising an impairment provision.

2.10. Leased assets

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, which comprises of the building, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets, which are expensed to the profit & loss over the expense term.

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, plus any initial direct costs incurred, plus any costs associated with restoring the asset to its original condition, less any lease incentive received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise such an option to extend and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. The liability recognised at inception of the lease comprises the present value of future payments payable under the lease contract, discounted at the rate implicit in the lease. If there is no discount rate implicit in the lease, then the incremental rate of borrowing is used. The liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if carrying amount has been reduced to zero.

2.11. Financial Instruments

The Group classifies a financial instrument, or its component parts, as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

2.11.1. Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and investments in particular at fair value through profit or loss (FVTPL),

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and loan to related parties, are included under other current financial assets. In the periods presented the Group does not have any financial assets categorised as fair value through OCI.

2.11.2. Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans after initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

2.11.3. Impairment

The Group assesses all other current receivables on a forward-looking basis, with expected credit losses (ECL) associated with debt instruments measured at amortised cost. These are deemed short term (i.e., less than 12 months) and apply the Group policy for credit rating and risk management policies in place.

The impairment stages are defined as:
Stage 1 – When a receivable is recognised, ECLs resulting from default events that are possible within the next 12 months are expensed to the statement of comprehensive income (12-month ECL) and a loss allowance is established. On subsequent reporting dates, 12-month ECL also applies to existing receivables with no significant increase in credit risk since their initial recognition. In determining whether a significant increase in credit risk has occurred since initial recognition, the Company assesses the change, if any, in the risk of default over the expected life of the receivable (that is, the change in the probability of default, as opposed to the amount of ECLs).

Stage 2 – If the receivables credit risk has increased significantly since initial recognition and is not considered low, lifetime ECLs are recognised.

Stage 3 – If the receivables credit risk increases to the point where it is considered credit-impaired, lifetime ECLs are recognised, as in Stage 2.

The impairment methodology applied for the Group is stage 1, which require 12 month expected credit losses to be recognised until a change in credit risk occurs in which case stage 2 would apply.

2.12. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis;
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.13. Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

2.14. Revenue recognition
Revenue is generated from the manufacture and supply of lightweight solar panels. The Group recognises revenue when (or as) a performance obligation in the customer contract is satisfied. Performance obligations relevant to the customer contract are to manufacture goods in accordance with the specification in the customer order form and any other regulatory or statutory requirements. The performance obligations are satisfied at the point in time when the goods are deemed to be delivered. Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales-related taxes.

Customers are billed in advance of the delivery of goods, with 30 days terms. Upon receipt of an advanced payment a contract liability is recognized. The contract liability is released at the point in time goods are delivered.

Under the Group's standard terms and conditions there is a product warranty for ongoing acceptable function of the goods for a period of 10 years, effective from the point of installation, or 3 months after delivery, whichever is earlier.

This warranty is not sold as a separate component. This length of warranty is standard in the industry. This is not a separate service, and is deemed an "assurance" type warranty under IFRS 15 guidance; and is therefore accounted for separately under IAS 37 instead.

2.15. Research and Development costs
Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

2.16. Summary of critical accounting estimates and judgements
The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

2.16.1. Estimates

Useful lives of depreciable assets
Management reviews the useful lives and residual value of depreciable assets at each reporting date to ensure that the useful lives represent a reasonable estimate of likely period of benefit to the Group. Tangible fixed assets are depreciated over their useful lives taking into account the residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Lease liability discount rate
The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

The Group used incremental borrowing rates at a prevailing rate of 15%.

Share based payments
Share options are recognised as an expense based on their fair value at date of grant. The fair value of the options is estimated through the use of a valuation model – which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life - and is expensed over the vesting period. Some of the inputs used to calculate the fair value are not market observable and are based on estimates derived from available data, such as employee exercise behaviour and employee turnover.

Fair value of investments
The fair value of non-listed financial assets measured at fair value through the profit & loss is estimated at the balance sheet date based on all information available to the directors. The Group's investment is non-listed and therefore valuation is based largely on IFRS 13 Level III principles. Inputs include risk-adjusted forward-looking information about the business. The Group held an 11.6% stake in ICSI at 31 December 2021 as set out in note 11. At the year end there was recent information available to management from a potential external buyer, which provided details about the market value of the investment. The proposed offer was structured over several product development milestones, with an earn-out over a 5-year period. The revaluation at year end was calculated based on this information, and includes management assumptions around the achievability of each individual milestone. This risk-weighted compensation was then discounted at an estimated cost of equity, being 10.43%.

2.16.2. Judgements

Corporate bond

During the period the Company issued corporate bonds through funding platform Crowd For Angels, with a term of 2 years, as set out in note 19. In tandem with the bond issue, the Company also issued share warrants to Crowd For Angels, with a term of 3 years. According to the warrant instrument, the share warrants can only be subscribed for in cash, which means they cannot be exercised in return for a redemption of the bond principal. As such, management considers that the corporate bonds are not convertible by way of share warrant exercise as there is a contractual obligation to pay cash, and also no contractual obligation to repay any such funds received in redemption of the outstanding bonds. Therefore, the fair value of the warrants is viewed as a cost of bond issue and is deducted from the bond liability balance, rather than as an equity instrument. The warrants were fair valued using the Black Scholes model, see note 22 for details.

3. Financial Risk Management

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

3.1. Principal financial instruments and their categories

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Categories of financial assets	31 December 2021	31 December 2020
	£	£
Cash and cash equivalents	237,613	1,711,761
Trade receivables – net of provision	17,053	206
Amount due from related parties	100	100
Total current financial assets at amortised cost	**254,766**	**1,712,067**

Categories of financial liabilities	31 December 2021	31 December 2020
	£	£
Trade payables	232,011	201,453
Wages payable	19,535	15,849
Pension payable	508	175
Accruals	77,150	331,189
Amount due to related parties	70,000	-
Trade and other payables	399,205	548,666
Current loans and borrowings	-	70,000
Non current loans and borrowings	277,080	-
Loans and borrowings	277,080	70,000
Current lease liabilities	69,737	45,883
Non current lease liabilities	90,687	149,051
Lease liabilities	160,424	194,934
Total financial liabilities at amortised cost	**836,709**	**813,600**

3.2. General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the CFO through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

3.2.1. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk, the Group endeavours only to deal with companies which are demonstrably creditworthy.

The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of bank balances. The Group's exposure to credit risk on cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings. The analysis of trade receivables and expected credit loss allocation is detailed in note 16.

3.2.2. Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Group currently holds cash balances to provide funding for normal trading activity and is managed centrally. Trade and other payables are monitored as part of normal management routine.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances.

The liquidity risk of each group entity is managed centrally by the group treasury function. Each operation has a facility with group treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the Board in advance, enabling the Group's cash requirements to be anticipated. Where facilities of group entities need to be increased, approval must be sought from the group finance director. Where the amount of the facility is above a certain level, agreement of the Board is needed. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows, including contractual interest) of financial liabilities:

31 December 2021	**Up to 3 Months**	**Between 3 and 12 months**	**Between 1 and 2 year**	**Between 2 and 5 years**
Trade payables	232,011	-	-	-
Wages payable	19,535	-	-	-
Pension payable	508	-	-	-
Accruals	77,150	-	-	-
Amount due to related parties	70,000	-	-	-
Lease liability	35,096	52,921	106,675	-
Non-current loan – interest bearing	5,557	16,672	325,370	-
Gross cashflows	**439,857**	**69,737**	**448,045**	**-**

31 December 2020	**Up to 3 Months**	**Between 3 and 12 months**	**Between 1 and 2 year**	**Between 2 and 5 years**
Trade payables	201,453	-	-	-
Wages payable	15,849	-	-	-
Pension payable	175	-	-	-
Accruals	331,189	-	-	-
Lease liability	18,396	55,464	187,012	-

Current related party loan – interest bearing	70,000	-	-	-
Undiscounted financial liabilities at amortised cost	**637,062**	**55,464**	**187,012**	**-**

3.2.3. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The Group's exposure to interest rate risk is limited, as all its loans and borrowings are fixed rate loan. At the balance sheet there were corporate bonds of £324,858 which had a fixed interest rate of 7% (2020: Convertible loan notes of £70,000 with an interest rate of 10%).

3.2.4. Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In the current year the Group is predominantly exposed to currency risk on purchases made in EUR and USD.

The following table details the Group's exposure at the end of the year to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of the entity within the Group into the Group's presentation currency are excluded:

As of 31 December 2021 the Group's exposure to changes in foreign exchange rate was as follows:

Forex sensitivity calculation	**Effect on net assets**			**Effect on loss before tax**		
	USD	**GBP**	**EUR**	**USD**	**GBP**	**EUR**
	£	**£**	**£**	**£**	**£**	**£**
1%	**79**	**(1)**	**(53)**	**(79)**	**1**	**53**
-1%	**(79)**	**1**	**53**	**79**	**(1)**	**(53)**

As of 31 December 2020 the Group's exposure to changes in foreign exchange rate was as follows:

Forex sensitivity calculation	**Effect on net assets**			**Effect on loss before tax**		
	USD	**GBP**	**EUR**	**USD**	**GBP**	**EUR**
	£	**£**	**£**	**£**	**£**	**£**
1%	**4,893**	**-**	**2,382**	**(4,893)**	**-**	**(2,382)**
-1%	**(4,893)**	**-**	**(2,382)**	**4,893**	**-**	**2,382**

4. Revenue and segmental information

Revenues	**Year ended 31 December 2021**	**Year ended 31 December 2020**
	£	**£**
Sale of Goods	107,632	21,521
Total	**107,632**	**21,521**

The Group had 2 customers that exceeded 10% of revenue in 2021 (2020: 2 customers).

Segment information

The chief operating decision maker has been identified as the management team including the executive and non-executive directors. The chief operating decision-maker allocates resources and assesses performance of the business and other activities at the operating segment level.

The chief operating decision maker has determined that in the year ended 31 December 2021 Verditek had one operating segment, the development and commercialisation of clean technologies, although it is likely that in future periods the Group's segmental reporting will be expanded as different technologies are developed and commercialised.

Geographical Segments

Apart from holding company activities in the UK the Group's had operations in Italy in Europe in the period.

An analysis of revenue, operating loss and total assets less current liabilities by geographical market is given below:

	Year ended 31 December 2021 £	**Year ended 31 December 2020 £**
Revenue		
UK	-	-
Rest of Europe	107,632	21,521
Total revenue	**107,632**	**21,521**
Operating loss		
UK	(643,547)	(1,336,955)
Rest of Europe	(1,359,976)	(933,659)
Total operating loss	**(2,003,523)**	**(2,270,614)**
Non-current assets		
UK	990,599	24,623
Rest of Europe	441,875	792,498
Total non current asset	**1,432,474**	**817,121**

5. Other income

Fair value changes through P&L - ICSI	966,354	-
Total other income	**966,354**	**-**

Refer to investment note 11 for further information on the ICSI revaluation.

6. Operating loss

	Year ended 31 December 2021 £	**Year ended 31 December 2020 £**
Operating loss is stated after charging:		

Auditors' remuneration:		
Audit fees – audit of the company and its subsidiaries pursuant to legislation	32,500	29,500
Non-audit fees – other assurance services	-	2,500
Direct costs – inventory cost of goods expense	80,176	169,751
Direct costs – inventory write-down	125,770	-
Direct costs – inventory theft	346,841	-
Direct costs - other	56,785	150,722
Depreciation of fixed assets	306,915	164,566
Disposal of fixed assets	1,582	-
Provision against non-trading assets	43,551	472,150
Director's fee and staff costs (note 7)	500,810	689,760
Advertising, marketing and development	184,013	220,492
Research costs	(81,847)	134,496
Other costs	511,560	259,630

7. Employees and directors

The average number of employees (including directors) during the period was made up as follows:

	Year ended 31 December 2021 Number	**Year ended 31 December 2020 Number**
Directors	2	4
Production	7	1
Administrative	2	2
Total	11	7

The cost of staff and directors during the period was made up as follows:

	Year ended 31 December 2021 £	**Year ended 31 December 2020 £**
Salaries	362,535	405,630
Directors' fees	247,374	186,972
Share based payments	48,047	77,481
Social security costs	21,340	36,024
Pension costs	23,741	14,211
	703,037	**720,318**
Costs capitalised as part of inventories	(20,073)	(25,297)
Total staff cost in the statement of comprehensive income	**682,964**	**695,021**
Consisting of:		
Employee costs included in direct costs	**183,727**	**5,261**
Employee costs included in admin expenses	**499,237**	**689,760**

Key management personnel include both board and non-board members. Key management personnel compensation is as follows:

Key management personnel compensation	**Year ended 31 December 2021**	**Year ended 31 December 2020**

	£	£
Salaries	137,500	273,862
Fees	289,617	186,972
Share based payments	46,928	33,377
Social security costs	9,746	23,100
Pension costs	1,875	5,444
	485,667	**522,755**

8. Finance costs

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Finance expenses		
Interest on loans (note 19)	12,623	116,616
Amortisation of bond issue costs (note 19)	18,125	-
Finance lease interest	29,805	33,300
Interest on Overdue Taxation	-	2,109
Total finance expense	**60,553**	**152,025**

Details of the interest rate on the loans are shown in note 19.

9. Income tax

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
UK Corporation tax		
Tax credit/ (expense)– current year	-	-
Tax credit/ (expense)– prior year	123,308	98,448
Total current tax	123,308	98,448
Deferred tax		
Origination and reversal of timing differences	-	-
Total tax credit/(expense)	**123,308**	**98,448**

Factors affecting the tax expense

The reasons for the difference between the actual tax expense for the year and the standard rate of corporation tax in the United Kingdom applied to the result for the year are as follows:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Loss on ordinary activities before income tax	(1,097,387)	(2,422,569)
Standard rate of corporation tax	19.00%	19.00%
Loss before tax multiplied by the standard rate of corporation tax	(208,504)	(460,288)
Effects of:		
Research and Development tax credit	123,308	98,448
Losses utilised against chargeable gains	(183,607)	-
Non-deductible expenses	26,163	125,878
Difference in overseas tax rates	(69,432)	(48,147)
Deferred tax not recognised	435,380	382,557

Withholding tax	-	-
Tax credit	123,308	98,448

The Group has not recognized deferred tax assets arising from the accumulated tax losses due to uncertainty of their future recovery. The deferred tax asset not recognized is £1,471,603 at 31 December 2021 (2020: £1,093,739).

10. Loss per share

	Year ended 31 December 2021	Year ended 31 December 2020
Basic and diluted		
Loss for the period and earnings used in basic & diluted EPS (£)	(974,079)	(2,231,105)
Weighted average number of shares used in basic and diluted EPS	341,351,150	280,609,258
Loss per share:		
Basic and diluted	(0.3p)	(0.8p)

Basic loss per share is calculated by dividing the loss for the period from continuing operations of the Group by the weighted average number of ordinary shares in issue during the period. Due to the loss in the periods and there are no potentially dilutive ordinary shares, there is no difference between the basic and diluted loss per share.

11. Investments

	Financial assets at fair value through profit or loss	Investment in associates	Loans to associates	Total
	£	£	£	£
Cost				
At 1 January 2020	**24,229**	**-**	**-**	**24,229**
Exchange difference	(824)	-	-	(824)
At 31 December 2020	**23,405**	**-**	**-**	**23,405**
Revalue investment	966,595	-	-	966,595
At 31 December 2021	**990,000**	**-**	**-**	**990,000**

The Company holds a 11.6% investment stake in Industrial Climate Solutions (ICSI), an unlisted company registered in Canada. The directors estimated the fair value of Verditek's investment in ICSI at the reporting date to be £990,000 (2020: £23,405).

The uplift in the investment fair value was due to interest from an external buyer in the ICSI business, which the Company was aware of at the year-end, which provided information on the market value of the investment. See Note 2.16.1 for more information on the fair value estimate. The offer was subsequently accepted by a sufficient number of shareholders and the sale of the ICSI business was completed on 1 February 2022. A further milestone payment is expected towards the end of 2022.

As the directors have no seat on the board of ICSI and the investment stake is under 20%, they consider that they do not have significant influence over the business, and therefore that ICSI is not an associate.

12. Property, plant and equipment

	Plant & Machinery	Computer equipment	Leasehold Improvements	Total
	£	£		£
Cost				
At 1 January 2020	**583,027**	**3,023**	**72,349**	**658,399**
Additions	32,266	949	-	33,215
Exchange adjustments	32,757	-	4,078	36,835
At 31 December 2020	**648,050**	**3,972**	**76,427**	**728,449**
Additions	3,483	-	3,518	7,001
Disposals	(7,138)	-	-	(7,138)
Exchange adjustments	(42,462)	-	(5,022)	(47,484)
At 31 December 2021	**601,933**	**3,972**	**74,923**	**680,828**
Depreciation				
At 1 January 2020	**15,457**	**2,258**	**7,193**	**24,908**
Charge for the year	108,411	495	5,642	114,548
Exchange adjustments	1,916	-	465	2,381
At 31 December 2020	**125,784**	**2,753**	**13,300**	**141,837**
Charge for the year	250,779	619	6,057	257,455
Disposals	(3,508)	-	-	(3,508)
Exchange adjustments	(14,020)	-	(1,018)	(15,038)
At 31 December 2021	**359,035**	**3,372**	**18,339**	**380,746**
Net book value				
At 31 December 2020	522,266	1,219	63,128	586,612
At 31 December 2021	**242,898**	**600**	**56,584**	**300,082**

At the reporting date a review of useful lives of depreciable assets was conducted. Several individual plant & machinery assets were identified that had no remaining useful life. This resulted in an acceleration of depreciation for those assets, with an additional charge of £120,000.

13. Subsidiary undertakings

As at 31 December 2021, the subsidiaries of Verditek plc, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation	Parent	Proportion of ownership interest at 31 December 2021	Nature of business
Greenflex Energy Limited	UK	Verditek plc	100%	Dormant
Greenflex RSM S.r.l [1]	San Marino	Greenflex Energy Limited	100%	Dormant
Verditek Solar S.r.l	Italy	Verditek plc	100%	Solar technology services
BBR Filtration Limited[2]	UK	Verditek plc	51%	Filtration technology services
BBR Filtration USA, LLC	USA	BBR Filtration Limited	50.49%	Dormant

Verditek USA, Limited	USA	Verditek plc	100%	Dormant
Verditek Solar Solutions Limited	UK	Verditek plc	N/A	Dormant

[1] - Greenflex RSM S.r.l ceased to trade in July 2018, and an application to liquidate the company was made in February 2019;

[2] – BBR Filtration Limited was dissolved in June 2021.

Name	Registered address
Greenflex Energy Limited	29 Farm Street, London, England, W1J 5RL[3]
Greenflex RSM S.r.l	Via L. Cibrario, 25, 47893 Cailungo, San Marino
Verditek Solar S.r.l	Via Pogliano, 26, 20020 Lainate, Italy
BBR Filtration Limited	29 Farm Street, London, England, W1J 5RL[3]
BBR Filtration USA, LLC (99%)	C/o 2605, Ponce De Leon, Boulevard, Coral Gables, Florida 33134
Verditek USA, Limited	Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801
Verditek Solar Solutions Limited	29 Farm Street, London, England, W1J 5RL[3]

[3] Registered office is changing as of 1 July 2022, to 5 Chancery Lane, London, WC2A 1LG

14. Right of use asset

	Building
	£
Cost	
At 1 January 2020	**328,561**
Remeasurement	(1,906)
Exchange	18,977
At 31 December 2020	**345,632**
Additions	1,126
Remeasurement	-
Exchange	(22,682)
At 31 December 2021	**324,076**
Depreciation	
At 1 January 2020	**78,855**
Charge for the year	50,471
Unwind of discount of lease deposit (other receivables)	4,178
Exchange	5,024
At 31 December 2020	**138,528**
Charge for the year	49,460
Unwind of discount of lease deposit (other receivables)	3,945
Exchange	(10,248)
At 31 December 2021	**181,685**
Net book value	
At 31 December 2020	207,104
At 31 December 2021	**142,391**

The right-of-use asset is the present value of a lease asset on a factory in Lainate, Italy signed in 2018 for 6 years. The lease term expires in 2024, with an option to renew for another 6 years. The rental amount is reviewed on an annual basis, with increase in rental value linked to 75% of the consumer price index for white and blue collar worker households established by ISTAT (a national central statistics institute).

15. Inventories

	2021 £	2020 £
Finished goods	509,849	516,144
Raw materials	147,302	119,897
Total Inventories	**657,151**	**636,041**

During the period £80,176 inventories relating to revenue were recognized as a cost in the P&L (2020: £169,751). There was also a provision against inventories to write-down defective stock, £125,770 (2020: £nil). The defective panels were identified as part of an operational review during the year. During the year there was also a theft of inventory, which resulted in an expense of £346,841.

16. Trade and other receivables

	2021 £	2020 £
Trade receivables – gross	43,466	10,256
Less: provision for expected credit losses	(26,413)	(10,050)
Trade receivables - net	17,053	206
Advance to suppliers and deposits	42,882	298,055
Amounts due from related parties	100	100
VAT and other taxes receivable	170,388	116,249
Prepayments	161,770	9,243
Total trade and other receivables	**392,193**	**423,853**

The ageing of trade receivables and ECL allocation is as follows:

31 December 2021	**Gross** **£**	**ECL** **£**	**Net** **£**
Not past due and not impaired	2,673	-	2,673
Up to 30 days past due	-	-	-
31 to 60 days past due	969	-	969
61 to 90 days past due	1,180	-	1,180
Over 90 days past due	38,644	(26,413)	12,231
Total	**43,466**	**(26,413)**	**17,053**

31 December 2020	**Gross** **£**	**ECL** **£**	**Net** **£**
Not past due and not impaired	-	-	-
Up to 30 days past due	206	-	206
31 to 60 days past due	-	-	-
61 to 90 days	1,536	(1,536)	-

Over 90 days	8,514	(8,514)	-
Total	**10,256**	**(10,050)**	**206**

17. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	**237,613**	**1,711,761**

The fair value of the cash & cash equivalent is as disclosed above. For the purpose of the cash flow statement, cash and cash equivalents comprise of the amounts shown above.

18. Trade and other payables

	2021	2020
	£	£
Trade payables	232,011	201,452
Accruals	77,150	331,189
Contract liability	-	29,576
Wages payable	19,535	15,849
Pension payable	508	175
Other payable	162	-
Amounts due to related parties	70,000	-
Financial liabilities at amortised costs other than loans and borrowings	399,366	578,241
Social security & other taxes payables	11,847	7,118
Total trade and other payables	**411,213**	**585,359**

During the prior reporting period, a contract liability was recognized in respect of advanced billing of customers

19. Loans and borrowings

	2021	2020
	£	£
Current		
Convertible loans	-	70,000
Non – current		
Convertible bonds issued to related party	25,000	-
Corporate bonds (net of bond issue costs)	252,080	-
Total current and non – current loans and borrowings	**277,080**	**70,000**

During the year, a series of corporate green bonds were issued through crowdfunding platform Crowd For Angels with an interest rate of 7%:

- £225,000 was issued on 28 May 2021 with a term of 2 years, and is secured by way of a floating charge against the assets of the Company;
- £25,000 was issued on 28 May 2021, with the same term, to non-executive director Gavin Mayhew;
- £103,253 was issued on 13 August 2021, with a term of 2 years to external investors through the Crowd For Angels platform and is secured by way of a floating charge against the assets of the Company.

Alongside the corporate bonds, warrants were also issued to Crowd For Angels, including

- 2,250,000 warrants on 28 May 2021, with a term 36 months and exercise price 3.1p
- 1,032,530 warrants on 30 July 2021, with a term 36 months and exercise price 2.75p

The warrants were fair valued using the Black Scholes model, see note 22 for details. The fair value of the warrants was recognised as a bond issue cost (£65,903), and is being amortised over the term of the bonds. During the year there was a bond amortisation charge of £18,125 recorded within finance costs.

During the year £28,395 of the outstanding corporate green bond balance was repaid.

The balance of Convertible loans in prior year was the remaining unsecured convertible loan notes issued in December 2018. The balance and associated interest of the convertible loan notes was repaid in cash in January 2021.

Cashflow - net debt analysis

	01-Jan-21	Cash inflow	Cash outflow	Non-cash	31-Dec-21
	£	£	£		£
Convertible bonds	70,000	-	(70,000)	-	-
Corporate bonds	-	328,253	(28,395)	(47,778)	252,080
Corporate bonds issued to related party	-	25,000	-	-	25,000
Lease liability	194,934	-	(51,950)	17,440	160,424
	264,934	**353,253**	**(150,345)**	**(30,338)**	**437,504**

20. Lease liability

	2021	2020
	£	£
Current Lease liability	69,737	45,883
Non-Current Lease liability	90,687	149,051
Total Current loans and borrowings	160,424	194,934

Lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
	£	£	£
Less than one year	88,017	(18,280)	69,737
Between one and five years	106,675	(15,988)	90,687
	194,692	**(34,268)**	**160,424**

The cash outflow on lease liability payments in the year was £51,950 (2020: £69,920). The interest expense on lease liabilities recognised in the year was £29,805 (2020: £33,300).

21. Share capital and reserves

	Number of Shares Par Value £0.0004	Share capital £	Share premium £
At 1 January 2020	**229,163,534**	**91,666**	**5,466,376**
Exercise of shares for cash			
Shares issued March 2020	20,230,000	8,092	497,658
Shares issued May 2020	40,000,000	16,000	984,000
Shares issued August 2020 – exercise of warrant	3,753,456	1,501	336,309
Shares issued October 2020	43,750,000	17,500	3,482,500
Share issue costs			(267,514)
Exercise of shares – non-cash			
Shares issued September 2020 – satisfaction of debts	3,090,909	1,236	115,764
Conversion of convertible loan note to equity September 2020	1,184,544	475	117,980
At 31 December 2020	**341,172,443**	**136,470**	**10,733,073**
Exercise of shares for cash			
Shares issued October 2021	1,032,530	413	27,982
At 31 December 2021	**342,204,973**	**136,882**	**10,761,055**

During the year there was an exercise of 1,032,530 share warrants to subscribe for ordinary shares at 2.75p per share.

22. Share based payment reserve

The Company operates an equity-settled share-based remuneration schemes for Senior Executives, under the terms of the Company's EMI and Non-Qualifying Share Option Plan (the "Option Plan"). The options are valid for 10 years from the date of grant. After satisfaction of any performance condition included in the award the options will become exercisable in equal tranches on each anniversary of the Grant Date during the first three years.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions (for example the Company's share price) but excluding the impact of any service or non-market performance vesting conditions (for example the requirement of the grantee to remain an employee of the Group).

Non-market vesting conditions are included in the assumptions regarding the number of options that are expected to vest. The total expense is recognised over the vesting period. At the end of each period the Group revises its estimates of the number of options expected to vest based on the non-market vesting conditions. It recognises the impact of any revision in the income statement with a corresponding adjustment to equity.

The Company uses a Black Scholes model to estimate the cost of share options. The following information is relevant in the determination of the fair value of options granted. The assumptions inherent in the use of this model are as follows:

• The option life is the estimated average period over which the options will be exercised.
• For options issued to Rob Richards and David Willetts in 2021, there is a vesting condition linked to performance of the company.
• For other options issued in 2021 and earlier, the vesting conditions are 3 years' continued service with the Group.
• No variables change during the life of the option (e.g. dividend yield remains zero).

During the year there were also warrants issued to Crowd For Angels, please see note 19 for details.

The key assumptions used in the fair value calculation for issues is as follows

Issue date	28/05/2021	30/07/2021	17/09/2021	06/04/2020
Stock price at grant date	3.1p	2.75p	3.8p	2.0p
Volatility	107%	99%	100%	73%
Time to maturity (months)	36	36	36	60
Risk free rate	0.08125%	0.07400%	0.07088%	0.6528%

The movement in outstanding share options and warrants are as follows:

	Number of share options	Number of warrants	Weighted average strike price (pence)	Weighted average term (years)
Opening at 1 January 2021	**5,500,000**	**-**	**4.6**	**8.7**
Issued 17/09/21	14,500,000		3.8	10
Issued 28/05/21	-	2,250,000	3.1	3
Issued 30/07/21	-	1,032,530	2.75	3
Exercised	-	(1,032,530)	2.75	3
At 31 December 2021	**20,000,000**	**2,250,000**	**3.9**	**8.2**

1,500,000 options were granted under the scheme in April 2018 to Chairman, Lord David Willetts, with an exercise price of 9.0p. During 2020 there were 4,000,000 options issued to CEO, Rob Richards at an exercise price of 3.0p. During the year there were 3,000,000 options issued to Lord David Willetts and 10,000,000 options were issued to Rob Richards at an exercise price of 3.8p.

The share based payment expense recognized in the income statement during the period was £48,047 (2020: £77,481).

23. Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium - Amount subscribed for share capital in excess of nominal value. This includes share issue costs, which are deducted from share premium.

Share based payment reserve - The share based payment reserve represents equity settled share based employee remuneration until such share options are exercised.

Foreign exchange reserves - Foreign exchange translation gains and losses on the translation of the financial statements of subsidiary from the functional to the presentation currency, and also foreign exchange on intra-group funding balances.

Retained earnings - All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

24. Related Party Transactions

The Group has related party transactions with related parties who are not members of the group.

	Transactions during the year		Amounts owed by related parties		Amounts owed to related parties/loans	
	2021	2020	2021	2020	2021	2020
	£	£	£	£	£	£
Geoff John Nesbitt[1]	66,000	132,662	-	-	-	-
Timothy Lord[2]	-	68,974	-	-	-	-
The Rt Hon. Lord David Willetts FRS[3]	50,000	50,000	-	-	33,000	-
George Katzaros[4]	25,000	25,000	-	-	16,666	-
Gavin Mayhew[5]	31,053	153,423	-	-	46,053	-
Rob Richards	151,374	103,327	-	-	-	-

Notes:

[1]Geoff John Nesbitt (resigned 7 May 2020)	Geoff ceased to be a director of the Company in 2020, but has been retained on a consultancy basis. Mr. Geoff John Nesbitt remains a director of BBR Filtration Limited.
[2]Timothy Lord (resigned 5 August 2020)	Timothy Lord ceased to be a director of the Company in 2020 and is therefore no longer a related party in 2021.
[3] The Rt Hon. Lord David Willetts FRS	Lord David Willetts, Chairman of the Company, was entitled to fees and services of £50,000 during the period of which £33,333 remains outstanding at the end of the year. Lord Willets was also issued some share options in 2018 and 2021, with which there was an associated £10,974 charge during the year.
[4]George Katzaros	Mr. George Katzaros, a non-executive director of Verditek plc, was entitled to Directors fees of £25,000 during the year. At the year-end George Katzaros was owed a Directors fee of £16,666.
[5]Gavin Mayhew	Gavin Mayhew, non-executive director of the company, during the year he was entitled to Directors fees of £30,000, at the year-end £20,000 of this remained unpaid. Gavin Mayhew is also owed £25,000 with an expiry date of 18/05/2023 accruing 7% interest, at the year end this amounted to £26,053.
[6]Rob Richards (appointed 1 June 2020)	Robert James Richards, director (appointed June 2020) during the year was entitled to Directors fees of £151,374 at year end these had all been settled. Rob Richards was also issued some share options in 2021 and 2020, with which there was an associated £33,705 charge during the year.

Details of the directors' emoluments, together with the other related information, are set out in the Directors Report of the Remuneration Committee.

25. Events subsequent to the reporting date

On 1 February 2022 the Group's 11.6% share in ICSI was sold for a potential maximum consideration of CAD3.6m (£2.0m). £308,000 was received on completion, with the remaining earn-out being dependent on achieving certain milestones over the next 5 years to December 2026.

On 30 June 2022, the Company raised £1,520,000 before expenses by way of a subscription for ordinary shares, being an issue of 101,333,333 shares at a price of 1.5p.

26. Ultimate controlling party

There is no ultimate controlling party of the Company.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2021 £	31 December 2020 £
Non-current assets			
Investments in subsidiaries	3	4,018,455	2,877,822
Investment	4	990,000	23,406
Property, plant and equipment	5	599	1,218
Total non-current assets		**5,009,054**	**2,902,446**
Current assets			
Trade and other receivables	6	330,333	123,796
Cash and cash equivalents	8	200,260	1,657,717
Total current assets		**530,593**	**1,781,513**
Total assets		**5,539,647**	**4,683,959**
Current liabilities			
Trade and other payables	9	335,517	268,207
Loans and borrowings	10	-	70,000
Total current liabilities		**335,517**	**338,207**
Non-current liabilities			
Loans and borrowings	10	277,080	-
Total current liabilities		**277,080**	-
Net assets		**4,927,050**	**4,345,752**
Share capital	11	136,883	136,470
Share premium		10,761,055	10,733,073
Share based payment reserve	12	213,134	99,184
Retained losses		(6,184,022)	(6,622,975)
Total equity		**4,927,050**	**4,345,752**

For the year under review, the amount due from subsidiaries is regarded as net investment and is therefore reclassified from current assets to non-current assets, and their respective comparatives were also restated.

The Company's profit for the year was £438,954 (2020: loss of £1,571,129).

These financial statements were approved and authorised for issue by the Board of Directors on 29 June 2022 and were signed on its behalf by:

R J Richards

Rob Richards
Chief Executive Officer
Company Registration Number: 10114644
The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share based payment reserve	Retained losses	Total
	£	£		£	£
Equity as at 1 January 2020	**91,666**	**5,466,376**	**21,703**	**(5,051,846)**	**527,899**
Loss for the year	-	-	-	(1,571,129)	**(1,571,129)**
Total comprehensive loss	**-**	**-**	**-**	**(1,571,129)**	**(1,571,129)**
Share issue (net of expenses)	44,804	5,266,697	-	-	**5,311,501**
Share based payments	-	-	77,481	-	**77,481**
Equity as at 31 December 2020	**136,470**	**10,733,073**	**99,184**	**(6,622,976)**	**4,345,752**
Profit for the year	-	-	-	438,954	**438,954**
Total comprehensive loss	**-**	**-**	**-**	**438,954**	**438,954**
Share issue (net of expenses)	413	27,982	-	-	**28,395**
Issue of warrants – corporate bond	-	-	65,903	-	**65,903**
Share based payments	-	-	48,047	-	**48,047**
Equity as at 31 December 2021	**136,883**	**10,761,055**	**213,134**	**(6,184,022)**	**4,927,050**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Accounting policies

The accounting policies that are applicable, as set out in note 1 to the consolidated financial statements have been applied together with the following accounting policies that have been consistently applied in the preparation of these Verditek PLC ("the Company") financial statements.

Basis of preparation

The financial statements of Verditek PLC have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified and in accordance with the Companies Act 2006.

The Company has taken advantage of Section 408 of the Companies Act 2006 in not presenting its own statement of comprehensive income.

The Company has taken advantage of the following disclosure exemptions under FRS 101, on the basis that equivalent disclosures are, where required, are given in the consolidated financial statements of Verditek plc:

a. a Cash Flow Statement and related notes as required by IAS 7 – 'Statement of Cashflows';
b. the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(IV) of IAS 1 – a reconciliation of the share capital at beginning and end of the period;
c. the requirements of paragraph 134 – 136 of IAS 1 'Presentation of Financial Statements' to disclose the management of the capital of the Company;
d. the requirements of paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose the new or revised standards that have not been adopted and information about their likely impact;
e. all of the disclosure requirements of IFRS 7 'Financial Instruments: Disclosures';
f. the requirements of paragraph 17 of IAS 24, 'Related Party Disclosures' to disclose key management personnel; and
g. the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiaries which is a party to the transaction is wholly owned by such a member.

Going concern

A going concern review for the Company has been based on current cash resources, expected costs and expected receipts. The Directors have prepared an expected cash flow forecast covering a period of 24 months period ended to 31 May 2024, which contains both the base case and the worst case models of working capital requirements. More detail on this is set out in Note 2.4 to the Group accounts.

Investments in subsidiaries

The Company's investment in its subsidiaries are carried at cost less provision for any impairment. Investments include shareholder loans. Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. The carrying value is tested for impairment when there is an indication that the value of the investment might be impaired. When carrying out impairment tests, the recoverable amount is based upon future cash flow forecasts and these forecasts would be based upon management judgement. Where the carrying value is more than the recoverable amount, no impairment provision is made.

Trade and other receivables

The Company assesses on a forward-looking basis the expected credit loss associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

Critical accounting estimates and judgments

The preparation of financial information in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

Impairment of investments in and amount due from subsidiaries

In determining whether there are indicators of impairment of the Company's investments in, and amounts receivable from, its subsidiary undertakings, the directors take into consideration various factors including the economic viability and expected future financial performance of the business of the subsidiary undertakings. Future cashflows from solar operations requires significant management judgement, as the solar production business is still in its early stages.

Classification of investments in and amount due from subsidiaries

Investments in subsidiaries are classified as non-current assets. Funding provided to subsidiaries is long-term in nature and not intended to be repaid on demand, and therefore it is appropriate to present the assets as non-current. Accordingly, the comparative amount was restated and reclassified to non-current.

2. Staff costs

The average number of employees (including directors) during the period was made up as follows:

	2021 Number	2020 Number
Directors	2	3
Administrative	2	1
Total	4	4

The cost of employees (including directors) during the period was made up as follows:

	2021 £	2020 £
Salaries (including directors)	188,589	383,981
Share based payment	12,092	77,481
Social security costs	11,977	33,883
Pension cost	3,250	7,444
Total staff costs	**215,908**	**502,789**

3. Investments in subsidiary undertakings

	Investment in subsidiary £	Amount due from subsidiary £	Total £
At 1 January 2020	**608,916**	**1,734,197**	**2,343,113**
Additions	-	-	-
Movement for the year	-	1,134,709	1,134,709
At 31 December 2020	**608,916**	**2,868,906**	**3,477,822**
Additions	-	-	-
Movement for the year	-	1,140,633	1,140,633
At 31 December 2021	**608,916**	**4,009,539**	**4,618,455**
IMPAIRMENT			
At 1 January 2020	**439,462**	**-**	**439,462**
Impairment of investment in subsidiary	160,538	-	160,538
At 31 December 2020	**600,000**	**-**	**600,000**
Impairment of investment in subsidiary	-	-	-
At 31 December 2021	**600,000**	**-**	**600,000**
Net book value			
At 31 December 2020	8,916	2,868,906	2,877,822
At 31 December 2021	8,916	4,009,539	4,018,455

In 2020, the impairment loss of £160,538 was recognized due to doubts over the recoverability of the investment in BBR Filtration Limited (BBR) as the Company is not investing further in BBR due to its current focus on the solar opportunity. The details of the subsidiaries of Verditek plc, are set out in the Note 13 to the consolidated financial statements.

The directors consider that the carrying amounts owed by and to group undertakings approximates their fair value. The amounts reported under current assets have no fixed repayment terms and repayment on demand. At 31 December 2021 there was no provision held in respect of the recoverability of amounts due from subsidiaries.

4. Other investments

	Financial assets at fair value through profit or loss	**Investment in associates** £	**Total** £
Cost			
At 1 January 2020	**24,229**	**-**	**24,229**
Exchange difference	(823)	-	**(823)**
At 31 December 2020	**23,406**	**-**	**23,406**
Revalue investment	966,594	-	**966,594**
At 31 December 2021	**990,000**	**-**	**990,000**

The Company holds a 11.6% investment stake in Industrial Climate Solutions (ICSI), an unlisted company registered in Canada. The directors estimated the fair value of Verditek's investment in ICSI at the reporting date to be £990,000 (2020: £23,406).

As the directors have no seat on the board of ICSI and stake is under 20%, they consider that they do not have significant influence over the business, and therefore that ICSI is not an associate. The investment has therefore been reclassified as a financial asset measured at fair value through the profit or loss.

5. Property, plant and equipment

	Plant and machinery £	Computer equipment £	Total £
At 1 January 2020	**1,873**	**1,328**	**3,201**
Additions	-	949	949
At 31 December 2020	**1,873**	**2,277**	**4,150**
Additions	-	-	-
At 31 December 2021	**1,873**	**2,277**	**4,150**
DEPRECIATION			
At 1 January 2020	**1,873**	**563**	**2,436**
Charge for the year	-	496	496
At 31 December 2020	**1,873**	**1,059**	**2,932**
Charge for the year	-	619	**619**
At 31 December 2021	**1,873**	**1,678**	**3,550**
Net book value			
At 31 December 2020	-	1,218	1,218
At 31 December 2021	-	599	599

6. Trade and other receivables

	31 December 2021 £	31 December 2020 £
Prepayments	160,245	7,548
Corporation tax receivable	123,308	98,448
VAT receivable	46,780	17,800
Total trade and other receivables	**330,333**	**123,796**

All amounts are due within three months.

7. Cash and cash equivalent

	31 December 2021 £	31 December 2020 £
Cash at bank and in hand	200,260	1,657,717

8. Trade and other payables

	31 December 2021 £	31 December 2020 £
Trade payables	212,018	102,461
Accruals and deferred income	47,617	155,961
Social security & other taxes payable	5,374	9,610
Pension cost	508	175

Loans from related parties	70,000	-
Total trade and other payables	**335,517**	**268,207**

9. Loans and borrowings

	31 December 2021	31 December 2020
	£	£
Current		
Convertible loans	-	70,000
Non-Current		
Corporate bonds	277,080	-
Total loans and borrowings	**277,080**	**70,000**

See note 19 of the consolidated financial statements for details.

10. Share capital
For details of share capital see note 21 to the consolidated financial statements.

11. Share based payment reserve
For details of the share-based payments see note 22 to the consolidated financial statements.

12. Related party transactions
The Group has related party transactions with entities in which directors have significant financial interests. For details of the related party transactions see note 25 to the consolidated financial statements.

Details of the directors' emoluments, together with the other related information, are set out in the Report of the Directors. There are no other related party transactions.

13. Commitments
The Company has no lease or capital commitments at the end of the reporting period.

14. Contingent liabilities
The Company has no contingent liabilities, other than what has been disclosed already.

15. Ultimate controlling party
The Company does not have an ultimate controlling party.

16. Events after reporting date
For details of events after reporting date see note 25 of the consolidated financial statements.

OFFICERS AND ADVISERS

Directors:	The Rt Hon. Lord David Willetts FRS George Francis Katzaros Gavin Mayhew Robert Richards
Company secretary and registered office:	CFPro Cosec Limited 5 Chancery Lane, London, WC2A 1LG
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Solicitors:	Peachey & Co LLP 95 Aldwych London, WC2B 4JF
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