

RNS Number : 2619X
Alteration Earth PLC
24 April 2023

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Alteration Earth PLC

Interim Condensed Financial Statements

Half Year to 31 March 2023

Alteration Earth PLC (the "Company") announces its unaudited interim results for the half year ended 31 March 2023.

Copies of this interim report will be made available on the Company's website www.altearthplc.com

Enquiries

For further information, please visit www.altearthplc.com or contact:

Alteration Earth PLC

Matthew Beardmore

Director

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Interim Management Report

The Company was formed to undertake an acquisition of a target company or business or asset(s) in the clean technology and/or clean, green and renewable energy sector. The Company's shares began trading on the standard list segment of the London Stock Exchange's ("LSE") main market for listed securities on 1 July 2022. Even though the Company has only been funded and its shares publicly traded for a relatively short period of time, we have been active in executing the Company's objectives as outlined in the Company's prospectus dated 17 June 2022.

The directors have reviewed numerous potential acquisition opportunities during the period and provided detailed feedback to the respective management teams for each opportunity presented to us. Several of the opportunities, whilst compelling, were too early in their commercial journey to meet with the requirements of the Company's objectives.

The directors are currently monitoring several potential acquisition opportunities and, subject to one or more of these opportunities being suitable for acquisition by the Company, the directors currently consider that they could meet the Company's objectives. Whilst there can be no guarantee that any of the potential targets being monitored will progress to the Company making an offer to acquire such target(s), the directors are encouraged by the opportunities currently under consideration.

Principal risks and uncertainties

The principal risks and uncertainties facing our business are monitored on an ongoing basis. The directors have reviewed the principal risks and uncertainties disclosed in the 2022 Annual Report and concluded that they remain applicable for the first half of the current financial year. A detailed description of these risks and uncertainties is set out on pages 3 to 4 of the 2022 annual report.

Martin Samworth, Director

24 April 2023

Statement of Directors' Responsibilities

The directors are responsible for preparing the interim management report in accordance with applicable law and regulations. The directors confirm that the interim condensed financial information has been prepared in accordance with International Accounting Standard 34 (*Interim Financial Reporting*) as endorsed for use in the United Kingdom.

The interim management report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules paragraphs 4.2.7 R and 4.2.8 R, namely:

- the interim condensed financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the issuer as required by DTR 4.2.4 R;
- an indication of important events that have occurred during the six months ended 31 March 2023 and their impact on the condensed set of financial information; and
- material related-party transactions during the six months ended 31 March 2023 and any material changes in the related-party transactions described in the 2022 Annual Report.

The interim management report was approved by the Board of Directors and the above responsibility statement was signed on its behalf by:

Matthew Beardmore, Director

24 April 2023

Condensed Income Statement and Statement of Other Comprehensive Income

for the Period 1 October 2022 to 31 March 2023

	1 October 2022	18 August 2021
	to	to
	31 March 2023	31 March 2022
Notes	£	£
Revenue	-	-
Administration expenses	<u>(129,646)</u>	<u>(21,553)</u>
OPERATING LOSS	<u>(129,646)</u>	<u>(21,553)</u>

LOSS BEFORE INCOME TAX		<u>(129,646)</u>	<u>(21,553)</u>
Income tax	5	—	—
LOSS AFTER INCOME TAX		(129,646)	(21,553)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		_____	_____
		<u>(129,646)</u>	<u>(21,553)</u>
Loss per share expressed in pence per share:			
	6		
Basic		(0.72)	(2,155,300)
Diluted		(0.72)	(2,155,300)

Notes:

- (i) The Income Statement has been prepared on the basis that all operations are continuing operations.
- (i) The accounting policies and notes form an integral part of these condensed financial statements.

Condensed Statement of Financial Position at 31 March 2023

(Unaudited)

**As at
31 March**

**As at
30 September**

		2023	2022
	Notes	£	£
ASSETS			
CURRENT ASSETS			
Other receivables	7	13,125	15,411
Cash and cash equivalents	8	932,940	1,069,939
		<u>946,065</u>	<u>1,085,350</u>
TOTAL ASSETS		<u>946,065</u>	<u>1,085,350</u>
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS			
Share capital	9	54,000	54,000
Share premium	10	941,522	941,522
Other reserves	10	202,500	187,500
Accumulated losses	10	<u>(272,774)</u>	<u>(143,128)</u>
TOTAL EQUITY		<u>925,248</u>	<u>1,039,894</u>
LIABILITIES			

CURRENT LIABILITIES

Trade and other payables 11 20,817 45,456

TOTAL LIABILITIES 20,817 45,456

TOTAL EQUITY AND LIABILITIES 946,065 1,085,350

Statement of Changes in Equity for the Period 1 October 2022 to 31 March 2023

(Unaudited)

Called up

share Retained Share Other Total

capital earnings premium reserves equity

£ £ £ £ £

Balance at 1 October 2022 54,000 (143,128) 941,522 187,500 1,039,894

Deficit for the period - (129,646) - - (129,646)

Share based payment reserve - - - 15,000 15,000

Balance at 31 March 2023 54,000 (272,774) 941,522 202,500 925,248

Deficit for the period - (143,128) - - (143,128)

Share based payment reserve - - - 187,500 187,500

- (143,128) - 187,500 44,372

Issue of share capital 54,000 - 1,206,000 - 1,260,000

Cost of share issue - - (264,478) - (264,478)

Balance at 30 September 2022 54,000 (143,128) 941,522 187,500 1,039,894

Consolidated Statement of Cash Flows for the Period 1 October 2022 to 31 March 2023

(Unaudited)

		1 October 2022	18 August 2021
		to	to
		31 March 2023	31 March 2022
	Notes	£	£
Change in working capital	1	<u>(136,999)</u>	-
Cash flows from financing activities			
Share issue		-	54,000
Share premium		-	1,206,000
Cash costs of share issue		<u>-</u>	<u>(111,478)</u>
Net cash from financing activities		<u>-</u>	<u>1,148,522</u>
Increase/(decrease) in cash and cash equivalents		(136,999)	1,148,522
Cash and cash equivalents at beginning of period	2	1,069,939	-

**Cash and cash equivalents at
end of period**

	_____	_____
	<u>932,940</u>	<u>1,148,522</u>

Note: the Company's change in working capital, and decrease in cash, between 1 April and 30 September 2022 amounted to £78,583.

Notes to the Statement of Cash Flows for the Period 1 October 2022 to 31 March 2023

(Unaudited)

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CHANGES IN WORKING CAPITAL

	1 October 2022	18 August 2021
	to	to
	31 March 2023	31 March 2022
	£	£
Loss before income tax	(129,646)	(21,553)
(Increase)/decrease in trade and other receivables	2,286	-

Increase/(decrease) in trade and other payables	(24,639)	21,553
Non-cash costs share based payments	<u>15,000</u>	-
Working capital movement	<u>(136,999)</u>	-

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Period ended 31 March 2023

31 March 30 September

2023 2022

£ £

Cash and cash equivalents **932,940 1,069,939**

Notes to the Condensed Financial Statements for the Period 1 October 2022 to 31 March 2023

(Unaudited)

1. STATUTORY INFORMATION

Alteration Earth Plc (the 'Company') was incorporated on 18 August 2021 in England and Wales, with registered number 13571750 under Companies Act 2006. The registered office of the company is c/o Keystone Law, 48 Chancery Lane, London WC2A 1JF. The Company is a public limited company and was admitted to the Standard Listing segment of the London Stock Exchange's main market for listed securities on 1 July 2022. The principal activity of the Company is to undertake an acquisition of a controlling interest in a company or business in the CGRE sector.

2. ACCOUNTING POLICIES

Basis of preparation

The Financial Statements of the Company have been prepared in accordance with UK-adopted international accounting standards and the Companies Act 2006.

The Financial Statements have been prepared under the historical cost convention. The principal accounting policies are set out below and have, unless otherwise stated, been applied consistently for all periods presented in these Financial Statements. The Financial Statements are prepared in pounds Sterling and presented to the nearest pound.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The Company has no revenue but has cash resources to finance activities whilst it identifies and completes suitable transaction opportunities. When a suitable transaction is identified, the Directors will consider the need for further funding to complete the transaction.

Having considered forecasts, the Directors consider that the Company has sufficient funds available to continue in operational existence for at least 12 months from the date of approval of these accounts. Accordingly, the Board believes it appropriate to adopt the going concern basis in the approval of the financial statements.

New standards, amendments and interpretations adopted by the Company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 18 August 2021:

- * Interest Rate Benchmark Reform - Amendments to IFRS 17 "Insurance Contracts"
- * Interest Rate Benchmark Reform - Amendments to IFRS 16 "Leases"
- * Interest Rate Benchmark Reform - Amendments to IFRS 9 "Financial Instruments"
- * Interest Rate Benchmark Reform - Amendments to IAS 39 "Financial Instruments: Recognition & Measurement"
- * Interest Rate Benchmark Reform - Amendments to IFRS 7 "Financial Instruments: Disclosures"

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Foreign currency translation

The financial information is presented in Sterling which is the Company's functional and presentational currency.

Transactions in currencies other than the functional currency are recognised at the rates of exchange on the dates of the transactions. At each balance sheet date, monetary assets and liabilities are retranslated at the rates prevailing at the balance sheet date with differences recognised in the Statement of comprehensive income in the period in which they arise.

Financial instruments initial recognition

A financial asset or financial liability is recognised in the statement of financial position of the Company when it arises or when the Company becomes part of the contractual terms of the financial instrument.

Classification

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- (1) the asset is held within a business model whose objective is to collect contractual cashflows; and
- (2) the contractual terms of the financial asset generating cash flows at specified dates only pertain to capital and interest payments on the balance of the initial capital.

Financial assets which are measured at amortised cost, are measured using the Effective Interest Rate Method (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial liabilities at amortised cost

Financial liabilities measured at amortised cost using the effective interest rate method include current borrowings and trade and other payables that are short term in nature. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

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 effective interest rate ("EIR"). The EIR amortisation is included as finance costs in profit or loss. Trade payables other payables are non-interest bearing and are stated at amortised cost using the effective interest method.

Derecognition

A financial asset is derecognised when:

- (1) the rights to receive cash flows from the asset have expired, or
- (2) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially

all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment

The Company recognises a provision for impairment for expected credit losses regarding all financial assets. Expected credit losses are based on the balance between all the payable contractual cash flows and all discounted cash flows that the Company expects to receive. Regarding trade receivables, the Company applies the IFRS 9 simplified approach in order to calculate expected credit losses. Therefore, at every reporting date, provision for losses regarding a financial instrument is measured at an amount equal to the expected credit losses over its lifetime without monitoring changes in credit risk. To measure expected credit losses, trade receivables and contract assets have been grouped based on shared risk characteristics.

Equity

Share capital is determined using the nominal value of shares that have been issued.

The Share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from the Share premium account, net of any related income tax benefits.

Equity-settled share-based payments are credited to a share-based payment reserve as a component of equity until related options or warrants are exercised or lapse.

Accumulated losses include all current and prior period results as disclosed in the income statement.

Share Based Payments

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at date of grant. The fair value so determined is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the

number of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value is measured using the Black Scholes pricing model. The key assumption used in the model have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the entity's accounting policies, management makes estimates and assumptions that have an effect on the amounts recognised in the financial information. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Apart from share based payments and share issue costs discussed below the Directors consider that there are no other critical accounting judgements or key sources of estimation uncertainty relating to the financial information of the Company.

Share based payments: share warrants

The Company issued warrants to the lead investor and two directors on 1 July 2022. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at date of grant. The fair value so determined is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. Fair value is measured using the Black Scholes pricing model. The key assumption used in the model have been adjusted, based on management's best estimate of the vesting period and volatility.

Share Issue costs

The costs of share issues are charged against the share premium account. Where the share issue costs are incurred concurrently with another activity such as a stock market admission and/or an issue of a prospectus or admission document then the costs of these activities can be difficult to quantify separately and therefore reliance is placed on management's best estimate of the split of the costs.

Loss per share

Basic loss per share is calculated as the profit or loss attributable to equity holders of the Company for the period, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board as a whole.

Identifying and assessing investment projects is the only activity the Company is involved in and is therefore considered as the only operating/reporting segment. Therefore, the financial information of the single segment is the same as set out in the statement of comprehensive income and statement of financial position.

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

Taxation

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

3. EMPLOYEES AND DIRECTORS

The average number of employees during the period was NIL.

	1 October 2022 to 31 March 2023	18 August 2021 to 30 September 2022
	£	£
Directors' remuneration: fair value of warrants granted	<u>15,000</u>	<u>7,500</u>

4. AUDITORS' REMUNERATION

	1 October 2022 to 31 March 2023	18 August 2021 to 30 September 2022
	£	£
Fees payable to the company's auditor for the audit of the company's annual financial statements relating to:	<u>17,000</u>	<u>25,000</u>
Prior period		
Current period	5,000	-
	12,000	25,000

Note: the Company is not registered for and cannot reclaim VAT. Fees are therefore stated inclusive of VAT.

5. INCOME TAX

Interim period income tax is accrued based on the estimated average annual effective corporate income tax rate of 19 per cent (18 August 2021 to 31 March 2022: 19 per cent).

Factors affecting future tax charge

The standard rate of corporation tax in the UK is 19%. Accordingly, the Company's effective tax rate for the period to 31 March 2023 was 19%. With effect from 1 April 2023 the mainstream corporate tax in the UK increased and the Company's effective corporation tax rate will increase to 25% from that date.

6. EARNINGS PER SHARE

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Reconciliations are set out below.

Basic and Diluted EPS	Earnings £	Weighted average number of shares	Per share amount pence
Earnings attributable to ordinary shareholders			

1 October 2022 to 31 March 2023	(129,646)	18,000,000	(0.72)
18 August 2021 to 31 March 2022	(21,553)	1	(2,155,300)

Diluted EPS are not separately calculated as the warrants would be anti-dilutive due to the loss, the weighted average number of shares including the dilution shares is 20,700,000 (31 March 2022: 1 share).

7. TRADE AND OTHER RECEIVABLES

	31 March 2023	30 September 2022
	£	£
Current:		
Prepayments	<u>13,125</u>	<u>15,411</u>
	<u>13,125</u>	<u>13,125</u>

8. CASH AND CASH EQUIVALENTS

	31 March 2023	30 September 2022
	£	£
Bank account	<u>932,940</u>	<u>1,069,939</u>
	<u>932,940</u>	<u>1,069,939</u>

9. SHARE CAPITAL AND SHARE PREMIUM

	No of shares	Share Capital	Share Premium	Total
	£	£	£	
Issued on Incorporation				

Ordinary shares of £0.001 each	2	0.002	-	0.002
Issued on 23 November 2021	4	0.004	-	0.004

Consolidation of shares
on 29

November 2021 to £0.003 each	2	0.006	-	0.006
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Issued on 1 July 2022 at £0.04 each	8,999,998	27,000	333,000	360,000
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seed price

Issued on 1 July 2022 at £0.10 each	9,000,000	27,000	873,000	900,000
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subscription price

As at 30 September 2022 and	<u>18,000,000</u>	<u>54,000</u>	<u>1,206,000</u>	<u>1,260,000</u>
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as at 31 March 2023

The Company has only one class of share. All ordinary shares have equal voting rights and rank pari passu for the distribution of dividends and repayment of capital.

10. RESERVES

Retained Share Other

earnings premium reserves Totals

£ £ £ £

18 August 2021 to 30 September 2022

Deficit for the period (143,128) (143,128)

Cash share issue - 1,206,000 - 1,206,000

Costs of share issue - (264,478) - (264,478)

Share based payment reserve - - 187,500 187,500

At 30 September 2022 (143,128) 941,522 187,500 985,894

1 October 2022 to 31 March 2023

Share based payment reserve - - 15,000 15,000

Deficit for the period (129,646) - - (129,646)

At 31 March 2023 (272,774) 941,522 202,500 871,249

11. TRADE AND OTHER PAYABLES

	31 March 2023	30 September 2022
	£	£
Current:		
Other payables	20	9,020
Accruals	<u>20,797</u>	<u>36,436</u>
	<u>20,817</u>	<u>45,456</u>

12. CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2023 and at 30 September 2022.

13. SHARE-BASED PAYMENT RESERVE

Share warrants were granted to two directors who were involved as key management personnel in setting up the Company and formulating its strategy. Warrants were also granted to the lead Investor for their role in underwriting the listing costs and lending support with attracting other investors.

All warrants were issued on the Company's shares being admitted to trading. Exercise dates and exercise prices are shown in this note below. The directors' warrants can only be exercised after the Company completes a reverse takeover (as defined in the FCA's Listing Rules) and readmission of the Company's issued share capital to the Official List and to trading on the LSE's main market for listed securities ("Readmission"). All warrants are settled in the Company's equity.

	31 March 2023	30 September 2022
	£	£
Charge in the period for fair value of directors' warrants	15,000	7,500
Fair value of lead investor warrants granted during the period	-	<u>180,000</u>
Categorised as financial assets measured at amortised cost	15,000	187,500
Reserve opening balance	<u>187,500</u>	-

Reserve closing balance	<u>202,500</u>	<u>187,500</u>
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The charge for directors' warrants is spread over the 3-year period from 1 July 2022 being the date of grant. The 3-year period is determined by the Company having 2 years from 1 July 2022 plus a possible 1-year extension to agree the terms of a reverse takeover and be re-admitted to a recognised stock exchange.

The Company determines the fair value of its share options granted using a model based on the Black- Scholes-Merton methodology. In determining the fair value of its share options granted, the Company made the following assumptions.

Grant date	Share	Exercise	Expected	Expected	Expected	Risk	Interest	Fair value at date
	Price	Price	Life Years	volatility	Dividend	Free		of
					Yield	Rate		grant
01 Jul 22	10p	0.003p	3	404%	0%	2.2%		10p

Expected volatility was determined by reference to historical data for a similar Special Purpose Acquisition Company in the same market sector and listed on the same exchange.

The warrants outstanding at the period end have a weighted average remaining contractual life of 5 years. The exercise price of the warrants is £0.003 per share.

As at 31 March 2023 and at 30 September 2022 there were 2,700,000 warrants outstanding. Details of the warrants outstanding are as follows:

Grant Date	Exercisable from	Expiry Date	Number outstanding	Exercise price
01 July 22	01 Jul 22	30 June 2027	1,800,000	0.003p
01 July 22	See a) below	see a) below	900,000	0.003p

a) Exercisable at any time within the 5 years from the date of Readmission.

14. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2023 and at 30 September 2022

15. COMMITMENTS UNDER OPERATING LEASES

There were no commitments under operating leases at 31 March 2023 and at 30 September 2022

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments comprise primarily of bank balances. The main purpose of these financial instruments is to provide working capital for the Company's operations. The Company does not utilise complex financial instruments or hedging mechanisms. The company is not trading nor carrying out any business activities and therefore has not disclosed in this note below all of the disclosure items set out in IFRS7 as they are not considered material and relevant to its current status.

Financial assets by category

	31 March 2023	30 September 2022
	£	£
Current assets		
Cash and cash equivalents	<u>932,940</u>	<u>1,069,939</u>
Categorised as financial assets measured at amortised cost		
	<u>932,940</u>	<u>1,069,939</u>

Financial liabilities by category

	31 March 2023	30 September 2022
	£	£
Current liabilities		
Other payables	20	9,020
Accruals	<u>20,797</u>	<u>36,436</u>
Categorised as financial liabilities measured at amortised cost		
	<u>20,817</u>	<u>45,456</u>

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company does not have trading activities during the current period and is not exposed to a risk from counterparties not meeting their obligations.

Capital management

The Company considers its capital to be equal to the sum of its total equity. The Company monitors its capital using a number of key performance indicators including cash flow projections, working capital ratios, the cost to achieve development milestones and potential revenue from partnerships and ongoing licensing activities.

The Company's objective when managing its capital is to ensure it obtains sufficient funding for continuing as a going concern. The Company funds its capital requirements through the issue of new shares to investors.

Interest rate risk

The nature of the Company's activities and the basis of funding are such that the Company will have significant liquid resources. The Company will use these resources to meet the cost of operations.

The Company is not financially dependent on the income earned on these resources and therefore the risk of interest rate fluctuations is not significant to the business and the Directors have not performed a detailed sensitivity analysis.

Liquidity risk

The Company's liquid resources are invested having regard to the timing of payment to be made in the ordinary course of the Company's activities. All financial liabilities are payable in the short term (between 0 to 3 months) and the Company maintains adequate bank balances to meet those liabilities. The directors have considered the Company's cash flows for a period of 12 months from the date of approval of these financial statements and do not consider that the Company is subject to any significant liquidity risk.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Currency risk

The Company operates in a global market with income and costs possibly arising in a number of currencies. The majority of the operating costs are incurred in GBP (£). The Company does not hedge potential future income or costs, since the existence, quantum and timing of such transactions cannot be accurately predicted. The Company did not have foreign currency exposure at period end.

17. RELATED PARTY TRANSACTIONS

a) Key managerial personnel

M Beardmore is a director of the Company and has subscribed £28,000 for shares in the Company, he was also granted 450,000 warrants on 1 July 2022 which have been fair valued at £45,000 and the charge for these in the period was £7,500 (30 September 2022: £3,750). There are no amounts outstanding between M Beardmore and the Company at 31 March 2023 and at 30 September 2022.

b) Other related parties

S Holden was a director of the company from 18 August 2021 until 30 September 2021 and he has been the Company Secretary from incorporation to the date of approval of these financial statements. He subscribed £28,000 for shares in the Company after ceasing to hold office as a director. Mr Holden's wholly owned company, Golden Sky Advisory Limited (GSAL), provides the services of S Holden to the Company (including as Company secretary) and those totalled £18,000 inclusive of VAT during the period (1 July to 30 September 2022: £9,000). There was £3,000 accrued as owing by the Company to GSAL at 31 March 2023 (30 September 2022: £9,000).

Primorus Investments PLC (Prim) held a 27.78% stake in the Company at the date of its admission to the Official List (by way of a Standard Listing) and to trading on the LSE's main market for listed securities ("Admission") and it underwrote the costs associated with the Admission. Prim subscribed £350,000 for shares in the Company. It also advanced £21,552 to the Company to re-imburse certain of the Admission costs incurred by the Company and this sum was repaid to Prim following Admission. Prim was granted 1,800,000 warrants on 1 July 2022 which have been fair valued at £180,000 and fully charged in the period. There were no transactions with Prim during the period and no amounts outstanding between Prim and the Company at 31 March 2023 and at 30 September 2022.

Gneiss Energy Limited (GEL) acts as a corporate finance consultant to the Company and charged a total of £18,000 inclusive of VAT during the period (30 September 2022 £18,000). The charge is for corporate finance advice by GEL and not for director services. A Coull is an employee of GEL and a director of the Company as stipulated in the engagement terms of GEL. There were no amounts outstanding between GEL and the Company at 31 March 2023 and at 30 September 2022.

18. CONTROL

In the opinion of the directors there is no single ultimate controlling party at 31 March 2023 and at 30 September 2022.

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