

Company Registration No. 09019506 (England and Wales)

CELLA ENERGY LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017
PAGES FOR FILING WITH REGISTRAR

CELLA ENERGY LIMITED

COMPANY INFORMATION

Directors	N Brunero F A Dibello J Lifton D M Moard A Sorokin
Company number	09019506
Registered office	Building 148 Sixth Street Harwell Campus Thomson Avenue Didcot Oxfordshire OX11 0TR
Accountants	Richardsons Chartered Accountants 30 Upper High Street Thame Oxfordshire OX9 3EZ

CELLA ENERGY LIMITED

CONTENTS

	Page
Balance sheet	1 - 2
Notes to the financial statements	3 - 9

CELLA ENERGY LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

		2017		2016	
	Notes	£	£	£	£
Fixed assets					
Goodwill	3		10,779		8,187
Tangible assets	4		196,873		303,395
Investments	5		21,308		21,308
			<u>228,960</u>		<u>332,890</u>
Current assets					
Debtors	6	730,142		360,542	
Cash at bank and in hand		76,462		55,157	
		<u>806,604</u>		<u>415,699</u>	
Creditors: amounts falling due within one year	7	<u>(412,923)</u>		<u>(236,264)</u>	
Net current assets			<u>393,681</u>		<u>179,435</u>
Total assets less current liabilities			<u>622,641</u>		<u>512,325</u>
Capital and reserves					
Called up share capital	9		58,006		39,423
Share premium account			1,669,472		1,546,760
Other reserves			68,083		-
Profit and loss reserves			<u>(1,172,920)</u>		<u>(1,073,858)</u>
Total equity			<u>622,641</u>		<u>512,325</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 March 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

CELLA ENERGY LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2017

The financial statements were approved by the board of directors and authorised for issue on 26 June 2017 and are signed on its behalf by:

A Sorokin
Director

Company Registration No. 09019506

CELLA ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Cella Energy Limited is a private company limited by shares incorporated in England and Wales. The registered office is Building 148 Sixth Street, Harwell Campus, Thomson Avenue, Didcot, Oxfordshire, OX11 0TR.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

1.4 Intangible fixed assets - goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses.

Goodwill is amortised on a straight line basis over its estimated useful life of five years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

All leases are classified as operating leases. Rental charges for operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

CELLA ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Leasehold improvements	25% per annum
Laboratory equipment	25% per annum
Office furniture & equipment	20% per annum
Computers & associated software licences	33.3% per annum

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.6 Fixed asset investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost.

1.7 Financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Compound instruments

Where material to the accounts the component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

CELLA ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following time differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

CELLA ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.11 Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the period. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 8 (2016 - 11).

3 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 April 2016	12,595
Additions	6,389
	<hr/>
At 31 March 2017	18,984
	<hr/>
Amortisation and impairment	
At 1 April 2016	4,408
Amortisation charged for the year	3,797
	<hr/>
At 31 March 2017	8,205
	<hr/>
Carrying amount	
At 31 March 2017	10,779
	<hr/> <hr/>
At 31 March 2016	8,187
	<hr/> <hr/>

CELLA ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

4 Tangible fixed assets

	Leasehold improvements	Laboratory equipment	Office furniture & equipment	Computers & associated software licences	Total
	£	£	£	£	£
Cost					
At 1 April 2016	277,012	119,550	7,044	14,231	417,837
Additions	-	3,450	-	4,091	7,541
Disposals	-	(5,025)	-	(1,167)	(6,192)
At 31 March 2017	277,012	117,975	7,044	17,155	419,186
Depreciation and impairment					
At 1 April 2016	70,025	38,016	1,209	5,192	114,442
Depreciation charged in the year	69,253	38,057	1,408	5,345	114,063
Eliminated in respect of disposals	-	(5,025)	-	(1,167)	(6,192)
At 31 March 2017	139,278	71,048	2,617	9,370	222,313
Carrying amount					
At 31 March 2017	137,734	46,927	4,427	7,785	196,873
At 31 March 2016	206,987	81,534	5,835	9,039	303,395

5 Fixed asset investments

	2017 £	2016 £
Investments in subsidiaries	21,308	21,308

The company has an investment in Cella Energy U.S. Inc. a trading company carrying out research and development into hydrogen storage materials.

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2016 & 31 March 2017	21,308
Carrying amount	
At 31 March 2017	21,308
At 31 March 2016	21,308

CELLA ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

6 Debtors	2017	2016
Amounts falling due within one year:	£	£
Corporation tax recoverable	302,300	137,793
Amounts due from group undertakings	303,034	194,613
Other debtors	64,489	28,136
Prepayments and accrued income	60,319	-
	<u>730,142</u>	<u>360,542</u>

7 Creditors: amounts falling due within one year	2017	2016
Notes	£	£
Convertible loans	182,117	-
Trade creditors	131,684	129,767
Other creditors	99,122	106,497
	<u>412,923</u>	<u>236,264</u>

8 Share-based payment transactions

The company has awarded 471,082 share options under its enterprise management incentive and unapproved share schemes. 152,194 options have lapsed and the remaining 318,888 has vested. The options have an exercise price of £0.58.

The directors believe that the grant date fair value of the options granted to date is nil. No amounts have been recognised in the balance sheet nor profit and loss account in respect of these share based payments.

9 Called up share capital	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
5,800,517 Ordinary of 1p each	58,006	39,423
	<u>58,006</u>	<u>39,423</u>

10 Financial commitments, guarantees and contingent liabilities

The company had total guarantees and commitments under non-cancellable operating leases at the balance sheet date of £67,040 (2016: £154,534).

CELLA ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

11 Related party transactions

Transactions with related parties

During the year, the following transactions took place with related parties in relation to warrants to purchase additional shares:-

- Fetra Corp, a shareholder of the company, were issued 76,336 warrants with a warrant price of £0.20 upon subscribing for 38,168 ordinary shares.
- Persephone Capital Partners LLC, a company with common control, cancelled 1,780,648 warrants with a warrant price of £0.065 and were reissued with 3,000,000 warrants upon subscribing for 1,780,648 ordinary shares. As part of this transaction cash was subscribed for warrants and has been classified as equity within other reserves.
- Nicholas Brunero, a director of the company, was issued with 78,733 warrants with a warrant price of £0.20 upon subscribing for 39,367 ordinary shares.

As at 31 March 2017, 3,770,401 warrants for shares were in issue.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.